

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities of the Company.



Neo Telemedia Limited
中國新電信集團有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8167)

- (1) PROPOSED OPEN OFFER ON THE BASIS OF
ONE OFFER SHARE FOR EVERY TWO SHARES
HELD ON THE RECORD DATE;**
- (2) APPLICATION FOR WHITEWASH WAIVER;**
- (3) CONNECTED TRANSACTION IN RELATION TO THE
UNDERWRITING ARRANGEMENT;**
- (4) CONNECTED TRANSACTION IN RELATION TO THE LOAN
CAPITALISATION;**
- (5) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL;
AND**
- (6) RESUMPTION OF TRADING**

Underwriter to the Open Offer
WINNER MIND INVESTMENTS LIMITED

PROPOSED OPEN OFFER

The Board proposes to raise not less than approximately HK\$1,169.61 million before expenses and not more than approximately HK\$1,214.07 million before expenses, by issuing not less than 3,077,920,793 Offer Shares and not more than 3,194,920,793 Offer Shares to the Qualifying Shareholders by way of an Open Offer at the Subscription Price of HK\$0.38 per Offer Share on the basis of one (1) Offer Share for every two (2) Shares held on the Record Date and payable in full on acceptance. The Open Offer will not be extended to the Excluded Shareholders.

The Underwriter has conditionally agreed to underwrite the Offer Shares which have not been taken up and accordingly, the Open Offer is fully underwritten. The Underwriter is entitled to receive an underwriting commission equals to 1.5% of the aggregate Subscription Price in respect of all the Offer Shares under the Underwriter's underwriting obligations pursuant to the Underwriting Agreement (excluding the 811,720,000 Offer Shares which will constitute the provisional entitlement of Offer Shares in respect of the Shares legally and beneficially owned by the Underwriter, Mr. Lie and parties acting in concert with any of them), being an amount of ranging from approximately HK\$12.92 million to approximately HK\$13.58 million. The Underwriting Agreement contains provisions granting the Underwriter the right, which may be exercised at any time prior to 4:00 p.m. on Thursday, 29 October 2015, being the third business day after the latest time for acceptance of, and payment for, the Offer Shares, to terminate the Underwriting Agreement on the occurrence of certain events. If the Underwriter terminates the Underwriting Agreement, the Open Offer will not proceed.

As at the date of Underwriting Agreement, the Company was indebted to Mr. Lie the Loan in the principal sum of HK\$100 million together with interest accrued thereon. Pursuant to the Underwriting Agreement, Mr. Lie and the Company have agreed that the aggregate Subscription Price required to be paid by Mr. Lie and his associates under their subscription and/or underwriting obligation of the Irrevocable Undertakings and the Underwriting Agreement will be deemed to be paid by way of the full capitalisation of the Loan of HK\$100 million in first place and the remaining balance of the Subscription Price (if any) will be settled in cash.

Upon the full subscription of the Offer Shares and assuming no further Shares have been allotted and issued from the date hereof to the Record Date, after taking into account the Loan Capitalisation, the Company will receive gross proceeds of not less than approximately HK\$1,069.61 million (assuming no exercise of any Convertible Notes and Share Options on or before the Record Date) and not more than approximately HK\$1,114.07 million (assuming exercise of all Convertible Notes and Share Options in full on or before the Record Date). The net proceeds under the Open Offer are expected to amount to not less than approximately HK\$1,054.00 million and not more than approximately HK\$1,097.80 million (after deducting the costs and expenses in relation to the Open Offer).

The Board intends to apply the net proceeds from the Open Offer of (i) approximately HK\$125.00 million for development of the cloud computing business and building cloud computing platform for supporting the information systems integration of governmental bodies and large enterprises; (ii) approximately HK\$300.00 million for setting up the Internet Data Center in the PRC with Internet data center standard cabinets and gross floor area of approximately 40,000 sq. m. for provision of, among others, value added services including data distribution and analysis and cloud related services; (iii) approximately HK\$99.50 million for carrying out the business in provision of WiFi services and setting up access point Wifi network in Guangdong province of the PRC; (iv) approximately HK\$168.00 million for carrying out the cross-border e-commerce business and setting up cross border electronic business platform for supporting various kinds of products, including logistics, online to offline experience stores, and setting up B bonded logistics zone; (v) approximately HK\$107.50 million for carrying out logistics related business as referred to in the announcement of the Company dated 15 June 2015;

(vi) approximately HK\$50 million for carrying out peer to peer (P2P) lending platform business, including setting up third party payment companies and establishment of personal credit information platform; and (vii) approximately HK\$204.00 million (assuming no exercise of any Convertible Notes and Share Options on or before the Record Date) to HK\$247.80 million (assuming exercise of all Convertible Notes and Share Options in full on or before the Record Date) for general working capital of the Group and possible investments when investment opportunities arise.

IMPLICATIONS UNDER THE TAKEOVERS CODE AND APPLICATION FOR THE WHITEWASH WAIVER

As at the date of this announcement, the Underwriter, Mr. Lie and parties acting in concert with any of them are interested in 1,623,440,000 Shares, representing approximately 26.37% in the existing issued share capital of the Company. Assuming that no Shareholder will take up any Offer Shares, and the Underwriter has taken up all of its assured entitlement under the Open Offer and the Underwritten Shares, the aggregate shareholding of the Underwriter, Mr. Lie and parties acting in concert with any of them in the Company upon completion of the Open Offer would increase from approximately 26.37% to (i) approximately 50.92% (assuming no exercise of the outstanding Share Options and Convertible Notes on or before the Record Date) and (ii) approximately 50.27% (assuming the exercise of the outstanding Share Options and Convertible Notes in full on or before the Record Date) and would therefore give rise to a mandatory general offer obligation on the part of the Underwriter, Mr. Lie and parties acting in concert with any of them under Rule 26 of the Takeovers Code unless the Whitewash Waiver is obtained.

An application will be made by the Underwriter to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, would be subject to, among other things, the approval of the Independent Shareholders at the EGM by way of poll, in which the Underwriter, Mr. Lie and the parties acting in concert with any of them will abstain from voting on the relevant resolution(s).

Completion of the Open Offer is conditional upon, among other matters, the granting of the Whitewash Waiver by the Executive and the approval of the Whitewash Waiver by the Independent Shareholders at the EGM. If the Whitewash Waiver is not granted by the Executive or the Whitewash Waiver is not approved at the EGM, the Open Offer will not proceed.

IMPLICATIONS UNDER THE GEM LISTING RULES

As no excess application for the Offer Shares is available under the Open Offer and the Underwriter is an associate of Mr. Lie, being the substantial Shareholder, pursuant to Rule 10.42(2) of the GEM Listing Rules, specific approval shall be obtained from the Independent Shareholders in respect of the absence of such excess application arrangement.

Given that the Underwriter is an associate of Mr. Lie, the Underwriter is deemed to be a connected person of the Company. The allotment and issue of the Underwritten Shares to the Underwriter pursuant to the Underwriting Agreement constitutes a connected transaction for the

Company under the GEM Listing Rules. This connected transaction is exempt from the reporting, announcement and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

The payment of the underwriting commission to the Underwriter constitutes connected transaction for the Company under the GEM Listing Rules. As the underwriting commission to be received by the Underwriter is more than HK\$10,000,000, the payment of underwriting commission by the Company to the Underwriter is therefore subject to reporting, announcement and independent shareholders' approval requirements under the GEM Listing Rules.

As Mr. Lie is a substantial Shareholder, the Loan Capitalisation constitutes a connected transaction for the Company under the GEM Listing Rules and requires the approval of the Independent Shareholders.

