
THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this Prospectus or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Neo Telemedia Limited, you should at once hand the Prospectus Documents to the purchaser or the transferee or to the bank manager, licensed securities dealer or registered institution in securities or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

A copy of each of the Prospectus Documents, together with the documents specified in the paragraph headed “Documents delivered to the Registrar of Companies in Hong Kong” in Appendix III to this Prospectus, has been registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance. The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility for the contents of any of these documents.

Dealings in the securities of the Company may be settled through CCASS and you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser for details of the settlement arrangements and how such arrangements may affect your rights and interests.

Subject to the granting of listing of, and permission to deal in, the Offer Shares on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Offer Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the general rules of CCASS and CCASS operational procedures in effect from time to time.

Hong Kong Exchanges and Clearing Limited, the Stock Exchange and HKSCC take no responsibility for the contents of this Prospectus, 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 Prospectus.



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)

OPEN OFFER ON THE BASIS OF ONE OFFER SHARE FOR EVERY TWO SHARES HELD ON THE RECORD DATE

Terms used in this cover page have the same meanings as defined in this Prospectus.

The latest time for acceptance of and payment for the Offer Shares is at 4:00 p.m. on Tuesday, 22 December 2015. The procedures for application and payment of the Offer Shares are set out on pages 31 to 32 of this Prospectus.

It should be noted that the Underwriting Agreement contains provisions granting the Underwriter the right to terminate the obligations of the Underwriter thereunder on the occurrence of certain events. These certain events are set out in the paragraph headed “Termination of the Underwriting Agreement” on pages 18 to 20 of this Prospectus. If the Underwriting Agreement is terminated by the Underwriter or does not become unconditional, the Open Offer will not proceed. Shareholders should note that the Shares have been dealt in on an ex-entitlement basis commencing from Monday, 30 November 2015 and that dealing in the Shares may take place even though the conditions under the Underwriting Agreement remain unfulfilled. Any Shareholder or other person dealing in the Shares to the date on which all conditions to which the Open Offer is subject are fulfilled (which is expected to be on or before 4:00 p.m. on Monday, 28 December 2015), will accordingly bear the risk that the Open Offer may not become unconditional and may not proceed.

Any Shareholder or other persons contemplating dealings in the Shares, who is in any doubt about his/her/its position, is recommended to consult his/her/its own professional advisers.

8 December 2015

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the main board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

TERMINATION OF 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

TERMINATION OF UNDERWRITING AGREEMENT

- (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.

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DEFINITIONS

In this Prospectus, the following expressions have the following meanings unless the context requires otherwise:

“acting in concert”	has the meaning ascribed thereto under the Takeovers Code
“Announcement”	the announcement of the Company dated 11 August 2015 relating to, amongst other things, the proposed Open Offer, the application for Whitewash Waiver, the Underwriting Commission Arrangement, the Loan Capitalisation and the Increase in Authorised Share Capital
“Application Form(s)”	the application form(s) to be issued to the Qualifying Shareholders in respect of their assured entitlements under the Open Offer
“associate(s)”	has the meaning ascribed 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 9:00 a.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
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Circular”	the shareholders’ circular dated 25 September 2015 issued by the Company in accordance with the GEM Listing Rules in respect of, among other things, the Open Offer, the Whitewash Waiver, the Underwriting Commission Arrangement, the Loan Capitalisation and the Increase in Authorised Share Capital
“Companies Ordinance”	the Companies Ordinance, Chapter 622 of the Laws of Hong Kong (as amended from time to time)

DEFINITIONS

“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 ascribed thereto in the GEM Listing Rules
“controlling shareholder(s)”	has the meaning ascribed thereto in the GEM Listing Rules
“Convertible Notes”	the convertible note(s) 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 held at Empire Room 1, 1/F., Empire Hotel Hong Kong Wan Chai, 33 Hennessy Road, Wanchai, Hong Kong at 11:00 a.m. on Thursday, 26 November 2015 for the purpose of considering and, if thought fit, approving the resolutions in respect of the proposed Increase in Authorised Share Capital, 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

DEFINITIONS

“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
“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 Hong Kong with limited liability, which is wholly and beneficially owned by Mr. Lie
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Increase in Authorised Share Capital”	the proposed increase in 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
“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
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, who are third party(ies) independent of and not connected with the Directors, chief executive and substantial Shareholders of the Company or any of its subsidiaries, or any of their respective associates

DEFINITIONS

“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 ARRANGEMENT” in this Prospectus
“Last Trading Day”	Friday, 19 June 2015, being the last trading day for the Shares immediately prior to the date of the Announcement
“Latest Practicable Date”	2 December 2015, being the latest practicable date prior to the printing of this Prospectus for the purpose of ascertaining certain information for inclusion herein
“Latest Time for Acceptance”	4:00 p.m. on Tuesday, 22 December 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 may be 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

DEFINITIONS

“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 and the sole director of (i) the Underwriter; and (ii) Golden Ocean
“Offer Share(s)”	3,176,281,448 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” or “China”	the People’s Republic of China, for the purpose of this Prospectus, 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”	Tuesday, 8 December 2015 or such later date as may be agreed between the Underwriter and the Company for the despatch of the Prospectus Documents

DEFINITIONS

“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”	Monday, 7 December 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”	Tricor Tengis Limited of Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, the Company’s branch share registrar and transfer office in Hong Kong
“Relevant Period”	the period beginning six months immediately prior to the date of the publication of the Announcement and ending on the Latest Practicable Date
“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
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“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 currently 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

DEFINITIONS

“Specified Event”	an event occurring or matter arising on or after the date hereof and prior to the Latest Time for Termination which if it had occurred or arisen before the date hereof would have rendered any of the warranties contained in the Underwriting Agreement untrue or incorrect in any material respect
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the issue price of HK\$0.38 per Offer Share
“subsidiary”	has the same meaning ascribed thereto in the Companies Ordinance and “subsidiaries” shall be construed accordingly
“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 (as supplemented by the supplemental agreements dated 11 and 22 September and 10 November 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”	2,364,561,448 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

DEFINITIONS

“Whitewash Waiver”	a waiver applied by the Underwriter to the Executive pursuant to Note 1 on the dispensation from Rule 26 of the Takeovers Code from the obligation of 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
“Winding-up Petition”	a winding-up petition received by the Company on 15 October 2014 and presented by Beyond Net Service Limited at the Court of First Instance of the High Court of Hong Kong against the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“US\$”	the United States dollars, the lawful currency of the United States of America
“sq.m.”	square metre
“%” or “per cent”	percentage

* *The English translations of the Chinese names or words in this Prospectus, where indicated, are included for identification purpose only, and should not be regarded as the official English translation of such Chinese names or words*

EXPECTED TIMETABLE

The expected timetable for the Open Offer is set out below:

2015

Latest time for acceptance of, and
payment for Offer Shares 4:00 p.m. on Tuesday, 22 December

Latest time for the Open Offer to
become unconditional 4:00 p.m. on Monday, 28 December

Announcement of results of acceptance of
the Offer Shares Tuesday, 29 December

Despatch of share certificates for Offer Shares and
refund of cheques, if the Open Offer does not
become unconditional Wednesday, 30 December

Dealings in Offer Shares commence 9:00 a.m. on Thursday, 31 December

Note: All times and dates stated in this Prospectus refer to Hong Kong local times and dates. Dates or deadlines specified in the expected timetable above are indicative only and may be extended or varied by the Company. Any changes to the expected timetable will be published or notified to Shareholders as and when appropriate.

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR OFFER SHARES

The latest time for acceptance of and payment for Offer Shares will not take place if there is:

- (1) a tropical cyclone warning signal number 8 or above, or
- (2) a “black” rainstorm warning
 - (a) in force in Hong Kong at any local time before 12:00 noon but no longer in force after 12:00 noon on Tuesday, 22 December 2015. Instead the Latest Time of Acceptance of and payment for the Offer Shares will be extended to 5:00 p.m. on the same business day;
 - (b) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Tuesday, 22 December 2015. Instead the Latest Time of Acceptance of and payment for the Offer Shares will be rescheduled to 4:00 p.m. on the following business day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the Latest Time for Acceptance of and payment for the Offer Shares does not take place on Tuesday, 22 December 2015, the dates mentioned in the section headed “Expected timetable” may be affected. An announcement will be made by the Company in such event as soon as practicable.

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. CHEUNG Sing Tai
Mr. ZHANG Xinyu
Mr. LIAN Xin
Mr. XU Gang

Independent Non-executive Directors:

Mr. LEUNG Ka Wo
Mr. CHOU Jianzhong
Ms. XI Lina
Mr. HUANG Zhixiong

Registered Office

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

*Head office and principal place of
business in Hong Kong*

Unit 1504, Harcourt House
39 Gloucester Road
Wanchai
Hong Kong

8 December 2015

*To the Qualifying Shareholders and, for information only,
the Excluded Shareholders*

Dear Sir or Madam,

OPEN OFFER ON THE BASIS OF ONE OFFER SHARE FOR EVERY TWO SHARES HELD ON THE RECORD DATE

INTRODUCTION

Reference is made to the announcements of the Company dated 11, 14 and 31 August, 11, 22 and 25 September and 9 and 10 November 2015 and the Circular in relation to, among other things, the Open Offer, the Whitewash Waiver, the Underwriting Commission Arrangement, the Loan Capitalisation and the Increase in Authorised Share Capital.

LETTER FROM THE BOARD

The Board proposed to raise not less than approximately HK\$1,206.99 million before expenses and not more than approximately HK\$1,251.45 million before expenses, by issuing not less than 3,176,281,448 Offer Shares and not more than 3,293,281,448 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 is conditional on, among other things, the Whitewash Waiver being granted by the Executive and approved by the Independent Shareholders. On 5 October 2015, the Executive granted the Whitewash Waiver which was subject to, among other things, the approval of the Independent Shareholders by the way of poll at the EGM. At the EGM held on 26 November 2015, the resolutions for approving, among other things, the Open Offer, the Whitewash Waiver, the Underwriting Commission Arrangement, the Loan Capitalisation and the Increase in Authorised Share Capital were duly passed by the Independent Shareholders or the Shareholders (as the case may be) by the way of poll.

The purpose of this Prospectus is to provide you with further information in relation to the Open Offer, including information on dealings in and application for the Offer Shares, the financial information and other general information of the Group.

PROPOSED OPEN OFFER

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 Latest Practicable Date	:	6,352,562,897 Shares
Number of Offer Shares	:	3,176,281,448 Offer Shares
Nominal value of Offer Shares	:	HK\$0.10 each
Aggregate nominal value of Offer Shares	:	HK\$317,628,144.80

LETTER FROM THE BOARD

- 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 Offer Shares undertaken to be taken up by the Underwriter under the Irrevocable Undertakings), being 2,364,561,448 new Shares
- Number of Shares in issue immediately upon completion of the Open Offer : 9,528,844,345 Shares

As at the Latest Practicable Date, 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.

The total number of Offer Shares of 3,176,281,448 Shares represents:

- (i) 50% of the Company's existing issued share capital as at the Latest Practicable Date; and
- (ii) approximately 33.33% of the Company's issued share capital as enlarged by the issue of the Offer Shares.

LETTER FROM THE BOARD

Qualifying Shareholders

The Open Offer is only available to the Qualifying Shareholders. To qualify for the Open Offer, a Shareholder must, at the close of business on the Record Date:

- (1) be registered as a member of the Company on the register of members of the Company; and
- (2) not be an Excluded Shareholder.

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 Tuesday, 1 December 2015.

The register of members of the Company was closed from Wednesday, 2 December 2015 to Monday, 7 December 2015, both dates inclusive, to determine the eligibility of the Open Offer. No transfer of Shares was registered during this period.

Rights of Overseas Shareholders

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong. Based on the register of members of the Company as at the Latest Practicable Date, the Company had no Overseas Shareholders and the Company did not have any Excluded Shareholder under the Open Offer.

