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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, 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 this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or the transfer was effected for onward transmission to the purchaser or the transferee.

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### 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)

#### MAJOR TRANSACTIONS –

#### (I) FINANCE LEASE ARRANGEMENT A1 WITH LESSOR A (II) FINANCE LEASE ARRANGEMENT A2 WITH LESSOR A (III) FINANCE LEASE ARRANGEMENT B WITH LESSOR B NOTICE OF EXTRAORDINARY GENERAL MEETING

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Capitalised terms used in this cover page shall have the same meanings as those defined in this circular unless otherwise stated.

A letter from the board of directors of the Company is set out on pages 8 to 29 of this circular.

A notice convening the EGM to be held at Room 901B, 9th Floor, Empire Centre, 68 Mody Road, Tsim Sha Tsui, Kowloon, Hong Kong on Friday, 15 January 2021 at 10:30 a.m. is set out on pages 44 to 47 of this circular. A form of proxy for use by the Shareholders at the EGM is enclosed herein. Whether or not you intend to attend and vote at the EGM in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's registrar in Hong Kong, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not later than 48 hours before the time for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting should you so wish.

This circular will remain on the GEM website at [www.hkgem.com](http://www.hkgem.com) on the "Latest Company Announcements" page for at least 7 days from the date of its posting and on the website of the Company at [www.neo-telemedia.com](http://www.neo-telemedia.com).

#### PRECAUTIONARY MEASURES FOR THE EGM

Please refer to the notice of the EGM for measures being taken with the aim of preventing and controlling the spread of the novel coronavirus (COVID-19) at the EGM, including:

- compulsory body temperature checks
- compulsory wearing of surgical face masks
- appropriate settings with respect to physical distancing
- no refreshments will be served

**Due to the constantly evolving COVID-19 pandemic situation, the Company may be required to change the EGM arrangements at short notice. Shareholders are advised to check the website of the Stock Exchange and the Company's website for future announcements and updates on the EGM arrangements.**

24 December 2020

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## CHARACTERISTICS OF GEM

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GEM has been positioned as a market designed to accommodate small and mid-sized 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.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions shall have the following respective meanings.*

“Accounts Receivable (Bluesea Cloud Data)”	the accounts receivable of Bluesea Cloud Data in the amount of RMB95,016,609.2 (equivalent to approximately HK\$109,554,150)
“Accounts Receivable (Bluesea Mobile)”	the accounts receivable of Bluesea Mobile in the amount of RMB95,016,609.2 (equivalent to approximately HK\$109,554,150)
“Accounts Receivable (Guangzhou Yizi)”	the accounts receivable of Guangzhou Yizi in the amount of RMB277,931,477.24 (equivalent to approximately HK\$320,454,993) arising from the data centre services agreement signed with Guangzhou Zituo and all data centre services agreements to be signed in relation to GZ Nanxiang IDC
“Accounts Receivable (Guangzhou Zituo)”	the accounts receivable of Guangzhou Zituo in the amount of RMB277,931,477.24 (equivalent to approximately HK\$320,454,993) arising from the data centre services agreement signed with an Independent Third Party and all data centre services agreements to be signed in relation to GZ Nanxiang IDC
“Accounts Receivable Pledge Agreements A”	collectively, the Accounts Receivable Pledge Agreement A (Guangzhou Zituo) and Accounts Receivable Pledge Agreement A (Guangzhou Yizi)
“Accounts Receivable Pledge Agreement A (Guangzhou Yizi)”	the accounts receivable pledge agreement between Guangzhou Yizi and Lessor A dated 30 October 2020
“Accounts Receivable Pledge Agreement A (Guangzhou Zituo)”	the accounts receivable pledge agreement between Guangzhou Zituo and Lessor A dated 30 October 2020
“Accounts Receivable Pledge Agreements B”	collectively, the Accounts Receivable Pledge Agreement B (Bluesea Cloud Data) and Accounts Receivable Pledge Agreement B (Bluesea Mobile)
“Accounts Receivable Pledge Agreement B (Bluesea Cloud Data)”	the accounts receivable pledge agreement between Bluesea Cloud Data and Lessor B dated 30 October 2020

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## DEFINITIONS

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“Accounts Receivable Pledge Agreement B (Blueseas Mobile)”	the accounts receivable pledge agreement between Blueseas Mobile and Lessor B dated 30 October 2020
“Announcement”	the announcement of the Company dated 30 October 2020 in relation to the Arrangements
“Arrangements”	collectively, the transactions contemplated under the Finance Lease Arrangement A1 and the Finance Lease Arrangement A2 (including the Security Documents A), and the Finance Lease Arrangement B (including the Security Documents B)
“Blueseas Cloud Data”	Guangzhou Blueseas Cloud Data Company Limited* (廣州蔚海雲數據有限公司), a company established in the PRC with limited liability and an indirect wholly owned subsidiary of the Company
“Blueseas Data”	Guangdong Blueseas Data Development Company Limited* (廣東蔚海數據發展有限公司), a company established in the PRC with limited liability and an indirect wholly owned subsidiary of the Company
“Blueseas Mobile”	Guangdong Blueseas Mobile Development Company Limited* (廣東蔚海移動發展有限公司), a company established in the PRC with limited liability and an indirect wholly owned subsidiary of the Company
“Board”	the board of Directors
“Company”	Neo Telemedia Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on GEM (stock code: 8167)
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“Dr. Lie”	Dr. LIE Haiquan, an executive Director, the chairman of the Board and a Substantial Shareholder

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## DEFINITIONS

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“EGM”	the extraordinary general meeting of the Company to be convened at Room 901B, 9th Floor, Empire Centre, 68 Mody Road, Tsim Sha Tsui, Kowloon, Hong Kong on Friday, 15 January 2021 at 10:30 a.m. for the purpose of considering and, if thought fit, approving, among other things, the Arrangements by the Shareholders
“Equity Interest Pledge Agreement A”	the equity interest pledge agreement between Lessor A and Guangzhou Zituo dated 30 October 2020
“Finance Lease Agreement A1”	the finance lease agreement between Lessor A, Guangzhou Yizi and Guangzhou Zituo dated 30 October 2020, pursuant to which Lessor A agreed to purchase the Leased Assets A1 from the Supplier at the request of Guangzhou Yizi and Guangzhou Zituo in an aggregate consideration of RMB94,750,800 (equivalent to approximately HK\$109,247,672) and Lessor A agreed to lease the Leased Assets A1 to Guangzhou Yizi and Guangzhou Zituo for a term from the date on which the Leased Assets A1 are delivered to Guangzhou Yizi and Guangzhou Zituo to six years after payment of the consideration for the Leased Assets A1 by Lessor A (or five years if the utilisation rate for the second phase of GZ Nanxiang IDC is more than 50% as at 31 December 2022)
“Finance Lease Agreement A2”	the finance lease agreement between Lessor A, Guangzhou Yizi and Guangzhou Zituo dated 30 October 2020 pursuant to which Lessor A agreed to purchase Leased Assets A2 from Guangzhou Yizi and Guangzhou Zituo for a total consideration of RMB25,000,000 (equivalent to approximately HK\$28,825,000), which would then be leased back to Guangzhou Yizi and Guangzhou Zituo for a term of three years
“Finance Lease Agreement B”	the finance lease agreement between Lessor B and Bluesea Cloud Data dated 30 October 2020 pursuant to which Lessor B agreed to purchase Leased Assets B from Bluesea Cloud Data for a total consideration of RMB81,500,000 (equivalent to approximately HK\$93,969,500), which would then be leased back to Bluesea Cloud Data for a term of five years