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL OF THE COMPANY

As at the date of this announcement, the authorised share capital of the Company is HK\$1,000,000,000 divided into 10,000,000,000 Shares of HK\$0.10 each, of which 6,155,841,586 Shares have been issued and allotted as fully paid or credited as fully paid. In order to allow the Company to have the flexibility to issue new Shares for future development after the completion of the Open Offer, the Company proposes to increase the authorised share capital of the Company from HK\$1,000,000,000 (divided into 10,000,000,000 Shares) to HK\$2,000,000,000 (divided into 20,000,000,000 Shares) by the creation of an additional 10,000,000,000 Shares which will rank *pari passu* with all existing Shares.

The proposed increase in authorised share capital of the Company is subject to the approval of the Shareholders at the EGM.

GENERAL

The Open Offer with the absence of excess application arrangement, the Whitewash Waiver, Underwriting Commission Arrangement, and the Loan Capitalisation are subject to the approval of the Independent Shareholders at the EGM. As the Underwriter to the Open Offer is deemed to have a material interest in the Open Offer, the Underwriting Commission Arrangement and the Loan Capitalisation, the Underwriter, Mr. Lie, Golden Ocean and parties acting in concert with any of them and those who are involved in or interested in the Open Offer, the Underwriting Agreement and/or the Whitewash Waiver and/or the Loan Capitalisation will abstain from voting for the respective resolution(s) at the EGM for approving the Open Offer with the absence of excess application arrangement, the Whitewash Waiver, the Underwriting Commission Arrangement and the Loan Capitalisation. The proposed increase in authorised share capital of the Company is subject to the approval of the Shareholders at the EGM. The voting at the EGM will be taken by way of poll.

The Company will establish an independent board committee, which comprises all independent non-executive Directors, to advise the Independent Shareholders as to whether the terms of the

Open Offer with the absence of excess application arrangement, the Whitewash Waiver, the Underwriting Commission Arrangement and the Loan Capitalisation are fair and reasonable and are in the interests of the Independent Shareholders, and to advise the Independent Shareholders on how to vote, taking into account the recommendations of the independent financial adviser.

In this connection, an independent financial adviser will be appointed to advise the independent board committee of the Company and the Independent Shareholders as to whether the Open Offer with the absence of excess application arrangement, the Whitewash Waiver, the Underwriting Commission Arrangement and the Loan Capitalisation are fair and reasonable and are in the interests of the Company and the Independent Shareholders as a whole, and to advise the independent board committee of the Company and the Independent Shareholders on how to vote on the relevant resolution(s). The appointment of the independent financial adviser will be approved by the independent board committee of the Company.

A circular containing, among other matters, (i) details of the Open Offer, the Underwriting Agreement, the Whitewash Waiver, the Underwriting Commission Arrangement and the Loan Capitalisation; (ii) the proposed increase in the authorised share capital of the Company; (iii) letters from the independent board committee of the Company and the independent financial advisor respectively setting out their recommendations in relation to the Open Offer with the absence of excess application arrangement, the Whitewash Waiver; the Underwriting Commission Arrangement and the Loan Capitalisation and (iv) a notice of the EGM will be despatched to the Shareholders as soon as practicable in compliance with the requirements of the Takeovers Code and the GEM Listing Rules.

Subject to, among other things, the conditions of the Open Offer being satisfied, the Company will send (i) the Prospectus Documents setting out the details of the Open Offer to the Qualifying Shareholders, and (ii) the Prospectus to the Excluded Shareholders for information only in compliance with the requirements of the Takeovers Code and the GEM Listing Rules as soon as practicable.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been halted from 9:00 a.m. on 22 June 2015 pending the release of this announcement. An application has been made by the Company for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 12 August 2015.

PROPOSED OPEN OFFER

The Board proposes to raise not less than approximately HK\$1,169.61 million before expenses and not more than approximately HK\$1,214.07 million before expenses, by issuing not less than 3,077,920,793 Offer Shares and not more than 3,194,920,793 Offer Shares to the Qualifying Shareholders by way of an Open Offer at the Subscription Price of HK\$0.38 per Offer Share on the basis of one (1) Offer Share for every two (2) Shares held on the Record Date and payable in full on acceptance.

Issue statistics

Basis of the Open Offer:	: One (1) Offer Share for every two (2) Shares held on the Record Date
Subscription Price:	: HK\$0.38 per Share
Number of Shares in issue as at the date of this announcement	: 6,155,841,586 Shares
Number of Offer Shares	: not less than 3,077,920,793 Offer Shares and not more than 3,194,920,793 Offer Shares
Nominal value of Offer Shares	: HK\$0.10 each
Aggregate nominal value of Offer Shares	: not less than HK\$307,792,079.30 and not more than HK\$319,492,079.30
Number of Offer Shares undertaken to be taken up by the Underwriter and parties acting in concert with it	: Pursuant to the Underwriting Agreement, each of the Underwriter, Mr. Lie and Golden Ocean has irrevocably undertaken to the Company, among other things, that (i) it will not, within the period commencing from the date of the Underwriting Agreement and ending on the Settlement Date, transfer or otherwise dispose of, or create any right in respect of any Shares held by it, and (ii) subject to the fulfillment (or waiver) of the conditions of the Open Offer and the Underwriting Agreement not having been terminated in accordance with its terms, it will take up its entitlements under the Open Offer, being an aggregate of 811,720,000 Offer Shares.
Number of Offer Shares underwritten by the Underwriter	: All of the Offer Shares (other than the Offer Shares undertaken to be taken up by the Underwriter under the Irrevocable Undertakings), being, not less than 2,266,200,793 new Shares and not more than 2,383,200,793 new Shares
Number of Shares in issue immediately upon completion of the Open Offer	: not less than 9,233,762,379 Shares and not more than 9,584,762,379 Shares

As at the date of this announcement, the Company has outstanding Share Options entitling holders to subscribe for 106,000,000 Shares and outstanding Convertible Notes which are convertible into 128,000,000 Shares. Save as the aforesaid, the Company has no other outstanding derivatives, warrants, options and conversion rights or other similar rights which are convertible or exchangeable into Shares.

Assuming no exercise of any Convertible Notes and Share Options on or before the Record Date, the minimum total number of Offer Shares of 3,077,920,793 Shares represents:

- (i) 50% of the Company's existing issued share capital as at the date of this announcement; and
- (ii) approximately 33.33% of the Company's issued share capital as enlarged by the issue of the Offer Shares,

Assuming exercise of all Convertible Notes and Share Options in full on or before the Record Date, the maximum total number of Offer Shares of 3,194,920,793 Shares represents:

- (i) approximately 51.90% of the Company's existing issued share capital as at the date of this announcement; and
- (ii) approximately 33.33% of the Company's issued share capital as enlarged by the issue of the Offer Shares,

Qualifying Shareholders

To qualify for the Open Offer, Shareholders must be registered on the register of members of the Company at the close of business on the Record Date. Shareholders having an address in Hong Kong on the register of members of the Company at the close of business on the Record Date are qualified for the Open Offer. Shareholders having an address outside Hong Kong on the register of members of the Company at the close of business on the Record Date are qualified for the Open Offer, only if the Board, after making relevant enquiry regarding the legal restrictions under the laws of the relevant place or the requirement of the relevant regulatory body or stock exchange in that place pursuant to the GEM Listing Rules, considers that it would not be necessary or expedient to exclude these Shareholders from participating in the Open Offer.

To qualify for the Open Offer, all transfers of Shares must be lodged for registration with the Registrar at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong by 4:30 p.m. on Friday, 2 October 2015.

The register of members of the Company will be closed from Monday, 5 October 2015 to Thursday, 8 October 2015, both dates inclusive, to determine the eligibility to attend the EGM. No transfer of Shares will be registered during this period.

The Open Offer is only available to the Qualifying Shareholders. The Company will send the Prospectus Documents to the Qualifying Shareholders, if the Independent Shareholders approve the Open Offer, the Underwriting Agreement and the Whitewash Waiver.

The invitation to subscribe for the Offer Shares to be made to the Qualifying Shareholders will not be transferable.