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;
- (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; and
- (d) a discount of approximately 18.28% to the closing price of HK\$0.465 per Share as quoted on Stock Exchange on the Latest Practicable Date.

LETTER FROM THE BOARD

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 with audited net liabilities as at 31 December 2014, the then prevailing market price of the Shares with increases since early May 2015 and the then market environment remain relatively uncertain and the trading liquidity of the Shares under the relatively uncertain market sentiments in the equity market. The Directors consider that each Qualifying Shareholder is entitled to subscribe for the Offer Shares at the same Subscription Price in proportion to his/her/its existing shareholding in the Company held on the Record Date and the terms of the Open Offer, including the Subscription Price which has been set as a discount to the recent closing prices of the Shares with an objective of encouraging existing Shareholders to take up their entitlements so as to share in the potential growth of the Company. The Directors considered that the Subscription Price to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Having considered that the Open Offer would provide the required funds to the Group for future development and operation as detailed under the paragraph headed "REASONS FOR THE OPEN OFFER AND USE OF PROCEEDS" in this Letter from the Board, enhance its existing operation and strengthen the capital base of the Group; the Open Offer was determined on the basis that all Qualifying Shareholders have been offered the same opportunity to maintain their proportional interests in the Company and allows the Qualifying Shareholders to participate in the growth of the Company, the Directors consider that the proposed discount of the Subscription Price to the market prices to be fair and reasonable.

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, 30 December 2015 or such later date as the Board may determine.

LETTER FROM THE BOARD

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 has applied to the GEM Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Offer Shares.

Subject to the grant of listing of, and permission to deal in, the Offer Shares on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Offer Shares on the Stock Exchange or such other date as determined by the HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the general rules of CCASS and CCASS operational procedures in effect from time to time.

Dealings in the Offer Shares will be subject to the payment of stamp duty and any other applicable fees and charges in Hong Kong.

The board lot size of trading of the Offer Shares will be 4,000 Shares.

LETTER FROM THE BOARD

UNDERWRITING ARRANGEMENT

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/he 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/him, 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/he 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 as at the Latest Practicable Date.

Underwriting Agreement

Date	: 11 August 2015 (as supplemented on 11 and 22 September and 10 November 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 2,364,561,448 new Shares. Accordingly, the Open Offer is fully underwritten.

As at the Latest Practicable Date, 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 25.55% in the issued share capital of the Company.

LETTER FROM THE BOARD

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 approximately HK\$13.48 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 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 a Court Order in respect of the Open Offer or the dismissal by the Court with respect to the Winding-up Petition, whichever is earlier;

LETTER FROM THE BOARD

- (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 the Winding-up Petition and the Company has instructed its legal advisers to take legal actions against the petitioner. The Company's bank fund 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 has made the application for the appropriate Court Order for the purpose of enabling use of the proceeds raised from the Open Offer by the Group and the first hearing of the application was scheduled in mid October 2015. As at the Latest Practicable Date, the Winding-up Petition has been dismissed by the Court on 19 October 2015, and the application for the Court Order enabling the use of proceeds raised from the Open Offer is no longer required. Pursuant to the Underwriting Agreement, the Underwriter shall have the right to conduct due diligence on the Group.

As at the Latest Practicable Date, the above conditions (1), (2) and (6) have been fulfilled.

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

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- (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.

LETTER FROM THE BOARD

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 in the principal sum of HK\$100 million together with interest accrued thereon. As at 31 October 2015, the interest accrued on the Loan amounted to approximately HK\$1.73 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.

LETTER FROM THE BOARD

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, the operation of peer to peer (P2P) lending platform and cross-border e-commerce businesses.

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\$1,106.99 million (assuming no exercise of any Convertible Notes and Share Options on or before the Record Date) and not more than approximately HK\$1,151.45 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\$1,090.82 million and not more than approximately HK\$1,134.62 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 the Announcement.

LETTER FROM THE BOARD

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 centre in the PRC with internet data centre 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\$240.82 million (assuming no exercise of any Convertible Notes and Share Options on or before the Record Date) to approximately HK\$284.62 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 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 廣東浪潮蔚海雲計算有限公司 (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.

LETTER FROM THE BOARD

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:

(a) Jiangmen Municipal Government Data Centre Project

It is intended that approximately 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 server cabinets and cloud platform during July 2016 to December 2016.

(b) Jiangmen Yi Netcom Small Enterprise Cloud Platform Project

It is intended that approximately 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.

(c) Jiangmen Binjiang Big Data Innovation Centre Project

It is intended that approximately 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.

(d) Jiangmen Binjiang Jiangsha Intelligent Industrial Park Project

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

LETTER FROM THE BOARD

(ii) Internet data centre in Panyu – HK\$300 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 server cabinets in or around the 4th quarter of 2015; and approximately HK\$200.00 million for installation of 2,000 server cabinets in 2016.

(iii) Mobile WiFi – HK\$99.5 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 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.

LETTER FROM THE BOARD

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.blueseas-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 sq.m..

(v) Logistics-related business – HK\$107.5 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 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 million to Avatar.

It is intended that HK\$50 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 activities to aim for 100,000 online registered users.

In view of the above, the Directors consider that the Open Offer is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

EFFECT ON SHAREHOLDING STRUCTURE

For illustration purpose only, the shareholding structure of the Company as at the Latest Practicable Date and immediately after the completion of the Open Offer is set out below:

Shareholders	As at the Latest Practicable Date		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, Mr. Lie and parties acting in concert with any of them)	
	No. of Shares	Approximate %	No. of Shares	Approximate %	No. of Shares	Approximate %
The Underwriter, Mr. Lie and parties acting in concert with any of them (Note 1)	1,623,440,000	25.55	2,435,160,000	25.55	4,799,721,448	50.37
Directors/Ex-Director						
Xu Gang (Note 2)	996,000	0.02	1,494,000	0.02	996,000	0.01
Huang Zhixiong (Note 3)	11,356,000	0.18	17,034,000	0.18	11,356,000	0.12
Ye Weiping (Note 4)	518,000,000	8.15	777,000,000	8.15	518,000,000	5.44
Public Shareholders	<u>4,198,770,897</u>	<u>66.10</u>	<u>6,298,156,345</u>	<u>66.10</u>	<u>4,198,770,897</u>	<u>44.06</u>
Total	<u>6,352,562,897</u>	<u>100.00</u>	<u>9,528,844,345</u>	<u>100.00</u>	<u>9,528,844,345</u>	<u>100.00</u>

Notes:

- 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, Mr. Lie is deemed to be interested in the Shares held by the Underwriter and Golden Ocean.
- Mr. Xu Gang is an executive Director. The 996,000 Shares include 48,000 Shares owned by the spouse of Mr. Xu Gang.
- Mr. Huang Zhixiong is an independent non-executive Director. The 11,356,000 Shares are owned by the spouse of Mr. Huang Zhixiong.
- Ms. Ye Weiping is an ex-executive Director.
- Mr. Zhang Xinyu is an executive Director.

INTENTION OF THE UNDERWRITER

If the Underwriter, Mr. Lie and parties acting in concert with any of them become the controlling Shareholder as a result of the Underwriter's performance of the underwriting obligations under the Underwriting Agreement, the Underwriter intends to continue the existing businesses of the Group following the completion of the Open Offer.

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The Underwriter considered that the Open Offer is favourable to the Group as the Group will be able to obtain additional capital resources for further development of the Group when suitable opportunities arises. For further details of the Group's business plan, please refer to the section headed "REASONS FOR THE OPEN OFFER AND USE OF PROCEEDS" in this Prospectus. If the Underwriter, Mr. Lie and parties acting in concert with any of them become the controlling shareholder as a result of the performance of the underwriting obligations under the Underwriting Agreement, the Underwriter and the Group have no intention to introduce any material change to the existing businesses of the Group, the continued employment of the Group's employees and has no intention to re-deploy the fixed assets of the Group other than in its ordinary course of business.

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 Prospectus. 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 have been dealt in on an ex-entitlement basis commencing from Monday, 30 November 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 Monday, 28 December 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.

LETTER FROM THE BOARD

RISK FACTORS

Before making any investment decision (including the Open Offer) in relation to the Company, the Shareholders and prospective investors should consider carefully all the information set out in this Prospectus and, in particular, should evaluate the risks in connection with the operation of the Group. The business, financial condition or results of operations could be materially and adversely affected by the occurrence of any of the risks and uncertainties described below.

(1) Risk relating to the Group

(a) Risks associated with the contractual arrangements

Under the prevailing laws and regulations in the PRC, companies with foreign ownership are restricted from engaging in the provision of value-added telecommunication services and manufacturing of telecommunication system equipment for satellites business in the PRC. As such the Company relies on structured contracts (“Contractual Arrangements”) to maintain control over operating companies established in the PRC (“OPCO”). The Company manages to maintain an effective control over the financial and operational policies of the OPCOs through the Contractual Arrangements which effectively transfer the economic benefits and pass the risks associated therewith of the OPCO to the Company, and as a result, the OPCOs have been consolidated as subsidiaries of the Group. The Board wishes to emphasise that the Group relies on the Contractual Arrangements to control and obtain the economic benefits from the OPCOs, which may not be as effective in providing operational control as direct ownership. The Company may have to rely on the PRC legal system to enforce the Contractual Arrangements, which remedies may be less effective than those in other developed jurisdictions.

Any conflicts of interest or deterioration of the relationship between the registered holders of the equity interest in the OPCOs and our Group may materially and adversely affect the overall business operations of the Group. The pricing arrangement under the Contractual Arrangements may be challenged by the PRC tax authority. If the Group chooses to exercise the option to acquire all or part of the equity interests in any of the OPCOs under the respective option agreements under the Contractual Arrangements, substantial amount of costs and time may be involved in transferring the ownership of the relevant OPCO held by its registered holder(s) to the subsidiaries that are equity-owned by the Company.

LETTER FROM THE BOARD

Further, there can be no assurance that the interpretation of the Contractual Arrangements by the PRC legal advisers to the Company is in line with the interpretation of the PRC governmental authorities and that the Contractual Arrangements will not be considered by such PRC governmental authorities and courts to be in violation of the PRC laws. In addition, the PRC governmental authorities may in the future interpret or issue laws, regulations or policies that result in the Contractual Arrangements being deemed to be in violation of the then prevailing PRC laws. Despite the above, as advised by the PRC legal advisers to the Company, the Contractual Arrangements are in compliance with and, to the extent governed by the PRC laws currently in force, are enforceable under the current PRC laws.

(b) Risks related to politics, economics and regulations

The business operations of the Group are primarily based in the PRC and Hong Kong. Accordingly, the Group's operating results, financial position and prospects could be adversely affected by economic, political and legal developments in the PRC and Hong Kong. If there is any material adverse change in the general economic, political and legal developments in the PRC and Hong Kong, the Group's operations and financial position may be adversely affected.

(c) Risks relating to the Share price

The price and trading volume of the Shares will be determined by the market and may be highly volatile. Factors such as variations in the Group's revenue, earnings and cash flows, changes in or challenges to its business, announcements of new investments, acquisitions or disposals, the depth and liquidity of the market for the Shares, investors' perceptions of the Group and general political, economic, social and market conditions both globally and in the PRC or Hong Kong could cause the market price of the Shares to change substantially.

(2) Risks relating to the Open Offer

Under the Underwriting Agreement, the Underwriter shall be entitled by notice in writing to the Company to terminate its obligations upon the occurrence of any of the events stated in the section headed "Termination of the Underwriting Agreement" in this Prospectus on or before the Latest Time for Termination. Should the Open Offer proceed as intended, the interest of the existing Shareholders in the Company will be diluted if they do not or cannot, as the case may be, subscribe for the Offer Shares which they are entitled to.