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## DEFINITIONS

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“Finance Lease Arrangement A1”	the finance lease arrangement contemplated under the Sale and Purchase Agreement and the Finance Lease Agreement A1
“Finance Lease Arrangement A2”	the finance lease arrangement contemplated under the Finance Lease Agreement A2
“Finance Lease Arrangement B”	the finance lease arrangement contemplated under the Finance Lease Agreement B
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Guangzhou Yizi”	Guangzhou Yizi Internet Technology Co., Ltd.* (廣州市羿資互聯網科技有限公司), a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company
“Guangzhou Zituo”	Guangzhou Zituo Technology Company Limited* (廣州市資拓科技有限公司), a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company
“Guarantee Agreement A (Bluesea Mobile)”	the guarantee agreement between Lessor A and Bluesea Mobile dated 30 October 2020
“Guarantee Agreement A (Dr. Lie)”	the guarantee agreement between Lessor A and Dr. Lie dated 30 October 2020
“Guarantee Agreement A (Mr. Wang)”	the guarantee agreement between Lessor A and Mr. Wang dated 30 October 2020
“Guarantee Agreements A”	collectively, the Guarantee Agreement A (Bluesea Mobile), the Guarantee Agreement A (Dr. Lie) and the Guarantee Agreement A (Mr. Wang)
“Guarantee Agreement B (Bluesea Mobile)”	the guarantee agreement between Lessor B and Bluesea Mobile dated 30 October 2020
“Guarantee Agreement B (Dr. Lie)”	the guarantee agreement between Lessor B and Dr. Lie dated 30 October 2020

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## DEFINITIONS

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“Guarantee Agreements B”	collectively, the Guarantee Agreement B (Bluesea Mobile) and Guarantee Agreement B (Dr. Lie)
“GZ Lotus Hill IDC”	the Group’s Guangzhou Lotus Hill Data Centre situated at Panyu district, Guangzhou, Guangdong Province, the PRC
“GZ Nanxiang IDC”	the Group’s Guangzhou (Nanxiang) Cloud Data Centre situated at Huangpu district, Guangzhou, Guangdong Province, the PRC
“HK\$”	Hong Kong Dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	the independent third party(ies) who is/are, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, independent of and not connected with the Company and the connected person(s) (as defined in the GEM Listing Rules) of the Company
“Latest Practicable Date”	18 December 2020, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Leased Assets A1”	the assets comprising data centre equipment to be purchased by Lessor A from the Supplier for leasing to Guangzhou Yizi and Guangzhou Zituo under the Finance Lease Arrangement A1
“Leased Assets A2”	the assets comprising data centre equipment for leasing to Guangzhou Yizi and Guangzhou Zituo under the Finance Lease Arrangement A2
“Leased Assets B”	the assets comprising data centre equipment for leasing to Bluesea Cloud Data under the Finance Lease Arrangement B
“Lessor A”	Guangdong Utrust Financial Leasing Company Limited* (廣東粵財金融租賃股份有限公司), a company established in the PRC with limited liability
“Lessor B”	JIC Leasing Company Limited, a company established in the PRC with limited liability



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## DEFINITIONS

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“Mr. Wang”	Mr. WANG Kun* (王坤), a citizen of the PRC who is the legal representative, a director and a substantial shareholder of Guangzhou Zituo and the legal representative and a director of Guangzhou Yizi
“Pledged Equity Interest”	90% equity interest in Guangzhou Yizi owned by Guangzhou Zituo, together with all dividends arising from the said equity interest
“PRC”	the People’s Republic of China, for the purpose of this circular only, excludes Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Previous Finance Lease Arrangement A”	the finance lease arrangement between Bluesea Data and Lessor A dated 20 December 2019 pursuant to which Lessor A agreed to purchase equipment from a supplier at the request of Bluesea Data and lease the equipment to Bluesea Data, details of which are stipulated in the announcement of the Company dated 20 December 2019
“Previous Finance Lease Arrangement B”	the finance lease arrangement between Bluesea Cloud Data and Lessor B dated 21 September 2020 pursuant to which Lessor B agreed to purchase leased assets from Bluesea Cloud Data, which would then be leased back to Bluesea Cloud Data, details of which are stipulated in the announcements of the Company dated 21 September 2020 and 23 September 2020
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the sale and purchase agreement between Lessor A, the Supplier, Guangzhou Yizi and Guangzhou Zituo dated 30 October 2020 pursuant to which Lessor A agreed to purchase the Leased Assets A1 from the Supplier at the request of Guangzhou Yizi and Guangzhou Zituo for a total consideration of RMB94,750,800 (equivalent to approximately HK\$109,247,672)
“Security Documents A”	collectively, the Guarantee Agreements A, the Accounts Receivable Pledge Agreements A and the Equity Interest Pledge Agreement A

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## DEFINITIONS

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“Security Documents B”	collectively, the Guarantee Agreements B and the Accounts Receivable Pledge Agreements B
“SFO”	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) of HK\$0.1 each in the capital of the Company
“Shareholder(s)”	the holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the GEM Listing Rules
“Substantial Shareholder”	has the meaning ascribed to it under the GEM Listing Rules
“Supplier”	Highseas Communications Engineering (Hainan) Co., Ltd.* (海南四海行通信工程有限公司), a company established in the PRC with limited liability
“%”	per cent

*For the purpose of this circular, all amounts denominated in RMB have been translated (for information only) into HK\$ using the exchange rate of RMB1.00:HK\$1.153. No representation is made that any amounts in RMB or HK\$ can be or could have been converted at the relevant dates at the above rates or any other rates or at all.*

*The English transliteration of the Chinese name(s) in this circular, where indicated with “\*”, is included for information purpose only, and should not be regarded as the official English name(s) of such Chinese name(s).*

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## LETTER FROM THE BOARD

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### 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:*

Dr. LIE Haiquan (*Chairman*)

Mr. CHEUNG Sing Tai (*Deputy Chairman and  
Chief Executive Officer*)

Mr. TAO Wei

Mr. WU Di

*Independent non-executive Directors:*

Mr. ZHANG Zihua

Ms. XI Lina

Mr. HUANG Zhixiong

*Registered Office:*

Cricket Square, Hutchins Drive

P.O. Box 2681, Grand Cayman

KY1-1111, Cayman Islands

*Principal place of business  
in Hong Kong:*

Room 901B, 9th Floor

Empire Centre, 68 Mody Road

Tsim Sha Tsui, Kowloon

Hong Kong

24 December 2020

*To the Shareholders and, for information only,  
holders of the share options of the Company*

Dear Sir or Madam,

#### **MAJOR TRANSACTIONS –**

**(I) FINANCE LEASE ARRANGEMENT A1 WITH LESSOR A**

**(II) FINANCE LEASE ARRANGEMENT A2 WITH LESSOR A**

**(III) FINANCE LEASE ARRANGEMENT B WITH LESSOR B**

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

#### **INTRODUCTION**

Reference is made to the Announcement.

The purpose of this circular is to provide you with information regarding, among other things, (i) the details of the Arrangements and the transactions contemplated thereunder; (ii) other information as required under the GEM Listing Rules; and (iii) notice of the EGM.