Rights of Overseas Shareholders

If, at the close of business on the Record Date, any Shareholder's address on the register of members of the Company is in a place outside Hong Kong, that Shareholder may not be eligible to take part in the Open Offer as the Prospectus Documents will not be registered and/or filed under the applicable securities legislation of any jurisdictions other than Hong Kong and, where applicable, the Cayman Islands. The Board would make relevant enquiry regarding the legal restrictions under the laws of the relevant place or the requirement of the relevant regulatory body or stock exchange in that place. If, pursuant to the GEM Listing Rules, the Board considers that it would be necessary or expedient to exclude these Overseas Shareholders from participating in the Open Offer, such Overseas Shareholders will not be invited to participate in the Open Offer. The Offer Shares to which such Overseas Shareholders would otherwise have been entitled to under the Open Offer will be underwritten by the Underwriter.

The Company will send copies of the Prospectus to the Excluded Shareholders for their information only, if the Independent Shareholders approve the Open Offer, the Underwriting Agreement and the Whitewash Waiver. As long as an Excluded Shareholder is an Independent Shareholder, such Shareholder will be entitled to vote on all resolutions at the EGM.

Subscription Price

The Subscription Price is HK\$0.38 per Offer Share, payable in full upon application.

The Subscription Price represents:

- (a) a discount of approximately 77.51% to the closing price of HK\$1.69 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 69.67% to the theoretical ex-entitlement price of HK\$1.253 per Share as adjusted for the effects of the Open Offer, based on the closing price of HK\$1.69 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (c) a discount of approximately 78.89% to the average of the closing prices of approximately HK\$1.80 per Share for the last five consecutive trading days including and up to the Last Trading Day.

The Subscription Price was arrived at after arm's length negotiation between the Company and the Underwriter with reference to, among other things, the financial position of the Group, the prevailing market price of the Shares and the then market environment. Each Qualifying Shareholder is entitled to subscribe for the Offer Shares at the same price in proportion to his/her/its existing shareholding in the Company. The Directors (excluding the independent non-executive Directors who will express their view after taking into consideration of the advices of the independent financial adviser) considered the Subscription Price to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Status of the Offer Shares

The Offer Shares (when allotted, fully paid and issued) will rank *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Offer Shares. Holders of the Offer Shares will be entitled to receive all future dividends and distributions, which are declared, made or paid on or after the date of allotment and issue of the Offer Shares.

Certificates of the Offer Shares

Subject to the Open Offer becoming unconditional, share certificates in respect of the Offer Shares are expected to be posted to those entitled thereto by ordinary post at their own risk on or before Wednesday, 4 November 2015 or such later date as the Board may determine.

No application for excess Offer Shares

Considering that the Open Offer will give the Qualifying Shareholders an equal and fair opportunity to maintain their respective pro rata shareholding interests in the Company, if application for excess Offer Shares is arranged, the Company will be required to put in additional effort and costs to administer the excess application procedures. Accordingly, after arm's length negotiation with the Underwriter, the Board has decided that no excess Offer Shares will be offered to the Qualifying Shareholders and any Untaken Shares will be underwritten by the Underwriter.

Fractional entitlements

Fractions of Offer Shares will not be allotted to Qualifying Shareholders and fractional entitlements will be rounded down to the nearest whole number of Offer Shares. Any Offer Shares created from the aggregation of fractions of Offer Shares will be aggregated and taken up by the Underwriter.

Application for listing

The Company will apply to the GEM Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Offer Shares.

UNDERWRITING AGREEMENT

Irrevocable Undertakings

Pursuant to the Underwriting Agreement, each of the Underwriter, Mr. Lie and Golden Ocean has irrevocably undertaken to the Company, among other things, that (i) it will not, within the period commencing from the date of the Underwriting Agreement and ending on the Settlement Date, transfer or otherwise dispose of, or create any right in respect of any Shares held by it, and (ii) subject to the fulfillment of the conditions of the Open Offer and the Underwriting Agreement

not having been terminated in accordance with its terms, it will take up its entitlements under the Open Offer.

Save for the Irrevocable Undertakings as disclosed above, the Board has not received any information or irrevocable undertakings from any substantial Shareholders of their intention to take up the securities of the Company to be offered to them under the Open Offer.

Underwriting Agreement

Date : 11 August 2015

Underwriter : Winner Mind Investments Limited, which is incorporated under the laws of the British Virgin Islands and is wholly and beneficially owned by Mr. Lie. It is principally engaged in investment holding and its ordinary course of business does not include underwriting.

Number of Offer Shares underwritten: : All the Offer Shares (other than the Offer Shares undertaken to be taken up by the Underwriter under the Irrevocable Undertakings), being not less than 2,266,200,793 new Shares and not more than 2,383,200,793 new Shares. Accordingly, the Open Offer is fully underwritten.

As at the date of this announcement, the Underwriter, Mr. Lie and parties acting in concert with any of them are interested in an aggregate of 1,623,440,000 Shares, representing approximately 26.37% in the issued share capital of the Company.

An underwriting commission of 1.50% of the aggregate Subscription Price in respect of all the Offer Shares under the Underwriter's underwriting obligations pursuant to the Underwriting Agreement (excluding the 811,720,000 Offer Shares which will constitute the provisional entitlement of Offer Shares in respect of the Shares legally and beneficially owned by the Underwriter, Mr. Lie and parties acting in concert with any of them), being an amount of ranging from approximately HK\$12.92 million to approximately HK\$13.58 million, will be payable to the Underwriter. The Company will reimburse the Underwriter for the reasonable out-of-pocket expenses of the Underwriter in respect of the Open Offer pursuant to the Underwriting Agreement. The Directors (excluding the independent non-executive Directors who will express their view after taking into consideration of the advices of independent financial adviser) consider that the amount and the basis of the underwriting commission are fair and reasonable and the commission rate is comparable to the prevailing market rate.

Conditions of the Open Offer

The Open Offer is conditional on the fulfillment or waiver (as the case may be) of the following conditions:

- (1) the passing by the Independent Shareholders at the relevant EGM by way of poll of all necessary resolutions to approve the Underwriting Agreement and the transactions contemplated thereunder (including the Underwriting Commission Arrangement and the Loan Capitalisation) and the Whitewash Waiver as required by the GEM Listing Rules and/or the Takeovers Code as appropriate by no later than the Prospectus Posting Date;
- (2) the Executive granting the Whitewash Waiver to the Underwriter and parties acting in concert with it and the satisfaction of all conditions (if any) attached to the Whitewash Waiver;
- (3) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively the Prospectus Documents not later than the Prospectus Posting Date;
- (4) the posting of the Prospectus Documents to the Qualifying Shareholders no later than the Prospectus Posting Date;
- (5) the GEM Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in the Offer Shares either unconditionally or subject to such conditions as the Company may accept by no later than the first day of dealing of the Offer Shares;
- (6) the successful application for the Court Order in respect of the Open Offer;
- (7) compliance with and performance of all the undertakings and obligations of the Underwriter, Mr. Lie and Golden Ocean under the Irrevocable Undertakings; and
- (8) compliance with and performance of all the undertakings and obligations of the Company under the Underwriting Agreement and the representations and warranties given by the Company under the Underwriting Agreement remaining true, correct and not misleading in all material respects.

The above conditions precedent are incapable of being waived (other than condition (8) which can be waived by the Underwriter). If the conditions precedent are not satisfied in whole (or waived where applicable) by the Latest Time for Termination or such other date as the Company and the Underwriter may agree in writing, the Underwriting Agreement may be terminated by the Underwriter by written notice to the Company, in which case the Underwriting Agreement should be terminated and no party shall have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches.