LETTER FROM THE BOARD

(3) Additional Risk

Additional risks and uncertainties not presently known to the Directors, or not expressed or implied above, or otherwise deemed immaterial by the Directors as at the Latest Practicable Date, may also adversely affect the Group's business, operating results and financial condition in a material aspect.

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 the Announcement.

ADJUSTMENTS IN RELATION TO THE SHARE OPTIONS AND CONVERTIBLE NOTES

As at the Latest Practicable Date, 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. On 5 April 2013, the Company issued Convertible Notes in an aggregate principal amount of HK\$160,000,000 due on 5 April 2016 as part of the consideration of the acquisition of the entire interest in HCH Investments Limited ("HCH Investments"). The Convertible Notes were issued to the nominees of the vendor of HCH Investments, namely Profit Express Limited, Arch Capital Limited and Hillgo Asia Limited under the general mandate obtained in 2012.

The Convertible Note carries interest at 7% per annum. The Convertible Note entitles holders to convert the notes into new ordinary shares of the Company at an initial conversion price, subject to adjustment, of HK\$2.5 per Share during the period from 5 April 2013 to 4 April 2016. Based on the initial conversion price of HK\$2.5 per Share, a total of 64,000,000 new Shares may be issued upon the exercise of the conversion rights attached to the Convertible Notes.

The Convertible Note is non-transferable and is not redeemable at the option of noteholders. In addition, the Company has the right to redeem any portion of the Convertible Notes at its principal amount at any time prior to the maturity date. From the date of issue of the Convertible Notes to the Latest Practicable Date, no conversion or redemption of the Convertible Notes was made.

LETTER FROM THE BOARD

As a result of the completion of the bonus issue of Shares of the Company, details of which were set out in the circular of the Company dated 20 May 2015, the conversion price of the Convertible Notes were adjusted from HK\$2.5 per Share to HK\$1.25 per Share; and the number of Shares falling to be issued upon exercise of the conversion right of the Convertible Notes were adjusted from 64,000,000 Shares to 128,000,000 Shares with effect from 17 June 2015.

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 has obtained the 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.

Apart from the bonus issue of Shares and the Open Offer as mentioned above, there is no other adjustment events lead to adjustments to the conversion price and/or conversion shares under of the Convertible Notes.

PROCEDURE FOR APPLICATION AND PAYMENT FOR THE OFFER SHARES

The Application Form is enclosed with this Prospectus which entitles the Qualifying Shareholder to whom it is addressed to apply for the number of Offer Shares as shown therein subject to payment in full by the Latest Time for Acceptance. Qualifying Shareholders should note that they may apply for any number of Offer Shares only up to the number set out in the Application Forms respectively addressed to them. If a Qualifying Shareholder wishes to apply for all the Offer Shares offered to it as specified in the Application Form addressed to it or wish to apply for any number less than its entitlement under the Open Offer, it must complete, sign and lodge the Application Form in accordance with Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong by 4:00 p.m. on Tuesday, 22 December 2015. All remittance(s) must be made in Hong Kong dollars and cheques must be drawn on an account with, or bankers' cashier orders must be issued by, a licensed bank in Hong Kong and made payable to **"Neo Telemedia Limited – Open Offer Account"** and crossed **"Account Payee Only"**. It should be noted that unless the duly completed and signed Application Form, together with the appropriate remittance, have been lodged with the Registrar by not later than 4:00 p.m. on Tuesday, 22 December 2015, the entitlements of the respective Qualifying Shareholders under the Open Offer and all rights in relation thereto shall be deemed to have been declined and will be cancelled.

The Application Form contains further information regarding the procedures to be followed if Qualifying Shareholders wish to accept the whole or part of their assured allotment.

LETTER FROM THE BOARD

All cheques and cashier's orders accompanying completed Application Form will be presented for payment immediately upon receipt and all interest earned on such monies (if any) will be retained for the benefit of the Company. Completion and return of an Application Form with a cheque and/or a banker's cashier order will constitute a warranty by the applicant that the cheque and/or the banker's cashier order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject any application, and the entitlement given pursuant to which will be deemed to have been declined and will be cancelled.

The Application Form is for use only by the person(s) named therein and is not transferable. No receipt will be issued in respect of any acceptance monies received. If the conditions of the Underwriting Agreement are not fulfilled and/or the Underwriting Agreement is terminated in accordance with its terms before the Latest Time for Termination, the monies received in respect of acceptance of Offer Shares will be returned to the relevant Qualifying Shareholders, or in case of joint applicants, to the first-named person without interest by means of cheques despatched by ordinary post to the respective addresses specified in the register of members of the Company at their own risk as soon as practicable thereafter.

All Qualifying Shareholders are recommended to consult their independent professional advisers if they are in any doubt as to the taxation implications of applying for, holding, disposing of or dealing in the Offer Shares. It is emphasised that none of the Company, the Directors or any other parties involved in the Open Offer accepts responsibility of any tax effects or liabilities of holders of the Offer Shares resulting from the application for, holding, disposal of, or dealing in the Offer Shares.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information of the Group set out in the appendices to this Prospectus.

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

1. FINANCIAL INFORMATION

Financial information of the Group for the year ended 30 June 2012, the eighteen months ended 31 December 2013, the year ended 31 December 2014, the six months ended 30 June 2015 and the nine months ended 30 September 2015 are disclosed in the annual reports of the Company for the year ended 30 June 2012 (pages 38 to 182), the eighteen months ended 31 December 2013 (pages 45 to 214) and the year ended 31 December 2014 (pages 53 to 230), the interim report for the six months ended 30 June 2015 (pages 2 to 23) and the third quarterly report for the nine months ended 30 September 2015 (pages 2 to 8). These annual reports, interim report and third quarterly report are published on the website of the Stock Exchange (www.hkex.com.hk) and the website of the Company (<http://www.neo-telemedia.com>).

2. STATEMENT OF INDEBTEDNESS

At the close of business on 31 October 2015, being the latest practicable date for the purpose of ascertaining information contained in this statement of indebtedness prior to the printing of this Prospectus, the Group had outstanding debt instruments and commitments, details of which are as follows:

Borrowings

As at the close of business on 31 October 2015, the Group had outstanding borrowings of (i) loan from a substantial shareholder of HK\$100,000,000 which is unsecured and interest bearing at 5% per annum, (ii) a short term loan of HK\$27,320,000 which is unsecured and interest bearing at 1.2% per month, (iii) a short term bank loan of approximately HK\$9,764,000 which is unsecured and interest bearing at variable rates, and (iv) convertible notes of carrying amount and principal amount of approximately HK\$155,791,000 and HK\$160,000,000 respectively.

Contingent liabilities

As at the close of business on 31 October 2015, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Prospectus, the Group has the following pending litigations:

(a) Winding-up petition

Reference is made to the announcement of the Company dated 15 October 2014 regarding the receipt of a winding-up petition (the “Winding-up Petition”) by the Company on 15 October 2014, presented by Beyond Net Service Limited (the “Petitioner”) at the Court of First Instance of the High Court of the Hong Kong Special Administrative Region (the “High Court”) against the Company. The Winding-up Petition concerns a sum of HK\$3,067,500 (the “Claim”), being the amount of a cheque issued by the Company on behalf of Cloud Computing Investment

Limited (“Cloud Computing”), a wholly owned subsidiary of the Company, to the Petitioner pursuant to a consultancy agreement entered into between the Petitioner and Cloud Computing on 1 August 2012 (the “Consultancy Agreement”). In accordance with the Consultancy Agreement, the Petitioner should provide certain consultation and services to Cloud Computing within one year from the date of the agreement but the Petitioner has failed to do so. Having reviewed the details of the Winding-up Petition and the relevant facts, the Company has instructed its legal advisers to apply for striking out and dismissal of the Winding-up Petition (the “Application”), which was heard at the High Court on 4 May 2015, and the Company received on 12 May 2015 the decision (the “Decision”) from the High Court that the Application has been failed. The Company had instructed its legal advisers to appeal the Decision. The appeal was dismissed by order of the Court of Appeal of the High Court on 8 October 2015 (the “Order”). Pursuant to the Order, the sum of HK\$3,067,500 paid into the High Court by the Company had been paid out to the Petitioner in satisfaction of the Claim and the Winding-up Petition was dismissed on 19 October 2015.

The Company has further instructed its legal advisers to advise and take action on behalf of Cloud Computing against the Petitioner on the Petitioner’s failure to perform the Consultancy Agreement. Pursuant to such instructions, the legal adviser has issued a High Court Action on 5 December 2014 against the Petitioner.

Having considered the Claim and the financial position of the Company, the Directors are of the view that the Winding-up Petition would not result in any material adverse impact on the operation and financial position of the Group.

(b) Writ of Summon

Reference is made to the announcement of the Company dated 14 June 2015, a writ of summons (the “Writ”) was issued by Arch Capital Limited and Hillgo Asia Limited against the Company under Court of First Instance of the High Court of Hong Kong Action No.1281 of 2015 (“Action”). In the statement of claim under the Writ, the said two companies purportedly claim as the holders for value of two convertible notes in an aggregate principal amount of HK\$144,000,000 issued by the Company (the “Convertible Note(s)”), and claim for the principal amount of HK\$144,000,000 under the said Convertible Notes together with interest and costs.

The Convertible Notes were issued by the Company in relation to the acquisition of HCH Investments Limited in April 2013 as part of the consideration payable to Oberlin Asia Inc. (the “Vendor”). The Vendor nominated the said two companies to hold the Convertible Notes; and it was expressly provided in the Convertible Notes that they were nontransferable. There are on-going disputes between the Company and the Vendor regarding the said acquisition. Further, subsequent to the said acquisition and without the prior knowledge or consent of the Company, the ultimate beneficial

ownership of the said two companies was transferred to Next-Generation Satellite Communications Limited (“Next-Gen”), a company listed on the Singapore Stock Exchange. It is the Company’s position that the said transfer was in breach of aforesaid provision of non-transferability, and therefore the said two companies and Next-Gen are not entitled to claim on the Convertible Notes.

The Directors have therefore given instructions to the Company’s legal adviser to contest and defend the Action and to raise a counterclaim against the said two companies. A Defence and Counterclaim has accordingly been filed on behalf of the Company on 26 August 2015, disputing the claim of the said two companies and counterclaiming them for damages.

(c) Asset Leasehold Arbitration Claim

Reference is made to the announcement the Company dated 19 December 2014 in relation to the application by CERNET Wifi to the China International Economic And Trade Arbitration Commission (中國國際經濟貿易仲裁委員會)(the “CIETAC”) to claim against 賽爾網絡有限公司 (CERNET Company Limited*) (“CCL”) and 賽爾投資有限公司 (CERNET Investment Company Limited*) (“CERNET Investment”) for, *inter alia*, an amount of RMB22,529,555, being the benefits after deduction of tax generated from the assets leased by CCL and CERNET Investment to CERNET Wifi pursuant to the Asset Leasehold Agreement (the “Asset Leasehold Arbitration”).

On 5 February 2015, CERNET Wifi received a counter claim from CCL and CERNET Investment claiming for, *inter alia*, a total amount of RMB26,528,148.

On 13 February 2015, in addition to the claims made in the Asset Leasehold Arbitration, CERNET Wifi has further claimed against CCL and CERNET Investment for, *inter alia*, (i) the continuation of the Asset Leasehold Agreement and (ii) the benefits after deduction of tax generated from the assets leased by CCL and CERNET Investment to CERNET Wifi since 1 October 2014.

On 4 June 2015, CCL and CERNET Investment revised their counter claim amount to RMB17,786,802.

On 15 June 2015, CERNET Wifi further revised its claim amount to RMB23,330,550.

CIETAC has deferred its decision to 12 September 2015 in order to gather more information before arriving at a conclusion. In early September 2015, CIETAC further deferred its decision to 14 December 2015.