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## LETTER FROM THE BOARD

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### (I) FINANCE LEASE ARRANGEMENT A1 WITH LESSOR A

Reference is made to the announcement of the Company dated 20 December 2019 in relation to the Previous Finance Lease Arrangement A.

On 30 October 2020, Guangzhou Yizi and Guangzhou Zituo (each an indirect non-wholly owned subsidiary of the Company), Lessor A and the Supplier entered into the Finance Lease Arrangement A1 pursuant to which Lessor A agreed to purchase the Leased Assets A1 from the Supplier at the request of Guangzhou Yizi and Guangzhou Zituo in an aggregate consideration of RMB94,750,800 (equivalent to approximately HK\$109,247,672) and Lessor A agreed to lease the Leased Assets A1 to Guangzhou Yizi and Guangzhou Zituo for a term from the date on which the Leased Assets A1 are delivered to Guangzhou Yizi and Guangzhou Zituo to six years after payment of the consideration for the Leased Assets A1 by Lessor A (or five years if the utilisation rate for the second phase of GZ Nanxiang IDC is more than 50% as at 31 December 2022).

#### (A) The Sale and Purchase Agreement

The principal terms of the Sale and Purchase Agreement are set out as follows:

**Date:** 30 October 2020

**Parties:** (1) Lessor A. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the Latest Practicable Date, Lessor A was principally engaged in the provision of finance leasing services and was owned as to (i) 35% by Guangdong Utrust Investment Holdings Company Limited\* (廣東粵財投資控股有限公司), a company established in the PRC with limited liability which was wholly owned by the People's Government of Guangdong Province; (ii) 35% by Mingyang Smart Energy Group Limited\* (明陽智慧能源集團股份有限公司), a company established in the PRC with limited liability which was listed on the Shanghai Stock Exchange (stock code: 601615); and (iii) 30% by China Railway Signal & Communication Corporation Limited\* (中國鐵路通信信號股份有限公司), a company established in the PRC with limited liability which was listed on the Shanghai Stock Exchange (stock code: 688009) and the Stock Exchange (stock code: 3969), and Lessor A and the ultimate beneficial owners of Lessor A were Independent Third Parties;

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## LETTER FROM THE BOARD

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- (2) the Supplier. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the Latest Practicable Date, the Supplier was principally engaged in the sale of equipment and the ultimate beneficial owners of the Supplier were MA Xiuxia\* (馬秀霞) and LAO Yingxiong\* (勞英雄), and the Supplier and its ultimate beneficial owner(s) were Independent Third Parties;
- (3) Guangzhou Yizi, a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company which was principally engaged in the operation of internet data centre. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the Latest Practicable Date, Guangzhou Yizi was owned as to 90% by Guangzhou Zituo and 10% by Guangzhou Yin Te Information Technology Company Limited\* (廣州市尹特資訊科技有限公司) which in turn was owned as to 84% by WANG Tao\* (王濤) and 16% by WU Hui\* (吳輝), and save for their shareholdings in Guangzhou Yizi, Guangzhou Yin Te Information Technology Company Limited\* (廣州市尹特資訊科技有限公司), WANG Tao\* (王濤) and WU Hui\* (吳輝) were all Independent Third Parties; and
- (4) Guangzhou Zituo, a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company which was principally engaged in the provision of internet data centre services. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the Latest Practicable Date, Guangzhou Zituo was owned as to 60% by Bluesea Mobile and 40% by Mr. Wang.

**Subject assets:** Lessor A agreed to purchase the Leased Assets A1 comprising data centre equipment from the Supplier at the request of Guangzhou Yizi and Guangzhou Zituo.

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## LETTER FROM THE BOARD

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**Conditions  
precedent:**

Lessor A shall pay the consideration subject to the following conditions precedent:

1. Lessor A having received the duly executed Finance Lease Agreement A1, the Sale and Purchase Agreement, and resolutions of the relevant internal approval of Guangzhou Yizi and Guangzhou Zituo (including the approval by the Board and the Shareholders), a copy of the Announcement and such other documents as required by Lessor A;
2. Lessor A having received the duly executed Security Documents A, the relevant internal approval of the parties which provide security under the Security Documents A, and documentary evidence of registration documents of the Security Documents A (if registration is required);
3. Lessor A having received the request of payment of the consideration from the Supplier, Guangzhou Yizi and Guangzhou Zituo;
4. Lessor A having received its internal approval for payment of the consideration;
5. there not having any material adverse change to the Supplier, Guangzhou Yizi, Guangzhou Zituo, the parties which provide security under the Security Documents A, and the Leased Assets A1;
6. the representations and warranties by the Supplier, Guangzhou Yizi and Guangzhou Zituo under the Sale and Purchase Agreement being true and accurate and not misleading in material respect;
7. there not having any material change in the taxation policies, financial policies and regulatory measures in the PRC and the cost of financing not having increased significantly when Lessor A makes payment; and
8. any conditions which Lessor A considers necessary.

As at the Latest Practicable Date, all of the above conditions except the Shareholders' approval under condition(1) have been fulfilled.

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## LETTER FROM THE BOARD

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<b>Payment of consideration:</b>	Lessor A shall pay to the Supplier the consideration, being RMB94,750,800 (equivalent to approximately HK\$109,247,672) within ten business days after the fulfilment of the above conditions by bank transfer.
<b>Basis of determination of the consideration:</b>	The consideration of the Leased Assets A1 was determined based on arm's length negotiation among Lessor A, the Supplier, Guangzhou Yizi and Guangzhou Zituo with reference to the prevailing market price of the Leased Assets A1. In obtaining the prevailing market price of the Leased Assets A1, the Company has sought price quotations from various suppliers in the market and made reference to the price information available in the open market.
<b>Warranty period</b>	In case of any defects or malfunction of the Leased Assets A1 within 12 months from the date on which the Leased Assets A1 are delivered to and checked by Guangzhou Yizi and Guangzhou Zituo, the Supplier shall repair the Leased Assets A1 free of charge.
<b>Completion</b>	The Leased Assets A1 shall be delivered to Guangzhou Yizi and Guangzhou Zituo by batches, with the first batch being not later than 31 December 2020 and all remaining Leased Assets A1 not later than 31 May 2021.
<b>Termination</b>	<p>If the Sale and Purchase Agreement is not completed or the lease under the Finance Lease Agreement A1 does not commence by 31 May 2021:–</p> <p>(i) if the lease under the Finance Lease Agreement A1 has not commenced, Lessor A shall have the right to terminate the Finance Lease Agreement A1 immediately and Guangzhou Yizi and Guangzhou Zituo shall repay all monies paid by Lessor A pursuant to the Sale and Purchase Agreement and the Finance Lease Agreement A1 and pay compensation (being the consideration multiplied by the number of days which Guangzhou Yizi and Guangzhou Zituo have used the Leased Assets A1 and 0.05%); and</p> <p>(ii) if the lease under the Finance Lease Agreement A1 has commenced, Guangzhou Yizi and Guangzhou Zituo shall compensate all the unpaid lease payment and all other payments which Lessor A is entitled to.</p>

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## LETTER FROM THE BOARD

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### (B) The Finance Lease Agreement A1

The principal terms of the Finance Lease Agreement A1 are set out as follows:

<b>Date:</b>	30 October 2020
<b>Parties:</b>	(1) Lessor A;  (2) Guangzhou Yizi; and  (3) Guangzhou Zituo.
<b>Subject assets for lease:</b>	The Leased Assets A1
<b>Date of commencement of the lease:</b>	The date on which all the Leased Assets A1 are delivered to Guangzhou Yizi and Guangzhou Zituo which shall not be later than 31 May 2021
<b>Period of the lease:</b>	From the date on which the Leased Assets A1 are delivered to Guangzhou Yizi and Guangzhou Zituo to six years after payment of the consideration for the Leased Assets A1 by Lessor A (or five years if the utilisation rate for the second phase of GZ Nanxiang IDC is more than 50% as at 31 December 2022)
<b>Conditions precedent:</b>	Lessor A shall pay the full amount of the consideration for the Leased Assets A1 after all the below conditions have been satisfied:  <ol style="list-style-type: none"><li>1. Lessor A having received the duly executed Finance Lease Agreement A1 and the related documents;</li><li>2. Guangzhou Yizi and Guangzhou Zituo and the parties which provide security under the Security Documents A having delivered to Lessor A the resolutions of the relevant internal approval (including approval by the Board and the Shareholders), a copy of the Announcement, and such other documents as required by Lessor A;</li></ol>



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## LETTER FROM THE BOARD

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3. Lessor A having received documentary evidence of registration of the Security Documents A (if registration is required);
4. Lessor A having received the letter of acceptance of the lease under the Finance Lease Agreement A1 from Guangzhou Yizi and Guangzhou Zituo;
5. Lessor A having duly completed registration of the Leased Assets A1 in the People's Bank of China Credit Reference Centre movable property financing unified registration system\* (中國人民銀行徵信中心動產融資統一登記公示系統);
6. there having no material adverse change in Guangzhou Yizi, Guangzhou Zituo, parties which provide security under the Security Documents A and the Leased Assets A1;
7. the representations and warranties by Guangzhou Yizi and Guangzhou Zituo under the Finance Lease Agreement A1 being true and accurate and not misleading in material respect;
8. there not having any material change in the taxation policies, financial policies and regulatory measures in the PRC and the cost of financing not having increased significantly when the Lessor A makes payment; and
9. any conditions which Lessor A considers necessary.

As at the Latest Practicable Date, all of the above conditions except the Shareholders' approval under condition(2) have been fulfilled.

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## LETTER FROM THE BOARD

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**Lease payment:** The lease payment under the Finance Lease Agreement A1 consists of (i) the finance lease principal amount of RMB94,750,800 (equivalent to approximately HK\$109,247,672); (ii) the pre-lease interest; and (iii) the lease interest.

**Pre-lease interest:** Guangzhou Yizi and Guangzhou Zituo shall pay pre-lease interest monthly during the pre-lease period, being the period from the date on which Lessor A makes the first payment of consideration for the Leased Assets A1 to the Supplier to the date of commencement of the lease. The pre-lease interest shall be calculated as follows:

Pre-lease interest = RMB75,000,000 (equivalent to approximately HK\$86,475,000) x the Lease Interest Rate (as defined below) x the actual number of days of the pre-lease period/360

**Lease interest:** Guangzhou Yizi and Guangzhou Zituo shall pay the lease interest during the term of the lease monthly at an interest rate (“**Lease Interest Rate**”) being calculated at a floating rate and would be adjusted with reference to the benchmark interest rate for RMB loans with a maturity for more than five years as promulgated by the National Inter-bank Funding Center\* (全國銀行間同業拆借中心) from time to time (the “**Benchmark Interest Rate**”) plus a premium of 1.35%.

The parties agreed that the initial Lease Interest Rate shall be determined based on the Benchmark Interest Rate on 20 August 2020, being 4.65% per annum, and the initial Lease Interest Rate for the Finance Lease Arrangement A1 shall be 6% per annum.

No adjustment will be made from the commencement of the lease to 31 December of the same year. Afterwards, the Lease Interest Rate shall be adjusted on 1 January of each year during the term of the lease based on the Benchmark Interest Rate as at 20 December (or the next business day if it is holiday) of the preceding year.

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## LETTER FROM THE BOARD

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**Basis of determination of the lease payment:** The total lease payment was determined based on arm's length negotiation between Lessor A, Guangzhou Yizi and Guangzhou Zituo with reference to the prevailing market price of the Leased Assets A1 and the prevailing market interest rate of comparable equipment finance leases.

The Group previously sought quotations from various finance lease companies and noted that the prevailing effective interest rate (calculated based on the total finance cost (i.e. including all interests, handling fees and other charges)) of comparable equipment finance leases was in the range of approximately 6% to 11% per annum. The effective interest rate of Finance Lease Arrangement A1 was approximately 6.07% per annum and therefore the Board considered that the total finance cost of the Finance Lease Arrangement A1 was in normal commercial terms and was fair and reasonable.

**Buy-back of the Leased Assets A1:** The legal ownership of the Leased Assets A1 will be vested in Lessor A throughout the lease term. Upon the end of the lease term, provided that Guangzhou Yizi and Guangzhou Zituo have fulfilled all of their obligations under the Finance Lease Arrangement A1, Lessor A shall transfer the legal ownership of the Leased Assets A1 to Guangzhou Yizi and Guangzhou Zituo at a nominal consideration of RMB1 (equivalent to approximately HK\$1).

### (II) FINANCE LEASE ARRANGEMENT A2 WITH LESSOR A

Further, on 30 October 2020, Guangzhou Yizi and Guangzhou Zituo entered into the Finance Lease Arrangement A2 with Lessor A pursuant to which Lessor A agreed to purchase Leased Assets A2 from Guangzhou Yizi and Guangzhou Zituo for a total consideration of RMB25,000,000 (equivalent to approximately HK\$28,825,000), which would then be leased back to Guangzhou Yizi and Guangzhou Zituo for a term of three years.

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## LETTER FROM THE BOARD

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The principal terms of the Finance Lease Arrangement A2 are set out as follows:

<b>Date:</b>	30 October 2020
<b>Parties:</b>	(1) Lessor A;  (2) Guangzhou Yizi; and  (3) Guangzhou Zituo.
<b>Subject assets:</b>	The Leased Assets A2 comprising data centre equipment. The book value of the Leased Assets A2 is approximately HK\$45,919,000 as at 31 October 2020.
<b>Finance lease arrangement:</b>	Pursuant to the Finance Lease Arrangement A2, Lessor A agreed to purchase the Leased Assets A2 from Guangzhou Yizi and Guangzhou Zituo for a total consideration of RMB25,000,000 (equivalent to approximately HK\$28,825,000), representing the principal amount under the Finance Lease Arrangement A2 and Lessor A agreed to lease back the Leased Assets A2 to Guangzhou Yizi and Guangzhou Zituo.
<b>Period of the lease:</b>	three years from the date of commencement of the lease under the Finance Lease Arrangement A2
<b>Conditions precedent:</b>	Lessor A shall pay to Guangzhou Yizi and Guangzhou Zituo the full amount of the consideration for the Leased Assets A2 after all the below conditions have been satisfied:  <ol style="list-style-type: none"><li>1. Lessor A having received the duly executed Finance Lease Agreement A2 and the Security Documents A and such agreement and documents having come into effect;</li><li>2. Lessor A having received documentary evidence of registration of the Security Documents A (if registration is required);</li><li>3. Lessor A having received the documents of title of the Leased Assets A2;</li></ol>