Regarding condition (6) as stated above, as mentioned in the first quarterly report of the Company for the three months ended 31 March 2015, the Company had received a winding-up petition and the Company has instructed its legal adviser to take legal actions against the petitioner. The Company's bank movements are subject to restrictions as a result of the winding-up petition and the hearing for the Company's appeal of the decision relating to the dismissal of the winding-up petition has been scheduled in early October 2015. The Company will make the application for the Court Order for the purpose of enabling the proceeds raised from the Open Offer for use by the Group. The Company is preparing the relevant documents and it is expected that the application for the Court Order will be filed to the Court in mid of August 2015 and the first hearing of the application is estimated to be scheduled in or around the end of August 2015. Pursuant to the Underwriting Agreement, the Underwriter shall have the right to conduct due diligence on the Group.

Termination of the Underwriting Agreement

If, prior to the Latest Time for Termination:

- (1) in the reasonable opinion of the Underwriter, the success of the Open Offer would be materially and adversely affected by:
 - (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Open Offer; or
 - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or other nature (whether or not such event or change is of the same kind with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or
- (2) any material adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the reasonable opinion of the Underwriter is likely to materially or adversely affect the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or

- (3) there is any material adverse change in the circumstances of the Company or any member of the Group which in the reasonable opinion of the Underwriter will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or
- (4) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or
- (5) any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole whether or not such material adverse change is of the same kind with any of the foregoing; or
- (6) any moratorium, suspension or material restriction on trading of the Shares on the Stock Exchange due to exceptional financial circumstances or otherwise,

the Underwriter shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

The Underwriter shall be entitled by notice in writing to terminate the Underwriting Agreement if prior to the Latest Time for Termination:

- (1) any material breach of any of the representations, warranties or undertakings contained in the Underwriting Agreement comes to the knowledge of the Underwriter; or
- (2) any specified event comes to the knowledge of the Underwriter, and such breach or specified event will have a material adverse effect in the context of the Open Offer.

Any such notice shall be served by the Underwriter prior to the Latest Time for Termination.

Loan Capitalisation

Reference is made to the announcement of the Company dated 11 May 2015 in relation to the provision of the Loan to the Company. Pursuant to the Loan Agreement, Mr. Lie has advanced an unsecured loan of HK\$100 million to the Company. As at the date of the Underwriting Agreement, the Company was indebted to Mr. Lie the Loan in the principal sum of HK\$100 million together with interest accrued thereon. As at 31 July 2015, the interest accrued on the Loan amounted to HK\$0.50 million.

Pursuant to the Underwriting Agreement, Mr. Lie and the Company have agreed that the aggregate Subscription Price required to be paid by Mr. Lie and his associates under their subscription and /or underwriting obligation of the Irrevocable Undertakings and the Underwriting Agreement will be deemed to be paid by way of the full capitalisation of the Loan of HK\$100 million in first place and the remaining balance of the Subscription Price (if any) will be settled in cash.

The completion of the Loan Capitalisation is subject to the same conditions of the Open Offer. Completion of the Loan Capitalisation shall take place simultaneously with the issue of the Offer Shares by the Company pursuant to the terms of the Open Offer.

The Directors consider that the Loan Capitalisation will enable the Group to repay the Loan without cash outflow and will allow the Group to reduce its gearing level. The Directors accordingly consider that the Loan Capitalisation is in the interests of the Company and the Shareholders as a whole. As Mr. Lie is a substantial Shareholder, the Loan Capitalisation constitutes a connected transaction for the Company under the GEM Listing Rules and requires the approval of the Independent Shareholders.

REASONS FOR THE OPEN OFFER AND USE OF PROCEEDS

The Company is principally engaged in investment holding and the principal activities of its operating subsidiaries are the sale and distribution of telecommunication products, provision of cable and wireless broadband services, value-added telecommunication services and transmedia advertising service, and the operation of peer to peer (P2P) lending platform business.

Taking into consideration of (i) the financial position of the Group; (ii) investment plan of the Group and (iii) prevailing financial market conditions, the Board believes that it is beneficial for the Group to raise long-term equity funding via the proposed Open Offer to strengthen the Company's capital base and to enhance its financial position. The Board has considered other alternative fund raising methods such as issue of new shares and bank borrowings. Having considered that debt financing would increase interest expenses and the gearing level of the Group and impose additional financial burden to the Group's future cash flows, the Board considers that such fund raising method is currently not the most appropriate method to the Group. The Directors consider that it is prudent to finance the expansion of the Group's business by equity financing as it will not increase the Group's finance costs and yet will provide the Group with the necessary financial resources. The Directors consider that the Open Offer will provide an equal opportunity to all Qualifying Shareholders to maintain their respective shareholdings in the Company and participate in the growth and development of the Company and it would not incur additional costs in respect of the trading of nil-paid rights under rights issue, is more cost effective and in the interests of the Company and the Shareholders as a whole.

Upon the full subscription of the Offer Shares and assuming no further Shares will be allotted and issued from the date hereof to the Record Date, after taking into account the Loan Capitalisation, the Company will receive gross proceeds of not less than approximately HK\$1,069.61 million (assuming no exercise of any Convertible Notes and Share Options on or before the Record Date)

and not more than approximately HK\$1,114.07 million (assuming exercise of all Convertible Notes and Share Options in full on or before the Record Date). The net proceeds under the Open Offer are expected to amount to not less than approximately HK\$1,054.00 million and not more than approximately HK\$1,097.80 million (after deducting the costs and expenses in relation to the Open Offer). The net proceeds per Offer Share is equivalent to approximately HK\$0.34. It is the present intention of the Company not to conduct or consider any fund raising activity in the next 12 months from the date of this announcement.

The Board intends to apply the net proceeds from the Open Offer of (i) approximately HK\$125.00 million for development of the cloud computing business and building cloud computing platform for supporting the information systems integration of governmental bodies and large enterprises; (ii) approximately HK\$300.00 million for setting up the Internet Data Center in the PRC with Internet data center standard cabinets and gross floor area of approximately 40,000 sq.m. for provision of , among others, value added services including data distribution and analysis and cloud related services; (iii) approximately HK\$99.50 million for carrying out the business in provision of WiFi services and setting up access point Wifi network in Guangdong province of the PRC; (iv) approximately HK\$168.00 million for carrying out the cross-border e-commerce business and setting up cross border electronic business platform for supporting various kinds of products, including logistics, online to offline experience stores, and setting up B bonded logistics zone; (v) approximately HK\$107.50 million for carrying out logistics related business as referred to in the announcement of the Company dated 15 June 2015; (vi) approximately HK\$50.00 million for carrying out peer to peer (P2P) lending platform business, including setting up third party payment companies and establishment of personal credit information platform; and (vii) approximately HK\$204.00 million (assuming no exercise of any Convertible Notes and Share Options on or before the Record Date) to approximately HK\$247.80 million (assuming exercise of all Convertible Notes and Share Options in full on or before the Record Date) for general working capital of the Group and possible investments when investments opportunities arise.

(i) Cloud computing (Inspur Group) – HK\$125.00 million

On or around 24 April 2015, 廣東蔚海科技發展有限公司 (Guangdong Bluesea Technology Development Company Limited*) (“**Guangdong Bluesea Technology**”), a wholly-owned subsidiary of the Company, entered into a joint venture agreement with Inspur Cloud Computing Industry Investment Company Limited (“**Inspur Cloud Computing**”), pursuant to which both parties agreed to set up Guangdong Inspur Weihai Cloud Computing Company Limited (“**Inspur Weihai**”), which is owned as to 60% by Inspur Cloud Computing and 40% by Guangdong Bluesea Technology and engages in the business of cloud computing and e-commerce.

As disclosed in the announcement of the Company dated 30 June 2015, 廣東蔚海移動發展有限公司 (Guangdong Bluesea Mobile Development Company Limited*) (formerly 廣東蔚海校園移動網絡有限公司 (Guangdong Wei Hai Mobile Network Company Limited*)) (“**Guangdong Bluesea**”), a wholly-owned subsidiary of the Company, entered into a letter of intent in respect of Zhuxishugu Taishan Cloud Resource Centre with Taishan Municipal People’s Government, to jointly develop Taishan Cloud Resource Center of Big Data Industrial Base in Jiangmen City (the “**Project**”). It is expected that Inspur Weihai will be responsible for developing the Project.