CERNET Wifi's PRC legal advisor is of the opinion that the outcome of the Asset Leasehold Arbitration will be based upon calculation and settlement of cost, revenue and benefits under the Asset Leasehold Agreement. As such, as at the date of this Prospectus, the outcome is uncertain.

(d) Common Seal and Documents Claim

On 12 January 2015, CERNET Wifi filed a claim against the former general manager of CERNET Wifi (the "Former GM"), in 北京市海淀區人民法院 (Beijing Haidian District People's Court*) (the "Beijing Haidian Court") for, *inter alia*, the return of CERNET Wifi's common seal, contract chop, business registration, and license to carry out value-added telecommunication business ("CERNET Wifi's Documents"). On 17 November 2014, the Former GM was dismissed in response to CERNET Wifi's declining business by way of board resolution passed by the CERNET Wifi's board.

On 5 December 2014, CERNET Wifi passed a shareholders' resolution that CERNET Wifi's Documents be under the custody of CERNET Wifi's legal representative, Mr. Zhang Xinyu, a director of the Company. On 26 December 2014, CERNET Wifi requested the Former GM for the return of CERNET Wifi's Documents but the Former GM had failed to do so. Beijing Haidian Court issued the judgement on 18 March 2015, pursuant to which the Former GM shall return CERNET Wifi's common seal, contract chop and business registration and its duplicate.

The Former GM has brought the claim to 北京市第一中級人民法院 (Beijing No.1 Intermediate People's Court*) as an appeal to the Beijing Haidian Court's decision. On 21 May 2015, Beijing No.1 Intermediate People's Court issued the final judgement and upheld the original judgement. As at the date of this announcement, CERNET Wifi has received the CERNET Wifi's common seal, contract chop and business registration and its duplicate.

(e) Labour Arbitration Claim

On 12 January 2015, notices of claim of 69 former employees of CERNET Wifi were served on CERNET Wifi by 北京市海淀區勞動人事爭議仲裁委員會 (Haidian District Labour Dispute Arbitration Committee of Beijing Municipality*) (the "HDLDAC") pursuant to which, the applicants claimed for the amount of RMB1,361,993.57, being the salary, over-time payment, meals fee, disbursement, annual leave fee, and dismissal fees payable by CERNET Wifi. CERNET Wifi has counter-claimed against 34 applicants for the return of company properties and payment of commissions (the "Labour Arbitration Claim").

The HDLDAC rendered its decision with respect to the Labour Arbitration Claim and CERNET Wifi has brought the claim to the Beijing Haidian Court as an appeal to the HDLDAC's decision.

On 19 May 2015, Beijing Haidian Court upheld the decision rendered by HDLDAC. CERNET Wifi has brought the claim to Beijing No.1 Intermediate People's Court as an appeal to the Beijing Haidian Court's decision.

Since CERNET Wifi had been de-consolidated from the Group's consolidated financial statements from 1 January 2014, no provision regarding the Asset Leasehold Arbitration claim and the Labour Arbitration Claim, if any, has been made in the consolidated financial statements. Except for the above mentioned pending litigations, the Group did not have any material contingent liabilities as at 31 October 2015.

Disclaimer

Save for the aforesaid and apart from intra-group liabilities and normal trade payables in the ordinary course of business, the Group did not have any loan capital issued and outstanding or agreed to be issued, bank overdrafts, mortgages, charges or debentures, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills and payables), acceptance credits or hire purchase commitments, guarantees or other material contingent liabilities outstanding at the close of business on 31 October 2015.

3. WORKING CAPITAL

The Directors, after due and careful enquiry, are of the opinion that, after taking into consideration the financial resources available to the Group including internally generated funds and the estimated net proceeds from the Open Offer (if the Open Offer become unconditional), the Group will have sufficient working capital for its present requirements, that is for at least the next twelve months from the date of publication of this Prospectus, in the absence of unforeseeable circumstances.

4. MATERIAL CHANGE

Save and except as disclosed below, there has been no material change in the financial and trading position or outlook of the Group since 31 December 2014, being the date to which the latest published audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date:

- 1) As disclosed in the third quarterly announcement for the nine months ended 30 September 2015 (the “9-month period of 2015”) published by the Company on 2 November 2015 (the “3Q2015 Results Announcement”), there have been certain material changes in the financial or trading position or outlook of the Group since 31 December 2014 and, in particular, the Directors note as follows:
 - (a) the Group recorded a loss after tax for the 9-month period of FY2015 amounting to approximately HK\$43.1 million, as compared to a loss after tax of approximately HK\$74.3 million for the corresponding period in 2014;
 - (b) the carrying amount of the Convertible Notes liability component of approximately HK\$155.0 million was stated in the current liabilities as at 30 September 2015, as compared to approximately HK\$148.8 million in the non-current liabilities as at 31 December 2014. The principal amount of HK\$160 million remains outstanding and payable by 5 April 2016;
 - (c) net current liabilities of the Group increased to approximately HK\$198.9 million as at 30 September 2015 from approximately HK\$46.8 million as at 31 December 2014. This was mainly attributable to the Convertible Notes liability component recorded in the current liabilities as stated in (b) above and the loan from a substantial shareholder as stated in (5) below;
 - (d) the shareholders’ equity has improved significantly from a negative shareholders’ equity of approximately HK\$103.1 million as at 31 December 2014 to a positive shareholders’ equity of approximately HK\$106.7 million as at 30 September 2015. This was mainly attributable to an issue of new 303 million Shares as consideration for the acquisition of Guangdong Bluesea Mobile Development Ltd Co.* (“Bluesea Mobile”) on 1 April 2015, an issue of 20 million new Shares on 8 June 2015 upon exercise of share options granted by the Company as announced in the next day disclosure return of the Company on 19 June 2015 and an issue of 196,721,311 new Shares as consideration for the acquisition of Million Ace Limited (“Million Ace”);

- (e) the intangible assets increased to approximately HK\$135.8 million as at 30 September 2015 as compared to approximately HK\$59.2 million as at 31 December 2014 as the Group acquired intangible assets amounting to approximately HK\$100 million through acquisition of new subsidiaries; and
 - (f) cash position improved to approximately HK\$53.1 million as at 30 September 2015 as compared to approximately HK\$31.7 million as at 31 December 2014, mainly attributable to the loan of approximately HK\$100 million advanced from a substantial shareholder and the proceeds of approximately HK\$12.6 million from issue of 20 million new Shares on 8 June 2015 upon the exercise of share options as announced in the next day disclosure return of the Company on 19 June 2015;
- 2) the Group completed three material acquisitions/transaction in the 9-month period of 2015.

As announced by the Company on 30 January 2015, Neo Mobile Holdings Limited (“Neo Mobile”), a wholly-owned subsidiary of the Company, entered into an agreement on 30 January 2015 with Ms. Ye Weiping (“Ms. Ye”) where the Company agreed to issue new Shares to Ms. Ye and Ms. Ye agreed to execute and procure the execution of a series of structured contracts for Neo Mobile to acquire control of Bluesea Mobile (formerly known as Guangdong Wei Hai Xiao Yuan Mobile Network Company Limited*). As announced by the Company on 1 April 2015 and as disclosed in the 3Q2015 Results Announcement, the Group completed the transaction at a fair value of approximately HK\$128.8 million on 1 April 2015. Bluesea Mobile is principally engaged in the operation of a mobile and internet commercial WIFI platform, and internet data centre, a cross border e-commerce platform and peer to peer lending platform business.

As announced by the Company on 15 June 2015, Bluesea Mobile, a wholly-owned subsidiary of the Company, also entered into an agreement with Shandong Sanxing Group Co., Ltd.* to acquire 43% equity interest of CNCC Logistics Equipment Co., Ltd (“CNCC Logistics”) for a cash consideration of approximately RMB2.8 million (equivalent to approximately HK\$3.5 million) on 15 June 2015. Bluesea Mobile is also required to contribute an additional amount of RMB18.5 million (equivalent to approximately HK\$23.1 million) as a capital contribution to CNCC Logistics. CNCC Logistics is principally engaged in the design, manufacture and sale of logistics equipment and provision of relevant technical advisory services. The acquisition was completed on 25 June 2015 as disclosed in the 3Q2015 Results Announcement;

As announced by the Company on 17 August 2015, the Group entered into a sales and purchase agreement with Mr. Lin Mingxin, an Independent Third Party, on 14 August 2015 for the proposed acquisition of the entire issued share capital of Million Ace for a total consideration of HK\$240 million to be satisfied in full by the allotment and issue of 196,721,311 new Shares at an issue price of HK\$1.22 per Share. The acquisition was completed on 11 September 2015 as announced by the Company on 11 September 2015. The consideration for the acquisition was stated as HK\$129,836,000 in the 3Q2015 Announcement based on the fair value of the consideration Shares on the issuance date;

- 3) the Group entered into two joint venture arrangement as follows:
- (i) as announced by the Company on 24 April 2015, Guangdong Bluesea Technology Development Company Limited* (“Bluesea Technology”), a wholly-owned subsidiary of the Company, entered into a joint venture agreement on 24 April 2015 with Shandong Inspur Cloud Computing Industry Investment Company Limited* to establish a joint venture company, namely Guangdong Inspur Bluesea Cloud Computing Company Limited* (“Guangdong Inspur”). Bluesea Technology is required to contribute RMB8 million towards the registered capital of Guangdong Inspur of RMB20 million and will own 40% equity interest of Guangdong Inspur. As at the Latest Practicable Date, Bluesea Technology has not paid the RMB8 million since the payment date has to be agreed with the counter-party;
 - (ii) as announced by the Company on 31 July 2015, Zhongxin Lianrong (Shenzhen) Information Services Company Limited* (“Zhongxin Lianrong”), an indirect wholly-owned subsidiary of the Company, entered into a joint venture agreement on 31 July 2015 with Ningbo Yiren Financial Outsourcing Services Company Limited*, Guangdong Xuanfeng Family Investment LLP* and Mr. Fu Zhe, to establish a joint venture company, namely Shenzhen Mifeng Jinfu Internet Financial Services Company Limited* (“Shenzhen Mifeng”). Zhongxin Lianrong is required to contribute RMB13.5 million towards the registered capital of Shenzhen Mifeng of RMB30 million and has contributed RMB4.05 million as initial capital contribution, thus currently owns 45% equity interest of Shenzhen Mifeng.

As the Company currently controls the majority of the board of Directors of Shenzhen Mifeng, the Company has treated Shenzhen Mifeng as its subsidiary for accounting purposes;

- 4) the Group had capital commitment of approximately HK\$6.6 million for property, plant and equipment acquisition and approximately HK\$10.1 million for the capital contribution to a joint venture company, namely Guangdong Inspur as at the Latest Practicable Date;
- 5) as announced by the Company on 11 May 2015, the Group entered into a loan agreement for a loan facility of HK\$100 million with Mr. Lie, a substantial Shareholder, on 11 May 2015. The loan facility has been fully utilised as at the Latest Practicable Date. The loan is unsecured, interest bearing at 5% per annum and repayable within one year from the date of drawdown;
- 6) the top five customers as at the Latest Practicable Date are customers from Million Ace following the acquisition of the company by the Group in September 2015, as compared to the top five customers from HCH Investment Limited and its subsidiaries (collectively, “Hughes China Group”) for the financial year ended 31 December 2014;
- 7) as announced by the Company on 19 June 2015, Neo Intelligence Holdings Limited (“Neo”), a wholly-owned subsidiary of the Company, entered into a memorandum of understanding in relation to possible acquisition of 80% equity interest in ACE International Electronics Limited and 80% equity interest in Giant Crown Industries Limited on 19 June 2015 (as supplemented by the supplemental memorandum of understanding dated 30 November 2015). Neo paid the vendors a refundable deposit of HK\$20 million, which constituted an advance to an entity of the Company under the Listing Rules. The deposit remains un-refunded as at the Latest Practicable Date; and
- 8) as announced by the Company on 14 June 2015, the Company received a writ of summons, served on the Company’s legal adviser on 11 June 2015, from Arch Capital Limited (“Arch Capital”) and Hillgo Asia Limited (“Hillgo Asia”) against the Company as holders for value of two convertible notes in an aggregate principal amount of HK\$144 million to claim for the principal amount of HK\$144 million together with interest and costs. The Convertible Notes were issued by the Company in relation to the acquisition of Hughes China Group in April 2013 as part of the consideration payable to Oberlin Asia Inc. (the “Vendor”). The Vendor nominated Arch Capital and Hillgo Asia to hold the Convertible Notes; and it was expressly provided in the Convertible Notes that the notes were non-transferable. The ultimate beneficial ownership of Arch Capital and Hillgo Asia was transferred to Next-Generation Satellite Communications Limited (“Next-Gen”) without the knowledge or consent of the Company. The Company was of the position that the transfer was in breach of the provision and therefore the two companies and Next-Gen are not entitled to claim on the convertible notes. The Directors have given instructions to legal adviser to contest and defend the action and to raise a counterclaim against the Vendor.