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## LETTER FROM THE BOARD

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4. Lessor A having received copies of the government approval documents in relation to the use of the Leased Assets A2;
5. if required, Guangzhou Yizi and Guangzhou Zituo having purchased sufficient insurance for the Leased Assets A2 with Lessor A as the sole beneficiary and Lessor A having received the original copies of such insurance;
6. Lessor A having received the letter of acceptance of the Leased Assets A2 under the Finance Lease Agreement A2 from Guangzhou Yizi and Guangzhou Zituo;
7. Lessor A having received the request for payment containing the bank accounts information for payment to Guangzhou Yizi and Guangzhou Zituo;
8. Lessor A having received resolutions of the approval of the Finance Lease Arrangement A2 by the relevant administrative authorities (if necessary) and the relevant internal approval of Guangzhou Yizi and Guangzhou Zituo (including but not limited to the approval by the Board and the Shareholders);
9. Lessor A having received resolutions of the approval of the Security Documents A by the relevant administrative authorities (if necessary) and relevant internal approval of the parties which provide security under the Security Documents A;
10. up to the date on which Lessor A makes the first payment of consideration of the Leased Assets A2, there not having any breach of any agreements (or such breach having been rectified) which were entered into by Lessor A, Guangzhou Yizi and Guangzhou Zituo; and

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## LETTER FROM THE BOARD

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11. there not having any material change in the taxation policies, financial policies and regulatory measures in the PRC and the cost of financing not having increased significantly when the Lessor A makes payment.

As at the Latest Practicable Date, all of the above conditions except the Shareholders' approval under condition(8) have been fulfilled.

**Lease payment:**

The lease payment under the Finance Lease Agreement A2 consists of (i) the finance lease principal amount of RMB25,000,000 (equivalent to approximately HK\$28,825,000); and (ii) the lease interest.

**Lease interest:**

Guangzhou Yizi and Guangzhou Zituo shall pay the lease interest during the term of the lease monthly at the Lease Interest Rate.

The parties agreed that the initial Lease Interest Rate shall be determined based on the Benchmark Interest Rate on 20 August 2020, being 4.65% per annum, and the initial Lease Interest Rate for the Finance Lease Arrangement A2 shall be 6% per annum.

No adjustment will be made from the commencement of the lease to 31 December of the same year. Afterwards, the Lease Interest Rate shall be adjusted on 1 January of each year during the term of the lease based on the Benchmark Interest Rate as at 20 December (or the next business day if it is holiday) of the preceding year.

**Basis of determination of the consideration and the lease payment:**

The consideration for the Finance Lease Arrangement A2 (i.e. the finance lease principal amount) was determined based on arm's length negotiation between Lessor A, Guangzhou Yizi and Guangzhou Zituo with reference to the net book value of the Leased Assets A2 and the loan-to-value ratio as set by Lessor A.

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## LETTER FROM THE BOARD

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The lease payment (including the lease interest) was determined based on arm's length negotiation between Lessor A, Guangzhou Yizi and Guangzhou Zituo with reference to the prevailing market interest rate of comparable equipment finance lease.

The Group previously sought quotations from various finance lease companies and noted that the prevailing effective interest rate (calculated based on the total finance cost (i.e. including all interests, handling fees and other charges)) of comparable equipment finance leases was in the range of approximately 6% to 11% per annum. The effective interest rate of Finance Lease Arrangement A2 was approximately 6% per annum and therefore the Board considered that the total finance cost of the Finance Lease Arrangement A2 was in normal commercial terms and was fair and reasonable.

**Buy-back of the  
Leased Assets A2:**

The legal ownership of the Leased Assets A2 will be vested in Lessor A throughout the lease term. Upon the end of the lease term, provided that Guangzhou Yizi and Guangzhou Zituo have fulfilled all of their obligations under the Finance Lease Arrangement A2, Lessor A shall transfer the legal ownership of the Leased Assets A2 to Guangzhou Yizi and Guangzhou Zituo at a nominal consideration of RMB1 (equivalent to approximately HK\$1).

**The Security Documents A**

To secure the obligations of Guangzhou Yizi and Guangzhou Zituo under the Finance Lease Arrangement A1 and the Finance Lease Arrangement A2, on 30 October 2020, Guangzhou Yizi, Guangzhou Zituo, Bluesea Mobile, Mr. Wang and Dr. Lie entered into the following Security Documents A:

**The Guarantee  
Agreements A:**

Each of Bluesea Mobile, Mr. Wang and Dr. Lie entered into the Guarantee Agreements in favour of Lessor A pursuant to which each of them shall provide guarantee to secure the obligations of Guangzhou Yizi and Guangzhou Zituo under the Finance Lease Arrangement A1 and Finance Lease Arrangement A2.

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## LETTER FROM THE BOARD

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**The Accounts  
Receivable Pledge  
Agreements A:**

As security for the obligations of Guangzhou Yizi and Guangzhou Zituo under the Finance Lease Arrangement A1 and Finance Lease Arrangement A2, (i) Guangzhou Yizi entered into the Accounts Receivable Pledge Agreement A (Guangzhou Yizi) in favour of Lessor A to pledge the Accounts Receivable (Guangzhou Yizi); and (ii) Guangzhou Zituo entered into the Accounts Receivable Pledge Agreement A (Guangzhou Zituo) in favour of Lessor A to pledge the Accounts Receivable (Guangzhou Zituo).

**The Equity Interest  
Pledge Agreement A:**

Guangzhou Zituo entered into the Equity Interest Pledge Agreement A to pledge the Pledged Equity Interest to Lessor A as security for the obligations of Guangzhou Yizi and Guangzhou Zituo under the Finance Lease Arrangement A1 and the Finance Lease Arrangement A2.

### **(III) FINANCE LEASE ARRANGEMENT B WITH LESSOR B**

References are made to the announcements of the Company dated 21 September 2020 and 23 September 2020 in relation to the Previous Finance Lease Arrangement B.

On 30 October 2020, Bluesea Cloud Data (an indirect wholly owned subsidiary of the Company) entered into the Finance Lease Agreement B with Lessor B pursuant to which Lessor B agreed to purchase the Leased Assets B from Bluesea Cloud Data for a total consideration of RMB81,500,000 (equivalent to approximately HK\$93,969,500), which would then be leased back to Bluesea Cloud Data for a term of five years.



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## LETTER FROM THE BOARD

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The principal terms of the Finance Lease Agreement B are set out as follows:

**Date:** 30 October 2020

**Parties:** (1) Lessor B. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the Latest Practicable Date, Lessor B was principally engaged in the provision of finance leasing services. Lessor B was owned as to (i) 74.9625% by China Jianyin Investment Limited ("**China Jianyin**"), a company established in the PRC with limited liability and its ultimate holding company was China Investment Corporation which was owned by the government of the PRC; (ii) 18.54% by Grand Leasing Holdings Limited, a company incorporated in the Cayman Islands with limited liability and was ultimately owned by The Carlyle Group which was an American multinational private equity, alternative asset management and financial services corporation; (iii) 6.46% by Main Star Investment Limited, a company incorporated in Hong Kong with limited liability and its ultimate holding company was China Merchants China Direct Investments Limited which was listed on the Stock Exchange (stock code: 133); and (iv) 0.0375% by JIC Technology Investment Company Limited, a company established in the PRC with limited liability and was wholly owned subsidiary of China Jianyin and Lessor B and its ultimate beneficial owners were Independent Third Parties; and

(2) Bluesea Cloud Data, a company established in the PRC with limited liability and an indirect wholly owned subsidiary of the Company which was principally engaged in the operation of internet data centre.