It is estimated that additional capital contribution to Inspur Weihai of approximately RMB250.00 million (equivalent to approximately HK\$312.50 million) is required to fund the Project and the amount shall be contributed as to 40% by Guangdong Bluesea (representing approximately HK\$125.00 million) and as to 60% by Inspur Cloud Computing (representing approximately HK\$187.50 million).

The Project is divided into the following 4 sub-projects and it is estimated that the proceeds of approximately HK\$125.00 million to be provided by the Group and applied to the Project in the following manner:

(i) Jiangmen Municipal Government Data Centre Project

It is intended that approximate HK\$50.00 million will be applied for construction and infrastructure during the end of 2015 to 2016; and approximately HK\$25.00 million for construction of servers and cloud platform during July to December 2016.

(ii) Jiangmen Yi Netcom Small Enterprise Cloud Platform Project

It is intended that approximate HK\$15 million will be applied for construction of system of small enterprise cloud platform and system of big data analysis during the end of 2015 to 2016; and approximately HK\$10.00 million for funding for operations in or around the end of 2015.

(iii) Jiangmen Binjiang Big Data Innovation Centre Project

It is intended that approximate HK\$12.50 million will be applied for construction of exhibition hall of the Innovation Centre and construction of data cloud system in or around the end of 2015; and approximately HK\$2.50 million for construction of supporting data centre in or around early 2016.

(iv) Jiangmen Binjiang Jiangsha Intelligent Industrial Park Project

It is intended that approximate HK\$10.00 million will be applied for construction of service cloud platform during the period from the end of 2015 to 2016.

(ii) **Internet data centre in Panyu – HK\$300.00 million**

As disclosed in the announcement of the Company dated 19 June 2015 in relation to an equity transfer memorandum of understanding entered into between the Company's subsidiary (the "**Subsidiary**") and independent third parties (the "**Vendors**"), pursuant to which the Subsidiary shall pay a deposit to the Vendors for a proposed acquisition of a group of companies that are engaged in the manufacture and sale of electronic products (the "**Target Group**"). Such deposit was also applied to the Subsidiary's perpetual right for free use of property located in Panyu, Guangdong Province, the PRC (the "**Property**") that is owned by the Target Group. The Company intends to use the Property for the Internet data centre to be operated by Guangdong

Bluesea, which is in line with the business prospects of Guangdong Bluesea as disclosed in the announcement of the Company dated 30 January 2015.

It is intended that approximately HK\$300.00 million will be applied for set up of the Internet data centre and used as to approximately HK\$100.00 million for installation of 1,000 servers in or around the 4th quarter of 2015; and approximately HK\$200.00 million for installation of 2,000 servers in 2016.

(iii) Mobile WiFi – HK\$99.50 million

Guangdong Bluesea intended to expand its principal activity of provision of WiFi services in South China and set up its “bluesea-free WiFi” network with coverage of 21 municipalities in Guangdong Province, the PRC. In addition, Guangdong Bluesea has planned to construct its own high-speed wireless network in 3 universities in Guangdong Province, the PRC, namely Guangdong University of Technology, South China University of Technology and Jinan University, to provide WiFi services to their approximate 150,000 students.

It is intended that approximately HK\$99.50 million will be applied for construction of the above networks and used as to approximately HK\$50.00 million for the cost of 40,000 access points for the coverage of 21 municipalities in Guangdong Province, the PRC in or around the 4th quarter of 2015; and approximately HK\$49.50 million for the cost of 3,000 hotspots at each of the above-mentioned universities in or around the 4th quarter of 2015.

(iv) Cross-border e-commerce – HK\$168.00 million

As mentioned in the announcement of the Company dated 29 April 2015, Guangdong Bluesea entered into a strategic cooperation framework agreement with China Postal Express & Logistics Co., Ltd., Guangdong Branch on 29 April 2015, pursuant to which both parties will operate a cross-border e-commerce integrated zone basing on the existing properties of at least 180,000 square metres in Foshan International Furniture Expo Mall in Foshan, Guangdong Province. Facilities of the integrated zone include a Type B customs warehouse and an Online to Offline (O2O) experience store.

It is intended that approximately HK\$143.00 million will be applied for setup cost of the cross-border e-commerce integrated zone, including construction of a Type B customs warehouse; approximately HK\$10.00 million for the cost of construction of website, www.bluesea-gou.com, including servers, storage devices and the relevant maintenance; and approximately HK\$15 million for setup cost of O2O experience store, with gross floor area of 10,000 square metres.

(v) Logistics-related business – HK\$107.50 million

In June 2015, Guangdong Bluesea acquired from Shandong Sanxing Group Co., Ltd. 43% of the entire equity interest in CNCC Logistics Equipment Co., Ltd. (“CNCC”). CNCC is principally engaged in the design, manufacture and sale of logistics equipment, such as containers, road

transportation vehicles and emergency rescue equipment, and the provision of relevant technical advisory services.

To develop the business of CNCC, additional funding of RMB200 million (equivalent to approximately HK\$250 million) from the joint venture parties of CNCC is required and HK\$107.50 million (representing 43%) of which will be contributed by the Group.

It is intended that approximately HK\$80.63 million will be applied for the investment in 50 skid mounted liquefied natural gas (LNG) filling stations and related business; approximately HK\$16.12 million for cost of construction of manufacturing plants in Jinan, Shandong Province, and in Northwest China; and approximately HK\$10.75 million for the research and development and general working capital of CNCC.

(vi) Peer-to-peer (P2P) lending platform – HK\$50.00 million

On 9 May 2015, Guangdong Avatar Wealth Investment Management Co., Ltd (“**Avatar**”), a 70% subsidiary of Guangdong Bluesea, officially commenced its peer to peer (P2P) lending platform business. To develop the P2P lending platform business, the Company has planned to provide funding of HK\$50.00 million to Avatar.

It is intended that HK\$50.00 million will be applied to establish third-party payment company, develop personal credit information platform, set up integrated service shops in the Pearl River Delta and increase marketing to aim for 100,000 online registered users.

In view of the above, the Directors (excluding the independent non-executive Directors who will give their view after taking into consideration of the advice of the independent financial adviser) consider that the Open Offer is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

EFFECT ON SHAREHOLDING STRUCTURE

For illustration purpose only, the shareholding structure of the Company as at the date of this announcement and immediately after the completion of the Open Offer is set out below:

- (i) Assuming no exercise of the outstanding Share Options and Convertible Notes on or before the Record Date

Shareholders	At the date of this announcement		Immediately after completion of the Open Offer (assuming all Qualifying Shareholders have fully subscribed for their entitlements under the Open Offer)		Immediately after completion of the Open Offer (assuming no Qualifying Shareholders subscribed for their entitlements under the Open Offer except for the Underwriter)	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
The Underwriter, Mr. Lie and parties acting in concert with any of them <i>(Note 1)</i>	1,623,440,000	26.37	2,435,160,000	26.37	4,701,360,793	50.92
Directors/ Ex-Directors						
Xu Gang <i>(Note 2)</i>	996,000	0.02	1,494,000	0.02	996,000	0.01
Huang Zhixiong <i>(Note 3)</i>	11,356,000	0.18	17,034,000	0.18	11,356,000	0.12
Ye Weiping <i>(Note 4)</i>	518,000,000	8.42	777,000,000	8.42	518,000,000	5.61
Public Shareholders	4,002,049,586	65.01	6,003,074,379	65.01	4,002,049,586	43.34
Total	<u>6,155,841,586</u>	<u>100.00</u>	<u>9,233,762,379</u>	<u>100.00</u>	<u>9,233,762,379</u>	<u>100.00</u>

(ii) Assuming the exercise of the outstanding Share Options and Convertible Notes in full on or before the Record Date