7. BUSINESS TREND AND PROSPECTS

The Group is principally engaged the sale and distribution of telecommunication products, provision of cable and wireless broadband services, value-added telecommunication services and transmedia advertising service, the operation of peer to peer (P2P) lending platform and crossborder e-commerce business.

As mentioned in the interim report of the Company for the six months ended 30 June 2015, during the period under review, the Group recorded a turnover of approximately HK\$17.3 million as compared to approximately HK\$19.7million in the corresponding period in 2014, representing a decline of HK\$2.4 million or 12%. The Group recorded a loss attributable to owners of the Company of approximately HK\$20.5 million during the period under review as compared to HK\$40.8 million in the corresponding period in 2014, representing a significant decrease of HK\$20.3 million or 50% as compared to the corresponding period of last year. The decrease in turnover was mainly due to i) the de-consolidation of 賽爾無線網絡科技(北京)有限公司 (CERNET Wifi Technology (Beijing) Company Limited*), and ii) decline in performance of satellite-related services; offsetting the revenue contribution of approximately HK\$10.8 million from Bluesea Mobile and Avatar, which were acquired by the Group during the period under review. Despite the decline in turnover, the loss attributable to the owners of the Company decreased significantly. Such decrease was driven by the profit stream generated by Bluesea Mobile and Avatar, as well as the fair value gain in derivative financial assets. Meanwhile, expenses in various area were also effectively controlled as a result of the stringent cost control exercised by the management.

Looking ahead, upon the completion of the acquisition of Bluesea Mobile, the Group is positioned to optimize the opportunities in the Internet and big data era, and engage in a mobile Internet commercial WIFI platform, an Internet data center and a cross-border e-commerce platform in the PRC. In the meantime, Guangdong Bluesea Technology, a wholly owned subsidiary of the Company, has set up a joint venture with Inspur Cloud Computing, namely Inspur Weihai, to establish a large cloud computing centre in Southern China. Leveraging Inspur Weihai's foundation and rapid growth in Guangdong as well as its brand awareness, the Group can solidify a business presence in Guangdong.

In the meantime, with the launch of the P2P lending platform business in Avatar, the Group aims to establish an integrated data transfer, mobile marketing and sales, and financial transactions system and become one of the leading P2P Internet financial company in China.

For illustrative purposes only, set out below is the unaudited pro forma adjusted consolidated net tangible assets of the Group, as at 30 June 2015, after completion of the Open Offer, as if the Open Offer had taken place on as at 30 June 2015. Although reasonable care has been exercised in preparing the unaudited pro forma financial information, Shareholders who read the information should bear in mind that it is inherently subject to adjustments and, because of its hypothetical nature, may not give a true picture of the financial position of the Group following the Open Offer.

**A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET
TANGIBLE ASSETS OF THE GROUP**

The unaudited pro forma statement of adjusted consolidated net tangible assets (the “Unaudited Pro Forma Financial Information”) of the Group attributable to owners of the Company is prepared by the Directors in accordance with Rule 7.31 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited to illustrate the effect of the proposed Open Offer of one Offer Share for every two shares held on the record date as if the Open Offer had been completed on 30 June 2015.

The Unaudited Pro Forma Financial Information of the Group is prepared for illustrative purposes only, based on the judgments and assumptions of the Directors, and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group following the Open Offer as at the date to which it is made up or at any future date.

APPENDIX II

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

The Unaudited Pro Forma Financial Information of the Group is prepared based on the unaudited condensed consolidated net tangible assets attributable to equity shareholders of the Company as at 30 June 2015 and adjusted to reflect the effect of the Open Offer:

						Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2015 upon completion of Open Offer
Unaudited consolidated net liabilities of the Group attributable to owners of the Company as at 30 June 2015 HK\$'000 (Note 1)	Intangible assets, goodwill and deferred tax liabilities of the Group as at 30 June 2015 HK\$'000 (Note 2)	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2015 HK\$'000 (Note 3)	Capitalisation of loan from a substantial shareholder prior to Open Offer HK\$'000 (Note 4)	Completion of acquisition and issue of shares HK\$'000 (Note 5)	Estimated net proceeds from the Open Offer HK\$'000 (Note 5)	
Based on the subscription price of HK\$0.38 per Offer Share – (A)	<u>(9,739)</u>	<u>(175,220)</u>	<u>(184,959)</u>	<u>100,000</u>	<u>129,836</u>	<u>1,090,817</u>
						<u>1,135,694</u>
Number of shares outstanding – (B)		<u>6,155,841,586</u>				<u>9,528,844,345</u>
		(Note 6)				(Note 7)
		HK\$				HK\$
Net tangible assets per Share – (A)/(B)		<u>(0.03)</u>				<u>0.12</u>

Notes:

- (1) The unaudited condensed consolidated net liabilities of the Group attributable to owners of the Company as at 30 June 2015 of HK\$9,739,000 is extract from the published unaudited interim report of the Company for the six months ended 30 June 2015.
- (2) The intangible assets, goodwill and deferred tax liabilities of the Group as at 30 June 2015 of approximately HK\$145,642,000, HK\$58,720,000 and HK\$29,142,000 respectively are extracted from the published unaudited interim report of the Company for the six months ended 30 June 2015.
- (3) The loan from a substantial shareholder of approximately HK\$100,000,000 includes loan principal of approximately HK\$100,000,000 as at 11 August 2015, extracted from the published announcement of the Company as at 11 August 2015, and assuming that the loan capitalisation is approved.

- (4) Reference is made to the Company's announcement dated 11 September 2015, the Company completed an acquisition of subsidiary on 11 September 2015 and a total of 196,721,311 Consideration shares were allotted and issued on the same date. The fair value of the Consideration shares issued was determined by the available published price of HK\$0.66 each on 11 September 2015.
- (5) The estimated net proceeds from the Open Offer are approximately HK\$1,090,817,000 is calculated based on the 3,176,281,448 Offer Shares to be issued at the subscription price of HK\$0.38 per Offer Share, after net of loan capitalisation of HK\$100,000,000 and the estimated expenses of approximately HK\$16,170,000.
- (6) The number of share outstanding of the Company as at 30 June 2015 of 6,155,841,586 Shares is extracted from the published unaudited interim report of the Company for the six months ended 30 June 2015.
- (7) The number of shares used for the calculation of unaudited pro forma adjusted consolidated net tangible assets per Share attributable to equity shareholders of the Company immediately after the completion of the Open Offer is calculated based on 9,528,844,345 Shares, comprising 6,155,841,586 Shares in issue as at 30 June 2015, 196,721,311 Consideration shares issued on 11 September 2015 as stated in Note 4 and 3,176,281,448 Offer Shares to be issued pursuant to Open Offer, assuming no further issue of new Shares, repurchase of Shares, conversion of convertible notes, exercise of options subsequent to 30 June 2015.
- (8) No adjustment other than those adjusted above has been made to reflect any trading results or other transactions of the Group subsequent to 30 June 2015.

**B. ACCOUNTANTS' ASSURANCE REPORT ON UNAUDITED PRO FORMA
FINANCIAL INFORMATION OF THE GROUP**

The following is the text of a report, prepared for inclusion in this prospectus, received from the independent reporting accountants of the Company, HLB Hodgson Impey Cheng Limited, Certified Public Accountants, Hong Kong, in relation to the Group's unaudited pro forma financial information.



國衛會計師事務所有限公司
Hodgson Impey Cheng Limited

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

8 December 2015

The Board of Directors
Neo Telemedia Limited

Dear Sirs,

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION**

We have completed our assurance engagement to report on the unaudited pro forma financial information (the "Unaudited Pro Forma Financial Information") of Neo Telemedia Limited (the "Company") and its subsidiaries (collectively the "Group") by the directors for illustrative purposes only. The Unaudited Pro Forma Financial Information consists of the pro forma net assets statement as at 30 June 2015 and related notes as set out in section A of Appendix II of the Prospectus dated 8 December 2015 (the "Prospectus") issued by the Company. The applicable criteria on the basis of which the directors have compiled the Unaudited Pro Forma Financial Information are described in section A of Appendix II of the Prospectus.

The Unaudited Pro Forma Financial Information has been compiled by the directors to illustrate the impact of the proposed open offer (the "Open Offer") of on the basis of one offer share (the "Offer Shares") for every two shares held on the record date on the Group's net tangible assets as at 30 June 2015 as if the Open Offer had taken place at 30 June 2015. As part of this process, information about the Group's net tangible assets has been extracted by the directors from the Group's unaudited interim report for the six months ended 30 June 2015.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" (the "AG 7") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 7.31(7) of the GEM Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the respective dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Circular" issued by the HKICPA. This standard requires that the reporting accountant comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 7.31 of the GEM Listing Rules and with reference to the AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of Unaudited Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of a significant transaction on unadjusted financial information of the Group as if the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 June 2015 would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the Group, the transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 7.31(1) of the GEM Listing Rules.

Yours faithfully

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Shek Lui

Practising Certificate Number: P05895

Hong Kong

1. RESPONSIBILITY STATEMENT

This Prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules 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 Prospectus 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 Prospectus misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date and following completion of the Open Offer and the Loan Capitalisation are as follows:

As at the Latest Practicable Date

Authorised: HK\$

<u>10,000,000,000</u>	Shares	<u>1,000,000,000.00</u>
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Issued and fully paid:

<u>6,352,562,897</u>	Shares	<u>635,256,289.70</u>
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Upon completion of the Open Offer and the Increase in Authorised Share Capital

Authorised: HK\$

<u>20,000,000,000</u>	Shares	<u>2,000,000,000.00</u>
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Issued and fully paid:

6,352,562,897	Shares as at the Latest Practicable Date	635,256,289.70
<u>3,176,281,448</u>	Offer Shares to be issued pursuant to the Open Offer	<u>317,628,144.80</u>
<u>9,528,844,345</u>		<u>952,884,434.50</u>

Up to the Latest Practicable Date, 3,597,642,104 new Shares have been issued by the Company since 31 December 2014 (being the date to which its latest published audited accounts were prepared). Among the 3,597,642,104 Shares, 303,000,000 Shares were issued on 1 April 2015 as consideration shares pursuant to the agreement dated 30 January 2015 entered into by a subsidiary of the Company, details of which are set out in the announcements of the Company dated 30 January and 1 April 2015; 20,000,000 Shares were issued on 8 June 2015 upon exercise of 20,000,000 Share Options granted on 3 April 2013 as detailed in the announcement of the Company dated 3 April 2013; 3,077,920,793 Shares were issued on 19 June 2015 pursuant to the bonus issue of shares as detailed in the announcement of the Company dated 8 May 2015 and the circular of the Company dated 20 May 2015; and 196,721,311 Shares were issued on 11 September 2015 as consideration shares pursuant to an agreement dated 14 August 2015 entered into by a subsidiary of the Company, details of which are set out in the announcements of the Company dated 17 August and 11 September 2015. All the Shares in issue, Shares and Offer Shares to be issued rank and will rank *pari passu* in all respects with each other including as regards to dividends, voting and return of capital.