**Subject assets:** The Leased Assets B comprising data centre equipment. The book value of the Leased Assets B is approximately HK\$152,378,000 as at 31 October 2020.

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## LETTER FROM THE BOARD

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<b>Finance lease arrangement:</b>	Pursuant to the Finance Lease Agreement B, Lessor B agreed to purchase the Leased Assets B from Bluesea Cloud Data for a total consideration of RMB81,500,000 (equivalent to approximately HK\$93,969,500), representing the principal amount under the Finance Lease Agreement B and Lessor B agreed to lease back the Leased Assets B to Bluesea Cloud Data for a term of five years.
<b>Date of commencement of the lease:</b>	The date on which the Lessor B makes the first payment of consideration for the Leased Assets B to Bluesea Cloud Data in accordance with the Finance Lease Agreement B.
<b>Period of the lease:</b>	Five years from the date of commencement of the lease
<b>Conditions precedent:</b>	<p>Lessor B shall pay the consideration to Bluesea Cloud Data subject to the following conditions precedent:</p> <ol style="list-style-type: none"><li>1. Lessor B having received the confirmation of the transfer of the Leased Assets B and the request for payment from Bluesea Cloud Data;</li><li>2. Lessor B having received the security deposit and the handling fee from Bluesea Cloud Data;</li><li>3. Lessor B having received the documents evidencing the ownership of the Leased Assets B by Bluesea Cloud Data;</li><li>4. Lessor B having received resolutions of all necessary internal and external approval of Bluesea Cloud Data (including the approval by the Board and the Shareholders) in relation to the Finance Lease Arrangement B;</li><li>5. Lessor B having received resolutions of all necessary internal and external approval by the parties which provide security under the Security Documents B in relation to the Security Documents B;</li></ol>

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## LETTER FROM THE BOARD

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6. Lessor B having received the registration documents of the Security Documents B (if registration is required by law);
7. Lessor B having received the insurance on the Leased Assets B which has been entered into in accordance with the terms of the Finance Lease Agreement B, and the beneficiary of the insurance having been changed to Lessor B;
8. Lessor B having received the list of assets of Dr. Lie signed by him;
9. Bluesea Mobile and Bluesea Cloud Data having entered into the data centre services agreement which stipulates that Bluesea Mobile shall, after deduction of necessary electricity charges and maintenance fees, pay rental fees of GZ Lotus Hill IDC to Bluesea Cloud Data;
10. the Leased Assets B having been moved from Bluesea Mobile to Bluesea Cloud Data;
11. Lessor B having received the bank confirmation showing the amount due by Bluesea Mobile to the bank;
12. the Accounts Receivable Pledge Agreements B and the accounts control agreement in relation to the bank accounts for receiving the receivable under the Accounts Receivable (Bluesea Mobile) and Accounts Receivable (Bluesea Cloud Data) having been entered into;
13. Lessor B having received the valuation report regarding the Leased Assets B; and
14. such other conditions which Lessor B considers necessary.

As at the Latest Practicable Date, all of the above conditions except the Shareholders' approval under condition(4) have been fulfilled.

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## LETTER FROM THE BOARD

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<b>Lease payment and lease interest:</b>	<p>The lease payment under the Finance Lease Agreement B consists of (i) the finance lease principal amount of RMB81,500,000 (equivalent to approximately HK\$93,969,500); and (ii) the lease interest.</p> <p>Bluesea Cloud Data shall repay both the lease principal and the lease interest during the period of the lease quarterly at a fixed interest rate of 6.0325% per annum.</p>
<b>Lease handling fee:</b>	<p>Bluesea Cloud Data shall pay a one-off handling fee of 1.571% of the finance lease principal amount of RMB81,500,000 (equivalent to approximately HK\$93,969,500), i.e. RMB1,280,365 (equivalent to approximately HK\$1,476,261), to the Lessor B.</p>
<b>Basis of determination of the consideration, the lease payment and the handling fees:</b>	<p>The consideration for the Finance Lease Arrangement B (i.e. the finance lease principal amount) was determined based on arm's length negotiation between Lessor B and Bluesea Cloud Data with reference to the net book value of the Leased Assets B, the valuation of the Leased Assets B carried out by an independent valuer using cost approach and the loan-to-value ratio as set by Lessor B.</p> <p>The lease payment (including the lease interest) and the lease handling fee were determined based on arm's length negotiation between Lessor B and Bluesea Cloud Data with reference to the prevailing market interest rate and handling fee of comparable equipment finance lease.</p> <p>The Group previously sought quotations from various finance lease companies and noted that the prevailing effective interest rate (calculated based on the total finance cost (i.e. including all interests, handling fees and other charges)) of comparable equipment finance leases was in the range of approximately 6% to 11% per annum. The effective interest rate of Finance Lease Arrangement B was approximately 6.62% per annum and therefore the Board considered that the total finance cost of the Finance Lease Arrangement B was in normal commercial terms and was fair and reasonable.</p>

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## LETTER FROM THE BOARD

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**Security deposit:** Bluesea Cloud Data shall pay 6% of the finance lease principal amount of RMB81,500,000 (equivalent to approximately HK\$93,969,500), i.e. RMB4,890,000 (equivalent to approximately HK\$5,638,170), as security deposit to Lessor B before Lessor B pays the consideration for the Leased Assets B to Bluesea Cloud Data. If there is default by Bluesea Cloud Data, Lessor B may deduct the principal and interest which falls due, the default interest and other cost arising from the default from the security deposit. If there is no default throughout the term of the lease, Bluesea Cloud Data may use the security deposit to set off against the last payment(s) under the Finance Lease Agreement B.

**Buy-back of the Leased Assets B:** The legal ownership of the Leased Assets B will be vested in Lessor B throughout the lease term. Upon the end of the lease term, provided that Bluesea Cloud Data has fulfilled all of its obligations under the Finance Lease Arrangement B, Lessor B shall transfer the legal ownership of the Leased Assets B to Bluesea Cloud Data at a nominal consideration of RMB1,000 (equivalent to approximately HK\$1,153).

### **The Security Documents B**

To secure the obligations of Bluesea Cloud Data under the Finance Lease Arrangement B, on 30 October 2020, Bluesea Cloud Data, Bluesea Mobile and Dr. Lie entered into the following Security Documents B:

**The Guarantee Agreements B:** Each of Bluesea Mobile and Dr. Lie entered into the Guarantee Agreements B in favour of Lessor B pursuant to which each of them shall provide guarantee to secure the obligations of Bluesea Cloud Data under the Finance Lease Arrangement B.

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## LETTER FROM THE BOARD

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### **The Accounts**

#### **Receivable Pledge**

#### **Agreements B:**

As security for the obligations of Bluesea Cloud Data under the Finance Lease Arrangement B, (i) Bluesea Cloud Data entered into the Accounts Receivable Pledge Agreement B (Bluesea Cloud Data) in favour of Lessor B to pledge the Accounts Receivable (Bluesea Cloud Data); and (ii) Bluesea Mobile entered into the Accounts Receivable Pledge Agreement B (Bluesea Mobile) in favour of Lessor B to pledge the Accounts Receivable (Bluesea Mobile).

### **REASONS FOR THE ARRANGEMENTS**

The Group is principally engaged in sales of telecommunication products and services, including services in relation to data centre, big data, digital government and digital office and 5G supporting and value-added services. The Group currently operates two internet data centres in Guangzhou, namely GZ Lotus Hill IDC and GZ Nanxiang IDC. The Group is also in the process of building six internet data centres in Heshan, Guangdong and expanding the capacity of GZ Nanxiang IDC, i.e. the second phase of GZ Nanxiang IDC.