Shareholders	At the date of this announcement		Immediately after completion of the Open Offer (assuming all Qualifying Shareholders have fully subscribed for their entitlements under the Open Offer)		Immediately after completion of the Open Offer (assuming no Qualifying Shareholders subscribed for their entitlements under the Open Offer except for the Underwriter)	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
The Underwriter, Mr. Lie and parties acting in concert with any of them <i>(Note 1)</i>	1,623,440,000	26.37	2,435,160,000	25.41	4,818,360,793	50.27
Directors/ Ex-Directors						
Xu Gang <i>(Note 2)</i>	996,000	0.02	1,494,000	0.02	996,000	0.01
Huang Zhixiong <i>(Note 3)</i>	11,356,000	0.18	17,034,000	0.18	11,356,000	0.12
Ye Weiping <i>(Note 4)</i>	518,000,000	8.42	777,000,000	8.11	518,000,000	5.40
Zhang Xinyu <i>(Note 5)</i>	---	---	60,000,000	0.62	40,000,000	0.42
Public Shareholders						
Holder(s) of the Convertible Notes	---	---	192,000,000	2.00	128,000,000	1.34
Holders of Share Options	---	---	99,000,000	1.03	66,000,000	0.69
Other public Shareholders	4,002,049,586	65.01	6,003,074,379	62.63	4,002,049,586	41.75
Total	<u>6,155,841,586</u>	<u>100.00</u>	<u>9,584,762,379</u>	<u>100.00</u>	<u>9,584,762,379</u>	<u>100.00</u>

Notes:

1. 420,000,000 Shares are held by the Underwriter, 23,624,000 Shares are held by Golden Ocean and 1,179,816,000 Shares are held by Mr. Lie. Both the Underwriter and Golden Ocean are wholly-owned by Mr. Lie. Thus, he is deemed to be interested in the Shares held by the Underwriter and Golden Ocean.
2. Mr. Xu Gang is an executive Director. The 996,000 Shares include 48,000 Shares owned by the spouse of Mr. Xu Gang.
3. Mr. Huang Zhixiong is an independent non-executive Director. The 11,356,000 Shares are owned by the spouse of Mr. Huang Zhixiong.
4. Ms. Ye Weiping was an ex-executive Director.
5. Mr. Zhang Xinyu is an executive Director.

IMPLICATIONS UNDER THE TAKEOVERS CODE AND APPLICATION FOR THE WHITEWASH WAIVER

As at the date of this announcement, the Underwriter, Mr. Lie and parties acting in concert with any of them are interested in 1,623,440,000 Shares, representing approximately 26.37% in the issued share capital of the Company. Assuming that no Shareholder will take up any Offer Shares and the Underwriter has taken up all of its assured entitlement under the Open Offer and the Underwritten Shares, the aggregate shareholding of the Underwriter, Mr. Lie and parties acting in concert with any of them upon completion of the Open Offer would increase from approximately 26.37% to (i) approximately 50.92% (assuming no exercise of the outstanding Share Options and Convertible Notes on or before the Record Date) and (ii) approximately 50.27% (assuming the exercise of the outstanding Share Options and Convertible Notes in full on or before the Record Date) and would therefore give rise to a mandatory general offer obligation on the part of the Underwriter, Mr. Lie and parties acting in concert with any of them under Rule 26 of the Takeovers Code unless the Whitewash Waiver is obtained.

An application will be made by the Underwriter to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, would be subject to, among other things, the approval of the Independent Shareholders at the EGM by way of poll, which the Underwriter, Mr. Lie and the parties acting in concert with any of them will abstain from voting on the relevant resolution(s).

Completion of the Open Offer is conditional upon, among other matters, the granting of the Whitewash Waiver by the Executive and the approval of the Independent Shareholders of the Whitewash Waiver at the EGM. If the Whitewash Waiver is not granted by the Executive or the Whitewash Waiver is not approved at the EGM, the Open Offer will not proceed.

Only the Independent Shareholders will be eligible to vote on the resolution(s) relating to the Open Offer with the absence of excess application arrangement, the Underwriting Agreement, the

Whitewash Waiver and the Loan Capitalisation. Accordingly, the Underwriter, Mr. Lie, Golden Ocean and parties acting in concert with any of them will abstain from voting on such resolution(s) at the EGM.

As confirmed by the Underwriter, save for the entering into of the Underwriting Agreement, none of the Underwriter, Mr. Lie, Golden Ocean and parties acting in concert with any of them have acquired any voting rights of the Company in the six-month period prior to the date of this announcement.

As at the date of the announcement, Mr. Lie was deemed to be interested in 420,000,000 Shares held by the Underwriter and 23,624,000 Shares held by Golden Ocean by virtue of his controlling interests in the Underwriter and Golden Ocean.

As confirmed by the Underwriter, as at the date of this announcement:

- (i) save for 1,623,440,000 Shares owned by the Underwriter, Mr. Lie and Golden Ocean, the Underwriter, Mr. Lie and the parties acting in concert with any of them do not own, control or have direction over any voting rights or rights over the Shares or convertible securities, options, warrants or derivatives of the Company;
- (ii) save for the Underwriting Agreement and the Irrevocable Undertakings, there is no arrangement (whether by way of option, indemnity or otherwise) in relation to the shares of the Underwriter or the Company which might be material to the Open Offer, the Underwriting Agreement and/or the Whitewash Wavier;
- (iii) other than those set out in the paragraph headed “Conditions of the Open Offer” under the section headed “UNDERWRITING AGREEMENT” in this announcement, there is no agreement or arrangement to which the Underwriter is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Open Offer;
- (iv) other than the Irrevocable Undertakings, the Underwriter, Mr. Lie, Golden Ocean and parties acting in concert with any of them have not received any irrevocable commitment to vote for the Open Offer, the Underwriting Agreement and/or the Whitewash Wavier or to take up the securities of the Company to be provisionally allotted under the Open Offer; and
- (v) the Underwriter, Mr. Lie, Golden Ocean and parties acting in concert with any of them have not borrowed or lent any relevant securities (as defined in note 4 to Rule 22 of the Takeovers Code) in the Company.

WARNING OF THE RISK OF DEALING IN THE SHARES

Shareholders and potential investors should note that the Open Offer is conditional upon the satisfaction of the conditions set out in the section headed “Conditions of the Open Offer” of this announcement. Accordingly, the Open Offer may or may not proceed.

Shareholders and potential investors should exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

Shareholders and potential investors should note that the Shares are expected to be dealt in on an ex-entitlement basis commencing from Wednesday, 30 September 2015 and that dealings in Shares will take place while the conditions to which the Open Offer is subject remain unfulfilled. Any Shareholder or other person dealing in Shares up to the date on which all conditions to which the Open Offer is subject are fulfilled (which is expected to be on 4:00 p.m. on Thursday, 29 October 2015), will accordingly bear the risk that the Open Offer cannot become unconditional and may not proceed. Any Shareholder or other person contemplating selling or purchasing Shares, who is in any doubt about his/her/its position, is recommended to consult his/her/its own professional adviser.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any equity fund raising exercises in the past twelve months from the date of this announcement.

ADJUSTMENTS IN RELATION TO THE SHARE OPTIONS AND CONVERTIBLE NOTES

As at the date of this announcement, the Company has (i) outstanding Convertible Notes in an aggregate principal amount of HK\$160,000,000 and convertible into 128,000,000 new Shares at the conversion price of HK\$1.25 per conversion share of the Company; and (ii) 106,000,000 outstanding Share Options entitling the holders thereof to subscribe for up to an aggregate of 106,000,000 Shares.

The issue of the Offer Shares may cause adjustments to the conversion price of the Convertible Notes and the exercise price of the Share Options. Further announcement will be made by the Company in respect of such adjustments as and when appropriate.