As at the Latest Practicable Date, 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. Among the 106,000,000 Share Options, 6,000,000 Share Options with exercise price of HK\$0.535 and exercise period from 8 April 2011 to 7 April 2021; and 100,000,000 Share Options with exercise price of HK\$0.314 and exercise period from 3 April 2013 to 2 April 2018. Save for the aforesaid outstanding Share Options, the Company has no outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares.

The Shares are listed on the Stock Exchange. No part of the securities of the Company is listed or dealt in, nor is listing or permission to deal in the securities of the Company being or proposed to be sought, on any other stock exchange.

As at the Latest Practicable Date, there was no arrangement under which future dividends are waived or agreed to be waived.

As at the Latest Practicable Date, no share or loan capital of the Company or any of its subsidiaries had been put under option or agreed conditionally or unconditionally to be put under option.

3. DISCLOSURE OF INTERESTS

Interests of Directors

As at the Latest Practicable Date, the interests and short positions of the Directors or the chief executive of the Company in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered into the register referred to therein; or (iii) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors to be notified to the Company and the Stock Exchange; or (iv) to be disclosed in this Prospectus pursuant to the requirements of the Takeovers Code, were as follows:

Name of Director	Number of Shares held	Number of underlying Shares held	Approximate percentage of issued share capital of the Company
Huang Zhixiong (<i>Note a</i>)	11,356,000	–	0.18
Xu Gang (<i>Note b</i>)	996,000	–	0.02
Zhang Xinyu (<i>Note c</i>)	–	40,000,000	0.63

Note a: Mr. Huang Zhixiang is an independent non-executive Director. The 11,356,000 Shares are owned by the spouse of Mr. Huang Zhixiang.

Note b: Mr. Xu Gang is an executive Director. The 996,000 Shares include 48,000 Shares owned by the spouse of Mr. Xu Gang.

Note c: Mr. Zhang Xingyu is an executive Director. As at the Latest Practicable Date, Mr. Zhang Xinyu held 40,000,000 outstanding Share Options granted under the Share Option Scheme.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors to be notified to the Company and the Stock Exchange; or (iv) to be disclosed in this Prospectus pursuant to the requirements of the Takeovers Code.

The Board has not received any information from the Directors of their intention to take up the securities of the Company to be offered to them under the Open Offer.

Substantial Shareholders

As at the Latest Practicable Date, according to the register kept by the Company pursuant to section 336 of SFO, and so far as is known to the Directors or chief executive of the Company, the following persons (other than a Director or a chief executive of the Company) had, or was deemed or taken to have, an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly interested in 5% or more of the nominal value of any class of share capital, including options in respect of such capital, carrying voting rights to vote in all circumstances at general meeting of any member of the Group:

Position in the Shares and underlying Shares of the Company

Name of Shareholder	Capacity or Nature of Interests	Number of Shares Long position	Approximate percentage of issued share capital of the Company
Lie Hai Quan (<i>Note a</i>)	Beneficial owner and interest of controlled corporations	4,799,721,448	50.37
The Underwriter	Beneficial owner	2,994,561,448	31.43
Ye Weiping (<i>Note b</i>)	Beneficial owner and interest of controlled corporations	518,000,000	8.15

Note a: These include the interests of Mr. Lie, the Underwriter and Golden Ocean and taking into account the interests of the Underwriter in 210,000,000 Offer Shares and 2,364,561,448 Offer Shares under the Irrevocable Undertakings and the Underwriting Agreement respectively and the interest of Mr. Lie and Golden Ocean in 589,908,000 Offer Shares and 11,812,000 Offer Shares respectively under the Irrevocable Undertakings. As at the Latest Practicable Date, among these 4,799,721,448 Shares, (i) 2,994,561,448 Shares are owned by Winner Mind Investments Limited, which is wholly and beneficially owned by Mr. Lie; (ii) 35,436,000 Shares are owned by Golden Ocean, which is wholly and beneficially owned by Mr. Lie; and (iii) 1,769,724,000 Shares are held by Mr. Lie.

Note b: As at the Latest Practicable Date, among these 518,000,000 Shares, (i) 18,000,000 Shares are owned by Bluesea International Group Limited, which is wholly and beneficially owned by Ms. Ye Weiping; and (ii) 200,000,000 Shares are owned by Bluesea Global Group Limited, which is wholly and beneficially owned by Ms. Ye Weiping.

Save as disclosed above and so far as is known to the Directors or chief executive of the Company, there is no person (other than a Director or chief executive of the Company) who, as at the Latest Practicable Date, had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital, including options in respect of such capital, carrying rights to vote in all circumstances at general meeting of any other member of the Group.

4. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with the Company or any member of the Group (excluding contracts expiring or determinable by the relevant member of the Group within one year without payment of compensation (other than statutory compensation)).

5. MATERIAL LITIGATION**Winding-up petition**

Reference is made to the announcement of the Company dated 15 October 2014 regarding the receipt of a winding-up petition (the “Winding-up Petition”) by the Company on 15 October 2014, presented by Beyond Net Service Limited (the “Petitioner”) at the Court of First Instance of the High Court of the Hong Kong Special Administrative Region (the “High Court”) against the Company. The Winding-up Petition concerns a sum of HK\$3,067,500 (the “Claim”), being the amount of a cheque issued by the Company on behalf of Cloud Computing Investment Limited (“Cloud Computing”), a wholly owned subsidiary of the Company, to the Petitioner pursuant to a consultancy agreement entered into between the Petitioner and Cloud Computing on 1 August 2012 (the “Consultancy Agreement”). In accordance with the Consultancy Agreement, the Petitioner should provide certain consultation and services to Cloud Computing within one year from the date of the agreement but the Petitioner has failed to do so. Having reviewed the details of the Winding-up Petition and the relevant facts, the Company has instructed its legal advisers to apply for striking out and dismissal of the Winding-up Petition (the “Application”), which was heard at the High Court on 4 May 2015, and the Company received on 12 May 2015 the decision (the “Decision”) from the High Court that the Application has failed. The Company has instructed its legal advisers to appeal the Decision. The appeal was dismissed by the Court of Appeal of the High Court on 8 October 2015 (the “Order”). Pursuant to the Order, the sum of HK\$3,067,500 paid into the High Court by the Company had been paid out to the Petitioner in satisfaction of the Claim and the Winding-up Petitioner was dismissed on 19 October 2015.

The Company has further instructed its legal advisers to advise and take action on behalf of Cloud Computing against the Petitioner on the Petitioner’s failure to perform the Consultancy Agreement. Pursuant to such instructions, the legal adviser has issued a High Court Action on 5 December 2014 against the Petitioner.

Having considered the Claim and the financial position of the Company, the Directors are of the view that the Winding-up Petition would not result in any material adverse impact on the operation and financial position of the Group.

Writ of summons

Reference is made to the announcement of the Company dated 14 June 2015, a writ of summons (the “Writ”) was issued by Arch Capital Limited and Hillgo Asia Limited against the Company under Court of First Instance of the High Court of Hong Kong Action No.1281 of 2015 (“Action”). In the statement of claim under the Writ, the said two companies purportedly claim as the holders for value of two convertible notes in an

aggregate principal amount of HK\$144,000,000 issued by the Company (the “Convertible Note(s)”), and claim for the principal amount of HK\$144,000,000 under the said Convertible Notes together with interest and costs.

The Convertible Notes were issued by the Company in relation to the acquisition of HCH Investments Limited in April 2013 as part of the consideration payable to Oberlin Asia Inc. (the “Vendor”). The Vendor nominated the said two companies to hold the Convertible Notes; and it was expressly provided in the Convertible Notes that they were nontransferable. There are on-going disputes between the Company and the Vendor regarding the said acquisition. Further, subsequent to the said acquisition and without the prior knowledge or consent of the Company, the ultimate beneficial ownership of the said two companies was transferred to Next-Generation Satellite Communications Limited (“Next-Gen”), a company listed on the Singapore Stock Exchange. It is the Company’s position that the said transfer was in breach of aforesaid provision of non-transferability, and there fore the said two companies and Next-Gen are not entitled to claim on the Convertible Notes.

The Directors have therefore given instructions to the Company’s legal adviser to contest and defend the Action and to raise a counterclaim against the said two companies. A Defence and Counterclaim has accordingly been filed on behalf of the Company on 26 August 2015, disputing the claim of the said two companies and counterclaiming them for damages.

CERNET Wifi

Asset Leasehold Arbitration claim

Reference is made to the announcement the Company dated 19 December 2014 in relation to the application by CERNET Wifi to the China International Economic And Trade Arbitration Commission (中國國際經濟貿易仲裁委員會)(the “CIETAC”) to claim against CCL and 賽爾投資有限公司 (CERNET Investment Company Limited*) (“CERNET Investment”) for, *inter alia*, an amount of RMB22,529,555, being the benefits after deduction of tax generated from the assets leased by CCL and CERNET Investment to CERNET Wifi pursuant to the Asset Leasehold Agreement (the “Asset Leasehold Arbitration”).

On 5 February 2015, CERNET Wifi received a counter claim from CCL and CERNET Investment claiming for, *inter alia*, a total amount of RMB26,528,148.

On 13 February 2015, in addition to the claims made in the Asset Leasehold Arbitration, CERNET Wifi has further claimed against CCL and CERNET Investment for, *inter alia*, (i) the continuation of the Asset Leasehold Agreement and (ii) the benefits after deduction of tax generated from the assets leased by CCL and CERNET Investment to CERNET Wifi since 1 October 2014.

On 4 June 2015, CCL and CERNET Investment revised their counter claim amount to RMB17,786,802.

On 15 June 2015, CERNET Wifi further revised its claim amount to RMB23,330,550.

CIETAC has deferred its decision to 12 September 2015 in order to gather more information before arriving at a conclusion. In early September 2015, CIETAC further deferred its decision to 14 December 2015.

CERNET Wifi's PRC legal advisor is of the opinion that the outcome of the Asset Leasehold Arbitration will be based upon calculation and settlement of cost, revenue and benefits under the Asset Leasehold Agreement. As such, as at the date of this report, the outcome is uncertain.

Common Seal and Documents Claim

On 12 January 2015, CERNET Wifi filed a claim against the former general manager of CERNET Wifi (the "Former GM"), in 北京市海澱區人民法院 (Beijing Haidian District People's Court*) (the "Beijing Haidian Court") for, *inter alia*, the return of CERNET Wifi's common seal, contract chop, business registration, and license to carry out value-added telecommunication business ("CERNET Wifi's Documents"). On 17 November 2014, the Former GM was dismissed in response to CERNET Wifi's declining business by way of board resolution passed by the CERNET Wifi's board. On 5 December 2014, CERNET Wifi passed a shareholders' resolution that CERNET Wifi's Documents be under the custody of CERNET Wifi's legal representative, Mr. Zhang Xinyu, a director of the Company. On 26 December 2014, CERNET Wifi requested the Former GM for the return of CERNET Wifi's Documents but the Former GM had failed to do so. Beijing Haidian Court issued the judgement on 18 March 2015, pursuant to which the Former GM shall return CERNET Wifi's common seal, contract chop and business registration and its duplicate.

The Former GM has brought the claim to 北京市第一中級人民法院 (Beijing No.1 Intermediate People's Court*) as an appeal to the Beijing Haidian Court's decision. On 21 May 2015, Beijing No.1 Intermediate People's Court issued the final judgement and upheld the original judgement. As at the Latest Practicable Date, the CERNET Wifi's common seal, contract chop and business registration and its duplicate were received by CERNET Wifi.