With favourable policies and support from the PRC government in developing digital economy, demand for internet data centre has been continuously rising, which is driven by 5G, the Internet of Things, digital finance and industrial digitalisation.

The Directors are of the view that under the Arrangements, while the leased assets under the Finance Lease Arrangement A1 and the Finance Lease Arrangement A2 and the leased assets under the Finance Lease Arrangement B fall into part of GZ Nanxiang IDC and GZ Lotus Hill IDC, respectively, the Group will obtain financial resources to support its business activities and gain access to the leased assets which are required for the operation of the Group's internet data centres. The Directors consider that the Arrangements were entered into after arm's length negotiation between each of Lessor A and Lessor B and the Group with reference to the prevailing market interest rate of comparable equipment finance leases and the terms therein are on normal commercial terms and the Arrangements are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

### **FINANCIAL IMPACT OF THE ARRANGEMENTS**

As a result of the Finance Lease Arrangement A1, it is expected that (i) the total assets of the Group will increase to reflect the consideration of the Leased Assets A1 of RMB94,750,800 (equivalent to approximately HK\$109,247,672); and (ii) the total liabilities of the Group will increase to reflect the payment obligation of the Group under the Finance Lease Arrangement A1 of RMB94,750,800 (equivalent to approximately HK\$109,247,672). Pursuant to the Finance Lease Arrangement A1, the estimated aggregate interest during the lease period will be RMB16,847,190 (equivalent to approximately HK\$19,424,810).

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## LETTER FROM THE BOARD

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As a result of the Finance Lease Arrangement A2, it is expected that (i) the total assets of the Group will increase to reflect the proceeds from the sale of the Leased Assets A2 of RMB25,000,000 (equivalent to approximately HK\$28,825,000); and (ii) the total liabilities of the Group will increase to reflect the payment obligation of the Group under the Finance Lease Arrangement A2 of RMB25,000,000 (equivalent to approximately HK\$28,825,000). Pursuant to the Finance Lease Arrangement A2, the estimated aggregate interest during the lease period will be RMB2,367,748 (equivalent to approximately HK\$2,730,014).

As a result of the Finance Lease Arrangement B, it is expected that (i) the total assets of the Group will increase by RMB80,219,635 (equivalent to approximately HK\$92,493,239) to reflect the proceeds from the sale of the Leased Assets B of RMB81,500,000 (equivalent to approximately HK\$93,969,500) and the payment of handling fee of RMB1,280,365 (equivalent to approximately HK\$1,476,261); and (ii) the total liabilities of the Group will increase to reflect the payment obligation of the Group under the Finance Lease Arrangement B of RMB81,500,000 (equivalent to approximately HK\$93,969,500). Pursuant to the Finance Lease Arrangement B, the estimated aggregate interest during the lease period will be RMB12,902,048 (equivalent to approximately HK\$14,876,061) and the handling fee will be RMB1,280,365 (equivalent to approximately HK\$1,476,261).

Save as described above, it is not expected that there will be any material impact on the earnings, assets and liabilities of the Group as a result of the Arrangements.

### EGM

The EGM will be held at Room 901B, 9th Floor, Empire Centre, 68 Mody Road, Tsim Sha Tsui, Kowloon, Hong Kong on Friday, 15 January 2021 at 10:30 a.m. for the Shareholders to consider and approve, if thought fit, among other things, the agreements executed pursuant to the Arrangements and the transactions contemplated thereunder or any adjournment thereof (as the case may be).

A notice convening the EGM and a form of proxy for use by the Shareholders at the EGM are enclosed. Whether or not you intend to attend and vote at the EGM in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar and transfer office of the Company in Hong Kong, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as practicable but in any event no later than 48 hours before the appointed time for holding of the EGM or any adjourned meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof (as the case may be) if you so wish.

In compliance with the GEM Listing Rules, all resolution(s) put to vote at the EGM will be decided by way of poll.

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## LETTER FROM THE BOARD

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To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder has a material interest in the Arrangements. As such, no Shareholder is required to abstain from voting at the EGM in respect of the resolutions approving the Arrangements.

### RECOMMENDATION FROM THE BOARD

The Directors (including the independent non-executive Directors) consider that the terms of the Arrangements and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interest of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolution(s) to be proposed at the EGM.

### ADDITIONAL INFORMATION

Your attention is drawn to the information set out elsewhere in this circular and in the appendices to it.

**Shareholders and potential investors of the Company should be aware that the Arrangements are subject to a number of conditions being satisfied, and consequently the Arrangements may or may not proceed. Accordingly, Shareholders and potential investors are advised to exercise caution when they deal or contemplate dealing in the Shares or other securities (if any) of the Company.**

Yours faithfully,  
For and on behalf of  
**Neo Telemedia Limited**  
**CHEUNG Sing Tai**  
*Deputy Chairman*



## 1. CONSOLIDATED FINANCIAL INFORMATION OF THE GROUP

Consolidated financial information of the Group for each of the three financial years ended 31 December 2017, 2018 and 2019 and the six months ended 30 June 2020 are disclosed in the following documents which have been published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.neo-telemedia.com](http://www.neo-telemedia.com)) respectively:

- Annual report for the year ended 31 December 2017  
<https://www1.hkexnews.hk/listedco/listconews/gem/2018/0329/gln20180329335.pdf>
- Annual report for the year ended 31 December 2018  
<https://www1.hkexnews.hk/listedco/listconews/gem/2019/0327/gln20190327141.pdf>
- Annual report for the year ended 31 December 2019  
<https://www1.hkexnews.hk/listedco/listconews/gem/2020/0514/2020051401883.pdf>
- Interim report for the six months ended 30 June 2020  
<https://www1.hkexnews.hk/listedco/listconews/gem/2020/0814/2020081400009.pdf>

## 2. STATEMENT OF INDEBTEDNESS

### Borrowings

As at the close of business on 31 October 2020, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the Group had the following outstanding borrowings:

	<i>Notes</i>	<i>HK\$'000</i>
Short term bank loan, unsecured and guaranteed	1	3,459
Portion of bank loans repayable after one year which contain a repayment on demand clause		
– secured and guaranteed	2	1,113,530
– unsecured and guaranteed	3	13,029
– secured and unguaranteed	4	<u>121,065</u>
<b>Total bank loans</b>		<b><u>1,251,083</u></b>

	Notes	HK\$'000
Portion of other loan, secured		
– repayable after one year which contain		
a repayment on demand clause	5	148,161
Portion of other loans, unsecured and unguaranteed		
– repayable after one year which contain		
a repayment on demand clause		<u>138,886</u>
<b>Total other loans</b>		<u>287,047</u>
<b>Total borrowings</b>	6	<u><u>1,538,130</u></u>

## Notes:

- 1) The Group's short term bank loan is guaranteed by Dr. Lie and Mr. Wang.
- 2) The Group's bank loans amounting to approximately HK\$1,113,530,000 are guaranteed by Dr. Lie and secured by the pledge of certain properties, plant and equipment of the Group with net book value of approximately HK\$897,513,000 and certain properties of companies substantially owned by Dr. Lie.
- 3) The Group's bank loans amounting to approximately HK\$13,029,000 are guaranteed by Dr. Lie and Mr. Wang.
- 4) The Group's bank loans amounting to approximately HK\$121,065,000 are secured by the equity interest in Shenzhen Zituo Yunqi Technology Company Limited\* (深圳市資拓雲啟科技有限公司) ("Shenzhen Zituo") with carrying value of approximately HK\$84,169,000.
- 5) The Group's other loan of approximately HK\$148,161,000 is guaranteed by Dr. Lie and secured by the Group's property, plant and equipment with net book value of approximately HK\$125,253,000, accounts receivable with carrying value of approximately HK\$32,174,000 and equity interest in Bluesea Cloud Data with carrying value of approximately HK\$57,650,000.
- 6) All of the borrowings are denominated in RMB.