Following the completion of the Open Offer and price adjustments to the conversion price of the Convertible Notes, the number of new Shares which may be issued upon the exercise of the conversion rights attached to the Convertible Notes will exceed the limit under the general mandate obtained in 2012 for issue of the Convertible Notes. The Company will seek approval of the Shareholders at the EGM for the grant of specific mandate for the issue of Shares upon the exercise of the conversion rights attached to the Convertible Notes.

EXPECTED TIMETABLE

All times stated in this announcement refer to Hong Kong times. The expected timetable for the Open Offer and the proposed increase in authorised share capital of the Company set out below has been prepared on the assumption that all the conditions of the aforesaid transactions will be fulfilled and is indicative only and may be extended or varied. Any changes to the anticipated timetable for the Open Offer and the proposed increase in authorised share capital of the Company will be announced as appropriate.

2015

Expected despatch date of the Circular.....	Tuesday, 1 September
with notice and proxy form of the EGM	
Latest time for lodging transfer of Shares in order.....	4:30 p.m. on Monday, 21 September
to be qualified for attendance and voting at the EGM	
Register of members of the Company.....	Tuesday, 22 September to Friday, 25 September
closed (both dates inclusive)	
Latest time for lodging proxy form for EGM	11:00 a.m. on Wednesday, 23 September
Record date for attendance and voting at the EGM	Friday, 25 September
Expected date and time of the EGM.....	11:00 a.m. on Friday, 25 September
Announcement on results of the EGM.....	Friday, 25 September
Effective date of the increase	Tuesday, 29 September
in authorised share capital of the Company	
Last day of dealings in Shares on a cum-entitlement basis.....	Tuesday, 29 September
First day of dealings in Shares on an ex-entitlement basis	Wednesday, 30 September
Latest time for lodging transfer of Shares in order.....	4:30 p.m. on Friday, 2 October
to be qualified for the Open Offer	
Register of members of the Company.....	Monday, 5 October to Thursday, 8 October
closed (both dates inclusive)	
Record date for the Open Offer.....	Thursday, 8 October
Register of members of the Company re-opens	Friday, 9 October

Despatch of the Prospectus Documents (in case of the.....Friday, 9 October
Excluded Shareholders, the Prospectus only)

Latest time for acceptance of, 4:00 p.m. on Monday, 26 October
and payment for Offer Shares

Latest time for the Open Offer to become unconditional 4:00 p.m. on Thursday, 29 October

Announcement of results of acceptance of the Offer SharesTuesday, 3 November

Despatch of share certificates for Offer Shares Wednesday, 4 November
and refund of cheques, if the Open Offer does not become unconditional

Dealings in Offer Shares commence9:00 a.m. on Thursday, 5 November

IMPLICATIONS UNDER THE GEM LISTING RULES

As no excess application for the Offer Shares is available under the Open Offer and the Underwriter is an associate of Mr. Lie, being the substantial Shareholder, pursuant to Rule 10.42(2) of the GEM Listing Rules, specific approval shall be obtained from the Independent Shareholders in respect of the absence of such excess application arrangement.

Given that the Underwriter is an associate of Mr. Lie, the Underwriter is deemed to be a connected person of the Company. The allotment and issue of the Underwritten Shares to the Underwriter pursuant to the Underwriting Agreement constitutes a connected transaction for the Company under the GEM Listing Rules. This connected transaction is exempt from the reporting, announcement and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules. The payment of the underwriting commission to the Underwriter constitute connected transaction for the Company under the GEM Listing Rules. As the underwriting commission to be received by the Underwriter is more than HK\$10,000,000, the payment of underwriting commission by the Company to the Underwriter is therefore subject to reporting, announcement and independent shareholders' approval requirements under the GEM Listing Rules.

As Mr. Lie is a substantial Shareholder, the Loan Capitalisation constitutes a connected transaction for the Company under the GEM Listing Rules and requires the approval of the Independent Shareholders.

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL OF THE COMPANY

As at the date of this announcement, the authorised share capital of the Company is HK\$1,000,000,000 divided into 10,000,000,000 Shares of HK\$0.10 each, of which 6,155,841,586 Shares have been issued and allotted as fully paid or credited as fully paid. In order to allow the Company to have the flexibility to issue new Shares for future development after the completion of the Open Offer, the Company proposes to increase the authorised share

capital of the Company from HK\$1,000,000,000 (divided into 10,000,000,000 Shares) to HK\$2,000,000,000 (divided into 20,000,000,000 Shares) by the creation of an additional 10,000,000,000 Shares which will rank *pari passu* with all existing Shares.

The proposed increase in authorised share capital of the Company is conditional upon the passing of an ordinary resolution by the Shareholders at the EGM.

GENERAL

The Open Offer with the absence of excess application arrangement, the Whitewash Waiver, the Underwriting Commission Arrangement and the Loan Capitalisation are subject to the approval of the Independent Shareholders at the EGM. As the Underwriter to the Open Offer is deemed to have a material interest in the Open Offer, the Underwriting Commission Arrangement and the Loan Capitalisation, the Underwriter, Mr. Lie, Golden Ocean and parties acting in concert with any of them and those who are involved in or interested in the Open Offer, the Underwriting Agreement and/or the Whitewash Waiver and/or the Loan Capitalisation will abstain from voting for the respective resolution(s) at the EGM for approving the Open Offer with the absence of excess application arrangement, the Whitewash Waiver, the Underwriting Commission Arrangement and the Loan Capitalisation. The proposed increase in authorised share capital of the Company is subject to the approval of the Shareholders at the EGM. The voting at the EGM will be taken by way of poll.

The Company will establish an independent board committee, which comprises all independent non-executive Directors, to advise the Independent Shareholders as to whether the Open Offer with the absence of excess application arrangement, the Whitewash Waiver, the Underwriting Commission Arrangement and the Loan Capitalisation are fair and reasonable and are in the interests of the Independent Shareholders, and to advise the Independent Shareholders on how to vote, taking into account the recommendations of the independent financial adviser.

In this connection, an independent financial adviser will be appointed to advise the independent board committee of the Company and the Independent Shareholders as to whether the terms and conditions of the Open Offer with the absence of excess application arrangement, the Whitewash Waiver, the Underwriting Commission Arrangement, and the Loan Capitalisation are fair and reasonable and are in the interests of the Company and the Independent Shareholders as a whole, and to advise the independent board committee of the Company and the Independent Shareholders on how to vote on the relevant resolution(s). The appointment of the independent financial adviser will be approved by the independent board committee of the Company.

A circular containing, among other matters, (i) details of the Open Offer, the Underwriting Agreement, the Whitewash Waiver, the Underwriting Commission Arrangement and the Loan Capitalisation; (ii) the proposed increase in the authorised share capital of the Company; (iii) letters from the independent board committee of the Company and the independent financial advisor respectively setting out their recommendations in relation to the Open Offer with the absence of excess application arrangement, the Whitewash Waiver, the Underwriting Commission Arrangement and the Loan Capitalisation; and (iv) a notice of the EGM will be

despatched to the Shareholders as soon as practicable in compliance with the requirements of the Takeovers Code and the GEM Listing Rules.