Labour Arbitration Claim

On 12 January 2015, notices of claim of 69 former employees of CERNET Wifi were served on CERNET Wifi by 北京市海澱區勞動人事爭議仲裁委員會 (Haidian District Labour Dispute Arbitration Committee of Beijing Municipality*) (the "HDLDAC") pursuant to which, the applicants claimed for the amount of RMB1,361,993.57, being the salary, over-time payment, meals fee, disbursement, annual leave fee, and dismissal fees

payable by CERNET Wifi. CERNET Wifi has counter-claimed against 34 applicants for the return of company properties and payment of commissions (the “Labour Arbitration Claim”).

The HDLDAC rendered its decision with respect to the Labour Arbitration Claim and CERNET Wifi has brought the claim to the Beijing Haidian Court as an appeal to the HDLDAC’s decision.

On 19 May 2015, Beijing Haidian Court upheld the decision rendered by HDLDAC. CERNET Wifi has brought the claim to Beijing No.1 Intermediate People’s Court as an appeal to the Beijing Haidian Court’s decision.

Save as disclosed above in this Prospectus, as at the Latest Practicable Date, so far as known to the Directors, there is no litigation, arbitration or claim of material importance in which the Company is engaged or pending or threatened against the Company.

6. EXPERT AND CONSENT

The following is the qualification of the expert who has given its advice or opinion which is contained in this Prospectus:

Name	Qualification
HLB Hodgson Impey Cheng Limited (“HLB”)	Certified Public Accountants

HLB has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion of its letter as set out in this Prospectus and reference to its name in the form and context in which they appear respectively.

As at the Latest Practicable Date, HLB was not beneficially interested in the share capital of any member of the Group nor had any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group, nor did it have any interest, either directly or indirectly, in the assets which have been acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group, since 31 December 2014, being the date to which the latest published audited consolidated financial statements of the Group were made up.

7. MATERIAL CONTRACTS

During the two years immediately preceding the date of the Announcement and up to the Latest Practicable Date, the following contracts, not being contracts entered into in the ordinary course of business, have been entered by the Company and are or may be material:—

- (a) a 4th amendment agreement dated 31 October 2013 between the Company and Space-Communication Ltd (“Spacecom”), a company organized and operating under the laws of the State of Israel, an Independent Third Party, pursuant to which the Company and Spacecom agreed to, among other things, (i) amend and supplement the terms of the sale and operation agreement; and (i) extend the long stop date to 31 March 2014 and revise the aggregate consideration for the entire segment of Ka-band on the satellite AMOS-4 (“Ka-Beam of the Satellite”) to US\$65,000,000;
- (b) a lease agreement dated 31 October 2013 between the Company and Spacecom pursuant to which Spacecom agreed to lease to the Company the Ka-Beam of the Satellite for the term of one year for a leasing fee of US\$3,000,000;
- (c) a subscription agreement dated 15 March 2014 between (i) the Company; and (ii) Radiant Castle Investment Fund Limited, a company incorporated in the Cayman Islands and a mutual fund (collectively, the “Subscribers”) pursuant to which the Subscriber conditionally agreed to subscribe for and the Company conditionally agreed to issue an aggregate of 500,000,000 subscription shares at a price of HK\$0.20 per subscription share;
- (d) a termination agreement dated 21 March 2014 between the Company and the Subscribers, pursuant to which the subscription agreement dated 15 March 2014 between the Company and the Subscribers has been terminated;
- (e) a placing agreement dated 15 May 2014 between the Company and Kingston Securities Limited (the “Placing Agent”) pursuant to which the Company has conditionally agreed to place, through the Placing Agent on a best effort basis, a maximum of 200,000,000 placing shares at the placing price of HK\$0.201 to not less than six placees who and whose ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons (as defined in the GEM Listing Rules);
- (f) property acquisition agreements dated 28 August 2014 between 中新賽爾(深圳)網絡通信技術有限公司, a company incorporated in the PRC with limited liability, being a wholly-owned subsidiary of the Company, (the “Purchaser”) and 佛山源海發展有限公司, a company incorporated in the PRC with limited liability (the “Property Vendor”) pursuant to which the Purchaser has agreed to purchase and the Property Vendor has agreed to sell four office units, namely room 1601, room 1602, room 1603 and room

1604 of Block 4, Tower 1 located at Smart City, No. 1 Zhi Hui Road, Chan Cheng District, Foshan, the PRC at the consideration of RMB17,316,880 (equivalent to approximately HK\$21,819,000);

- (g) an agreement dated 30 January 2015 between Neo Mobile Holdings Limited (the “Subsidiary”), a company incorporated in the British Virgin Islands with a limited liability and a wholly-owned subsidiary of the Company, and Ms. Ye Weiping (葉偉平)(“Ms. Ye”) pursuant to which Ms. Ye has conditionally agreed to execute and procure the execution of structured contracts and the Subsidiary conditionally agreed to procure the issuance and allotment of consideration shares by the Company to Ms. Ye at the subscription price of HK\$0.33 per share with the total subscription price being HK\$99,990,000;
- (h) a joint venture agreement (“JV Agreement”) dated 24 April 2015 between 廣東蔚海科技發展有限公司 (Guangdong Weihai Technology Development Company Limited*), a company established in the PRC with limited liability and wholly owned by the Company (“Guangdong Bluesea”) and 山東浪潮雲海雲計算產業投資有限公司 (Shandong Inspur Cloud Computing Industry Investment Company Limited*), a company established in the PRC with limited liability (“Inspur Cloud Computing”) pursuant to which Guangdong Bluesea and Inspur Cloud Computing have agreed to establish a joint venture company, namely, 廣東浪潮蔚海雲計算有限公司 (Guangdong Inspur Weihai Cloud Computing Company Limited*) in Chancheng district (禪城區), Foshan city (佛山市), Guangdong Province of the PRC to mainly engage in the application of cloud computing and e-commerce businesses. Pursuant to the JV Agreement, the amount of registered capital of the joint venture company shall be RMB20,000,000 while Inspur Cloud Computing shall account for a capital contribution of RMB12,000,000 and the Subsidiary shall account for a capital contribution of RMB8,000,000;
- (i) warrant subscription agreements dated 5 May 2015 between the Company and the subscribers, being Independent Third Party(ies) who entered into the warrant subscription agreements pursuant to which the Company agreed to issue and the subscribers agreed to subscribe for an aggregate of 400,000,000 warrants at the issue price of HK\$0.05 per warrant (the “Warrant Subscription Agreements”). Each of the warrants carries the right to subscribe for one warrant share at the initial exercise price of HK\$0.50 per warrant share during a period of two years commencing from (and inclusive of) the date of issue of the warrants;
- (j) a loan agreement dated 11 May 2015 between the Company and Mr. Lie pursuant to which Mr. Lie, has agreed to lend to the Company a loan of HK\$100,000,000 for a period of one year commencing from the drawdown date of the loan at an interest rate of 5% per annum;

- (k) an acquisition agreement dated 15 June 2015 between 廣東蔚海移動發展有限公司 (Guangdong Bluesea Mobile Development Company Limited*), a wholly-owned subsidiary of the Company (“Blue Mobile”) and 山東三星集團有限公司 (Shandong Sanxing Group Co., Ltd.*) (“Sanxing Group”), an Independent Third Party pursuant to which Sanxing Group agreed to sell and Bluesea Mobile agreed to purchase the sale interest, representing 43% of the entire equity interest of the 中集物流裝備有限公司 (CNCC Logistics Equipment Co., Ltd*), a company established under the laws of the PRC at a consideration of RMB2,764,717 (or equivalent to approximately HK\$3,455,896) and the Purchaser shall be required to contribute an additional amount of RMB18,500,000 (equivalent to approximately HK\$23,125,000) as capital contribution to the 中集物流裝備有限公司;
- (l) a memorandum of understanding dated 19 June 2015 (as supplemented by the supplemental memorandum of understanding dated 30 November 2015) between the (i) Neo Intelligence Holdings Limited (“NHL”), a company incorporated in the British Virgin Islands and an indirect wholly owned subsidiary of the Company; (ii) Mr. Chan Hung Kwong, Mr. Chan Yu Chiu, and Mr. Chan Yue Kuen; and (iii) Giant Crown Industries Limited, a company incorporated in Hong Kong with limited liability in relation to the possible acquisition of (i) 80% equity interest in ACE International Electronics Limited, a company incorporated in Hong Kong with limited liability; and (ii) 80% equity interest in Giant Crown Industries Limited. A deposit of HK\$20 million has been paid by NHL within 5 business days upon the signing of the memorandum of understanding;
- (m) a joint venture agreement dated 31 July 2015 pursuant to which (i) 中新聯融(深圳)信息服務有限公司 (Zhongxin Lianrong (Shenzhen) Information Services Company Limited*) (“Zhongxin Lianrong”), a company established in the PRC and is an indirect wholly-owned subsidiary of the Company; (ii) 寧波億人金融服務外包有限公司 (Ningbo Yiren Financial Outsourcing Services Company Limited*) (“Ningbo Yiren”), a company established in the PRC; (iii) 廣東炫蜂家族投資合夥企業 (Guangdong Xuanfeng Family Investment LLP*) (“Guangdong Xuanfeng”), a limited partnership established in the PRC; and (iv) Mr. Fu Zhe agreed to establish 深圳市蜜蜂金服互聯網金融服務有限公司 (Shenzhen Mifeng Jinfu Internet Financial Services Company Limited*) (“JV Company”), a company contemplated to be established in the PRC and is owned as to 45%, 15%, 25% and 15% by Zhongxin Lianrong, Ningbo Yiren, Guangdong Xuanfeng and Mr. Fu Zhe. The total investment into the JV Company is RMB30,000,000 and is contributed in accordance to each said party’s ownership of the JV Company;

- (n) a conditional sale and purchase agreement dated 14 August 2015 pursuant to which, NEO Cloud Computing Holdings Limited, a company incorporated in British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company, as the purchaser, conditionally agreed to acquire and Mr. Lin Mingxin (林明新), as the vendor, conditionally agreed to sell the entire share capital of Million Ace Limited, an international business company incorporated in the Republic of Seychelles at the consideration of HK\$240,000,000; and
- (o) the Underwriting Agreement.

8. EXPENSES

The estimated expenses in connection with the Open Offer (including but not limited to the underwriting commission, printing, registration, financial advisory, legal, professional and accounting charges) are approximately HK\$16.17 million and are payable by the Company.

9. PARTIES

(i) Particulars of Directors

Name	Address
<i>Executive Directors:</i>	
Mr. CHEUNG Sing Tai	Unit 1504, Harcourt House 39 Gloucester Road Wanchai Hong Kong
Mr. ZHANG Xinyu	Unit 1504, Harcourt House 39 Gloucester Road Wanchai Hong Kong
Mr. LIAN Xin	Unit 1504, Harcourt House 39 Gloucester Road Wanchai Hong Kong
Mr. XU Gang	Unit 1504, Harcourt House 39 Gloucester Road Wanchai Hong Kong

Name	Address
<i>Independent non-executive Directors:</i>	
Mr. LEUNG Ka Wo	Unit 1504, Harcourt House 39 Gloucester Road Wanchai Hong Kong
Mr. CHOU Jianzhong	Unit 1504, Harcourt House 39 Gloucester Road Wanchai Hong Kong
Ms. XI Lina	Unit 1504, Harcourt House 39 Gloucester Road Wanchai Hong Kong
Mr. HUANG Zhixiong	Unit 1504, Harcourt House 39 Gloucester Road Wanchai Hong Kong

(ii) Biographical Details of Directors

Executive Directors

Mr. CHEUNG Sing Tai

Mr. CHEUNG Sing Tai aged 53, was appointed as an executive Director on 21 June 2013 and chairman of the Board and chief executive officer on 20 March 2014. Mr. Cheung graduated from the Department of Thermal Engineering of Tsinghua University and the Sun Yat-sen Business School with a bachelor degree in engineering and a master degree in business administration respectively. Mr. Cheung was engaged in trade between the PRC and Hong Kong in his early years. He had served as deputy manager in Strategic Development Department of Guangdong Investment Limited, a company listed on the Stock Exchange, while he was also a director of Guangdong Tannery Limited, a company listed on the Stock Exchange. Mr. Cheung previously served as the managing director of CL China Group Limited and the general manager of Coastland Development (Int'l) Co., Limited; both are engaged in investment in securities and real estate.