Subject to, among other things, the conditions of the Open Offer being satisfied, the Company will send (i) the Prospectus Documents setting out the details of the Open Offer to the Qualifying Shareholders, and (ii) the Prospectus to the Excluded Shareholders for information in compliance with the requirements of the Takeovers Code and the GEM Listing Rules as soon as possible.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been halted from 9:00 a.m. on 22 June 2015 pending the release of this announcement. An application has been made by the Company for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 12 August 2015.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the meaning ascribed to them below:

“acting in concert”	has the meaning ascribed thereto under the Takeovers Code
“associate(s)”	has the meaning described thereto in the GEM Listing Rules
“Board”	the board of Directors
“business day(s)”	any day (excluding, Saturday, Sunday and any day on which a tropical cyclone warning no.8 or above is hoisted or remains hoisted between 9:00a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a "black" rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for business
“Circular”	the shareholders’ circular to be issued by the Company in accordance with the GEM Listing Rules in respect of the proposed increase in authorised share capital of the Company, the Open Offer, the Underwriting Agreement, the Whitewash Wavier, the Loan Capitalisation and the respective transactions contemplated thereunder to be despatched to the Shareholders
“Companies Ordinance”	the Companies Ordinance, Chapter 622 of the Laws of Hong Kong (as amended from time to time)

“Company”	Neo Telemedia Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the GEM
“Complying Applications”	Valid applications under the application forms made in accordance with the terms of the Prospectus Documents together with cheques or cashier's orders or other remittances for the full amount payable in respect of the Offer Shares being applied for under such application forms which are honoured on first or, at the discretion of the Underwriter, subsequent presentation
“connected person(s)”	has the meaning described thereto in the GEM Listing Rules
“Convertible Notes”	the convertible notes with an aggregate outstanding principal amount of HK\$160,000,000 issued by the Company, details and principal terms of which are set out in the announcement of the Company dated 7 January 2013
“Court Order”	a Court order pursuant to Section 182 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance
“Director(s)”	director(s) of the Company for the time being
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the resolutions in respect of the proposed increase in authorised share capital of the Company, the Open Offer, the Underwriting Agreement, the Whitewash Waiver, the Loan Capitalisation and the respective transactions contemplated thereunder
“Excluded Shareholders”	those Overseas Shareholders who, in the opinion of the Directors based on enquiry made in compliance with the GEM Listing Rules, are necessary or expedient to be excluded from the Open Offer on account of either of the legal restriction under the laws or requirements of the relevant regulatory body or stock exchange in such places
“Executive”	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong or any delegate(s) of the Executive Director
“Group”	the Company and its subsidiaries

“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM
“Golden Ocean”	Golden Ocean Assets Management Limited, a company incorporated in the British Virgin Islands with limited liability, which is wholly and beneficially owned by Mr. Lie
“Hong Kong”	the Hong Kong Special Administrative Region of PRC
“Independent Shareholder(s)”	Shareholders other than the Underwriter, Mr. Lie, Golden Ocean and parties acting in concert with any of them and those who are involved in or interested in the Open Offer, the Underwriting Agreement and/or the Whitewash Waiver and/or the Loan Capitalisation and those who are required by the GEM Listing Rules and/or Takeovers Code to abstain from voting in respect of the resolutions relating to the Open Offer, the Underwriting Agreement, the Whitewash Waiver and the Loan Capitalisation at the EGM
“Irrevocable Undertakings”	the irrevocable undertakings from the Underwriter, Mr. Lie and Golden Ocean as described in the paragraph headed “Irrevocable Undertakings” under the section headed “UNDERWRITING AGREEMENT” in this announcement
“Last Trading Day”	Friday, 19 June 2015, being the last trading day for the Shares immediately prior to the date of this announcement
“Latest Time for Acceptance”	4:00 p.m. on Monday, 26 October 2015 or such later time or date as may be agreed between the Underwriter and the Company, being the latest time for acceptance of, and payment for, the Offer Shares as described in the Prospectus
“Latest Time for Termination	4:00 p.m. on the third business day after the Latest Time for Acceptance or such later time or date as maybe agreed between the Underwriter and the Company, being the latest time to terminate the Underwriting Agreement
“Loan”	loan of HK\$100 million to the Company made pursuant to the Loan Agreement
“Loan Agreement”	the loan agreement dated 11 May 2015 entered into between the Company and Mr. Lie relating to provision of the Loan, details of which are set out in the announcement of the Company dated 11 May 2015

“Loan Capitalisation”	the capitalisation of the Loan to settle the subscription and/or underwriting obligations of Mr. Lie and his associates under the Irrevocable Undertakings and the Underwriting Agreement
“Mr. Lie”	Mr. Lie Hai Quan, the beneficial owner of the Underwriter
“Offer Share(s)”	not less than 3,077,920,793 new Shares and not more than 3,194,920,793 new Shares proposed to be issued and allotted under the Open Offer
“Open Offer”	the proposed issue for subscription at the Subscription Price to be made by the Company to the Qualifying Shareholders in the proportion of one Offer Share for every two Shares held on the Record Date on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents
“Overseas Shareholder(s)”	Shareholders with registered addresses (as shown in the register of members of the Company on the Record Date) which are outside Hong Kong
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding the Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan
“Prospectus”	the prospectus in connection with the Open Offer (in such agreed form as the Company and the Underwriter may agree) to be despatched to the Shareholders on the Prospectus Posting Date
“Prospectus Documents”	the Prospectus and the application form in respect of the assured allotment of Offer Shares
“Prospectus Posting Date”	Friday, 9 October 2015 or such later date as maybe agreed between the Underwriter and the Company for the despatch of the Prospectus Documents
“Qualifying Shareholders”	the Shareholders, other than the Excluded Shareholders, whose names appear on the register of members of the Company as at the close of business on the Record Date
“Record Date”	Thursday, 8 October 2015 or such other date as may be agreed between the Company and the Underwriter for the determination of the entitlements under the Open Offer

“Registrar”	the Company’s branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited of Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“Settlement Date”	the date being the third business day following (but excluding) the Latest Time for Acceptance or such later date as the Company and the Underwriter may agree
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Share Option(s)”	the share option(s) granted under the Share Option Schemes
“Share Option Scheme(s)”	the share option scheme current in force adopted by the Company on 19 December 2012 and the share option scheme adopted by the Company on 22 July 2002 which was expired on 21 July 2012
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the issue price of HK\$0.38 per Offer Share
“Takeovers Code”	the Code on Takeovers and Mergers issued by the Securities and Futures Commission of Hong Kong
“Underwriter”	Winner Mind Investments Limited, a company incorporated in the British Virgin Islands with limited liability, which is wholly and beneficially owned by Mr. Lie
“Underwriting Agreement”	the underwriting agreement dated 11 August 2015 entered into between the Company, the Underwriter and Mr. Lie in relation to the Open Offer
“Underwriting Commission Arrangement”	the payment of the underwriting commission to the Underwriter pursuant to the Underwriting Agreement
“Underwritten Shares”	not less than 2,266,200,793 Offer Shares and not more than 2,383,200,793 Offer Shares under the Open Offer which are fully underwritten by the Underwriter
“Untaken Shares”	those (if any) of the Underwritten Shares for which Complying Applications have not been lodged for acceptance, or received, as the case may be, on or before the Latest Time for Acceptance

“Whitewash Waiver”

a waiver to be applied by the Underwriter to the Executive pursuant to Note 1 on the dispensation from Rule 26 of the Takeovers Code to waive the obligation by the Underwriter, Mr. Lie, Golden Ocean and parties acting in concert with any of them to make a mandatory general offer for all the issued Shares not already owned and/or agreed to be acquired by the Underwriter, Mr. Lie, Golden Ocean and parties acting in concert with any of them which may otherwise arise as a result of the subscription of the Underwritten Shares by the Underwriter pursuant to the Underwriting Agreement

“HK\$”

Hong Kong dollar(s), the lawful currency of Hong Kong

“%”

per cent.

By order of the Board
Neo Telemedia Limited
CHEUNG Sing Tai
Chairman

Hong Kong, 11 August 2015

** For identification purposes only*

As at the date of this announcement, the Board comprises four executive Directors, namely Mr. CHEUNG Sing Tai (Chairman and Chief Executive Officer), Mr. ZHANG Xinyu, Mr. LIAN Xin and Mr. XU Gang, and four independent non-executive Directors, namely Mr. LEUNG Ka Wo, Mr. CHOU Jianzhong, Ms. XI Lina and Mr. HUANG Zhixiong.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any of the statements in this announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the Growth Enterprise Market website at www.hkgem.com for at least seven days from the date of its posting and on the website of the Company at www.neo-telemedia.com.