Mr. ZHANG Xinyu

Mr. ZHANG Xinyu, aged 53, was appointed as an executive Director on 15 June 2012. Mr. Zhang Xinyu holds a master of business administration degree and is familiar with the securities market regulations in Hong Kong. He was a licensed responsible officer under the Securities and Futures Ordinance and an advisor of the Management Consulting Committee of China Enterprise Confederation. He has over 20 years working experience in banking and investment banking industries and accumulated extensive network resources and experience in capital management. He has been engaged in research and practice in listing, merger and acquisition, reorganisation, spin-off and asset securitisation. In 1990, he was appointed by the head office of Bank of China to hold senior position in Bank of China (Hong Kong) Limited in Hong Kong and mainly to provide financial support to relevant Chinese entities under the State Council based in Hong Kong.

Mr. LIAN Xin

Mr. LIAN Xin, aged 60, was appointed as an executive Director on 21 June 2013. Mr. Lian has over 30 years' experience in accounting, auditing, legal practice and management in PRC. He has held senior positions in the PRC government, law firms and listed companies. Mr. Lian is currently a director and vice president of CERNET Wifi Technology (Beijing) Company Limited (賽爾無線網絡科技(北京)有限公司), a subsidiary of the Company. In the 1990s, Mr. Lian participated in acquisitions of several PRC companies. In 2000, he took part in seminars held by organisations including the Department of Legal Affairs of the China Securities Regulatory Commission (the "CSRC") and the Shenzhen Stock Exchange on the establishment of the Growth Enterprise Market. In 2003, he was recorded in the talent pool of independent directors which was created by the CSRC. He was also rated as management professional by the Shenzhen Expertise Federation (深圳市專家聯合會) in 2004.

Mr. Lian holds qualifications of China Commerce Operating Manager (高級經營師), management professional, professional accountant and lawyer in PRC.

Mr. XU Gang

Mr. Xu, aged 44, has been appointed as an executive Director on 17 June 2015. Mr. Xu graduated from School of Economics and Management, Tsinghua University with an executive master degree of business administration in 2006. He obtained his double bachelor's degree from Beijing University of Technology in 1995 and 1993. Mr. Xu is the general manager of Guangdong Bluesea. He has extensive experience in the strategy planning, operation, marketing and capital management of international high-tech enterprises and the strategy management, risk management and concentrative management of large financial institutions. Prior to joining Guangdong Bluesea, Mr. Xu served as the general manager of business intelligence division of 甲骨文(中國)軟件系統有限公司 (Oracle (China) Software System Company Limited*).

Independent non-executive Directors

Mr. LEUNG Ka Wo

Mr. Leung, AICPA, aged 41, was appointed as an independent non-executive Director as at 20 March 2014. He holds a bachelor of arts degree in accountancy from Seattle University, Seattle, Washington, USA. He is a member of the American Institute of Certified Public Accountants. He has over 14 years of experience in auditing and accounting, and had worked as the finance director and company secretary of ERA Mining Machinery Limited (a company delisted from GEM since 4 October 2012 as a result of privatisation) and a manager for Deloitte Touche Tohmatsu. He is currently a director and chief financial officer of Hong Kong Jia Hong Investment Company Limited.

Mr. CHOU Jianzhong

Mr. Chou, aged 48, was appointed as an independent non-executive Director on 20 March 2014. He holds a doctoral degree. He served as the vice president and senior economist of Guangdong Securities Co., Ltd.* (廣東證券股份有限公司), a postdoctoral researcher of Xiamen University, an independent director of FSPG Hitech Co., Ltd. (佛山塑料集團股份有限公司) (a company listed on Shenzhen Stock Exchange) and an independent director of Guangdong Jiuzhou Sun Media Co., Ltd.* (廣東九州陽光傳媒股份有限公司) (now known as 'Guangdong Guangzhou Daily Media Co., Ltd.* (廣東廣州日報傳媒股份有限公司)'). He is currently a fellow member of the Hong Kong Quality Management Association, a special consultant of Guangdong Provincial Economic Restructuring Research* (廣東省體改研究會), a master of business administration and a part-time instructor of Jinan University, a part-time professor of South China Normal University, a professor and doctoral tutor of City University of Macau, an executive of Guangdong Finance Society* (廣東金融學會), a director of Guangzhou Jinan Investment Co., Ltd.* (廣州暨南投資有限公司), a director of Guangdong Junfeng Spectrum Co., Ltd., (廣東駿豐頻譜股份有限公

司), an independent director of the sixth board of Guangdong Golden Dragon Development Inc. (廣東錦龍發展股份有限公司)(a company listed on Shenzhen Stock Exchange), an independent director of the third board of Guangdong Alpha Animation and Culture Co., Ltd. (廣東奧飛動漫文化股份有限公司)(a company listed on Shenzhen Stock Exchange) and an independent director of the third board of Shenzhen Infinova Technology Co., Ltd.* (深圳英飛拓科技股份有限公司).

Ms. XI Lina

Ms. Xi, aged 32, was appointed as an independent non-executive Director on 16 May 2014. She graduated with a degree in economics and international trade from Zhejiang University of Finance and Economics and holds a master of science in banking and international finance from the City University, London. She has extensive experience in economics and futures market.

Mr. HUANG Zhixiong

Mr. Huang, aged 53, has been appointed as an independent non-executive Director on 13 May 2015. Mr. Huang holds a master degree in business management. He is the senior advisor of Institute of Guangdong South China Science and Technology Capital* (廣東華南科技資本研究院). Mr. Huang obtained the Independent Director Qualification awarded by the Shenzhen Stock Exchange in January 2015. Mr. Huang was certified with (i) the Securities Certificate Level II in 2005, (ii) the Securities Institutions Senior Management Personnel Qualification in 2003, (iii) the Securities Investment Fund Qualification and Securities and Futures Qualification in 2002, (iv) the Securities Investment Analysis Qualification in 2001, (v) the Securities Trading Brokerage Qualification and Securities Issuance and Underwriting Qualification in 2000; and (vi) the Shenzhen Stock Exchange Initial National Debt and Futures Qualification in 1994. He obtained the Intermediate Economist title awarded by National Ministry of Personnel in 1994. Mr. Huang is currently the vice chairman of Guangdong Macro Co., Ltd. (廣東萬家樂股份有限公司) which is listed on the Shenzhen Stock Exchange (stock code: 000533).

10. PARTIES INVOLVED IN THE OPEN OFFER AND CORPORATE INFORMATION

Registered office	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Principal place of business of the Company in Hong Kong	Unit 1504, Harcourt House 39 Gloucester Road Wanchai Hong Kong
Authorised representatives	Mr. CHEUNG Sing Tai Unit 1504, Harcourt House 39 Gloucester Road Wanchai Hong Kong Mr. TSE Kam Fai Room 1502, 15th Floor The Chinese Bank Building 61-65 Des Voeux Road Central Hong Kong
Company secretary of the Company	Mr. TSE Kam Fai <i>fellow member of Hong Kong Institute of Company secretaries</i> Room 1502, 15th Floor The Chinese Bank Building 61-65 Des Voeux Road Central Hong Kong
Compliance officer of the Company	Mr. Cheung Sing Tai
Audit Committee of the Company	Mr. LEUNG Ka Wo (<i>Chairman</i>) Mr. CHOU Jianzhong Ms. XI Lina

Auditors and reporting accountant of the Company	HLB Hodgson Impey Cheng Limited <i>Certified Public Accountants</i> 31/F, Gloucester Tower The Landmark 11 Pedder Street Central Hong Kong
Underwriter	Winner Mind Investments Limited P.O. Box 957 Offshore Incorporations Centre Road Town, Tortola British Virgin Islands
Financial adviser to the Underwriter	Kingston Corporate Finance Limited Suite 2801, 28th Floor One International Finance Centre 1 Harbour View Street Central Hong Kong
Legal Advisers	<i>On Hong Kong Law:</i> TC & Co. Unit 2201-3, 22nd Floor Tai Tung Building 8 Fleming Road Wanchai Hong Kong <i>On Cayman Islands law:</i> Conyers Dill & Pearman 2901 One Exchange Square 8 Connaught Place, Central Hong Kong

Principal Bankers	Industrial and Commercial Bank of China (Asia) Limited 1/F., 9 Queen's Road Central, Hong Kong Bank of China (Hong Kong) Limited 1 Garden Road, Hong Kong Bank of Communications China Shine Plaza, Linhe Xi Road, Tianhe District, Guangzhou, Guangdong Province, the PRC China Construction Bank No. 43, Huangbu Road, Tianhe District, Guangzhou, Guangdong Province, the PRC
Principal Registrar of the Company in the Cayman Islands	Codan Trust Company (Cayman) Limited Cricket Square P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Branch Registrar of the Company in Hong Kong	Tricor Tengis Limited Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong

11. MISCELLANEOUS

- (a) As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been acquired, disposed of or leased to or which are proposed to be acquired, disposed of or leased to the Company since 31 December 2014, being the dated to which the latest published audited accounts of the Company were made up.
- (b) As at the Latest Practicable Date, none of the Directors is materially interested in any contract or arrangement subsisting at the date of this Prospectus which is significant in relation to the business of the Company.
- (c) The English text of this Prospectus shall prevail over the Chinese text in the case of inconsistency.

- (d) As at the Latest Practicable Date, there was no restriction affecting the remittance of profits or repatriation of capital of the Company into Hong Kong from outside of Hong Kong. Save and except for Renminbi, the Group has no exposure to foreign exchange liabilities. The Group will have sufficient foreign exchange, generated from the operation of its subsidiaries to pay forecasted or planned dividends and to meet its foreign exchange liabilities as they become due.

12. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or their respective associates had any interests in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group, other than those businesses where the Directors were appointed as directors to represent the interests of the Company and/or the Group.

13. LEGAL EFFECT

The Prospectus Documents and all acceptance of any offer or application contained in such documents are governed by and shall be construed in accordance with the laws of Hong Kong. Where an application is made in pursuance of any such documents, the relevant document(s) shall have the effect of rendering all persons concerned bound by the provisions, other than the penal provision, of Sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, so far as applicable.

14. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

A copy of each of the Prospectus Documents and the written consent as referred to under the paragraph headed “Expert and Consent” in this appendix, have been registered with the Registrar of Companies in Hong Kong pursuant to section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

15. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours (Saturdays and public holidays excepted) at Unit 1504, Harcourt House, 39 Gloucester Road Wanchai, Hong Kong from the date of this Prospectus up to and to and including the date of completion of the Open Offer:

- (a) the memorandum and articles of association of the Company;
- (b) the memorandum and articles of association the Underwriter;
- (c) the annual reports of the Company for the years ended 31 December 2013 and 31 December 2014;

- (d) the interim report of the Company for the six months ended 30 June 2015;
- (e) the third quarterly report of the Company for the nine months ended 30 September 2015;
- (f) the letter from HLB in respect of the unaudited pro forma financial information following the completion of Open Offer, the text of which is set out in appendix II to this Prospectus;
- (g) the material contracts as referred to in the section headed “material contracts” in this appendix; and
- (h) the written consent referred to in the paragraph headed “Expert and Consent” in this appendix.