**Lease liabilities**

As at 31 October 2020, the Group had lease liabilities relating to lease obligations of properties of approximately HK\$42,649,000.

**Contingent liabilities**

As at 31 October 2020, the Group did not have any material contingent liabilities.

Save as aforesaid and apart from intra-group liabilities and normal trade payables in the ordinary course of the business of the Group, the Group did not have any outstanding mortgages, charges, debentures or loan capital, bank overdrafts or loan, other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptance or acceptance credits, guarantees or other material contingent liabilities outstanding at the close of business on 31 October 2020.

### **3. WORKING CAPITAL STATEMENT**

Taking into account the financial resources and banking facilities available to the Group and its internal generated funds and the Arrangements, the Directors are of the opinion that the Group has sufficient working capital for its present requirements for at least the next 12 months from the date of this circular.

### **4. FINANCIAL AND TRADING PROSPECT OF THE GROUP**

During the year ended 31 December 2019, the Group's operations mainly comprise sales of telecommunication products and services and operation of internet finance platform business.

The revenue of sale of telecommunication products and services business was approximately HK\$788.8 million (2018: HK\$2,460.3 million). Sale of telecommunication products and services represented trading of telecommunication products, provision of internet data center ("IDC"), Wi-Fi, system integration and value-added internet services and software development in the PRC and Hong Kong. The decrease in revenue was mainly due to the downturn and keen competition of the global mobile business environment and the decrease in consultancy fee income in relation to IDC services and Wi-Fi, system integration and software development services during the year ended 31 December 2019.

As at 31 December 2019, the Group had two IDCs under operation in Guangzhou, namely Guangzhou Lotus Hill Data Center and Guangzhou (Nanxiang) Cloud Data Center. There are three IDCs under development, the major one in Heshan City and the remaining in Shenzhen and Shanghai. Due to the outbreak of coronavirus disease, the construction work of these IDCs has been delayed. It is expected that these three IDCs will commence operation in the first half of 2021.

Regarding the Group's operation of internet finance platform business, as 深圳市蜜蜂金服互聯網金融服務有限公司 (Shenzhen Bees Financial Internet Financial Services Co., Ltd.\*) ("Bees Financial") has limited its operation to collecting debts from borrowers for repayment to the investors, Bees Financial did not generate any revenue (2018: HK\$43.9 million) for the year ended 31 December 2019. As such, in order to save costs of debt collection and to realise the investment in Bees Financial, the Group disposed of Bees Financial to an Independent Third Party for a consideration of HK\$1,126,000 during the nine months ended 30 September 2020 and recorded a gain on disposal of approximately HK\$6,224,000.

Looking forward, the Group will continue to focus on its IDC business. While the construction work of the IDCs in Heshan City has been behind schedule due to the outbreak of coronavirus disease, it is expected that it will be put in service in the first half of 2021 and more revenue will be contributed therefrom in the coming years.

Moreover, the Group will continue to explore potential investment opportunities in IDC, Internet of Things, cloud computing and related businesses. With favorable policies and support from the PRC government towards these fast growing sectors, the management is optimistic that the Group will be able to reward shareholders with better results in the foreseeable future.

## 1. RESPONSIBILITY STATEMENT

This circular, 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 regarding the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular 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 circular misleading.

## 2. DISCLOSURE OF INTERESTS

### (i) Directors' and chief executives' interests and/or short positions in the Shares, underlying Shares and debentures of the Company or any associated corporation

As at the Latest Practicable Date, the interests or short positions of the Directors in the securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were 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 deemed or taken to have under such provisions of the SFO, or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules relating to securities transactions by directors, to be notified to the Company and the Stock Exchange, were as follows:

#### Long positions in the Shares:

Name of Director	Capacity	Number of Shares held	Number of Underlying Shares held (Note 2)	Approximate percentage of shareholding
Dr. LIE Haiquan	Beneficial owner	2,240,340,000	9,000,000	23.62%
	Interest in controlled corporations (Note 1)	2,091,923,357	–	21.97%
Mr. CHEUNG Sing Tai	Beneficial owner	–	18,000,000	0.19%
Mr. TAO Wei	Beneficial owner	–	6,000,000	0.06%
Mr. ZHANG Zihua	Beneficial owner	–	1,000,000	0.01%
Ms. XI Lina	Beneficial owner	–	1,000,000	0.01%
Mr. HUANG Zhixiong	Beneficial owner	–	1,000,000	0.01%

*Notes:*

1. 2,055,887,357 shares and 36,036,000 shares are held by Winner Mind Investments Limited (“**Winner Mind**”) and Golden Ocean Assets Management Limited respectively; both companies are wholly-owned by Dr. LIE Haiquan. Thus, he was deemed to be interested in these 2,091,923,357 shares pursuant to the SFO.
2. These underlying shares are derived from the share options granted by the Company.

Save as disclosed in this circular, as at the Latest Practicable Date, none of the other Directors or chief executive of the Company had any interests and short positions 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 (i) were required 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 deemed or taken to have under such provisions of the SFO, (ii) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or (iii) were required, pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules relating to securities transactions by Directors to be notified to the Company and the Stock Exchange.

**(ii) Directors’ other interests**

- (a) As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any asset which have been since 31 December 2019, the date to which the latest published audited financial statements of the Company were made up, 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.
- (b) As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group which was subsisting at the Latest Practicable Date, and which was significant in relation to the business of the Group.

## (iii) Substantial Shareholders

- (a) As at the Latest Practicable Date, other than the interests of Directors as disclosed above, shareholders who had interests or short positions in the securities of the Company which would fall to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO, or who were deemed to be directly and indirectly interested in 5% or more of the issued share capital of the Company, or which were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

Name	Nature of interests	Number of shares/ underlying shares held	Approximate percentage of shareholding
Winner Mind <sup>(Note 1)</sup>	Beneficial owner	2,055,887,357	21.59%
Mr. YAN Wai Ping	Beneficial owner	373,588,000	3.92%
	Interest of spouse <sup>(Note 2)</sup>	106,702,000	1.12%

## Notes:

- Winner Mind is wholly-owned by Dr. Lie, an executive Director, the chairman of the Board and the sole Director of Winner Mind.
- Mr. Yan is interested in 106,702,000 Shares held by his spouse, Ms. WONG Pui Yan.

Save as disclosed in this circular, as at the Latest Practicable Date, so far as is known to the Directors, there was no other person who had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO and section 336 of the SFO, or, had a direct or indirect interest amounting to 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any members of the Group.

## 3. COMPETING INTEREST

As at the Latest Practicable Date, none of the Directors, controlling Shareholder or, so far as is known to them, any of their respective close associates was interested in any business apart from the business of the Group, which competed or was likely to compete, either directly or indirectly, with that of the Group.

#### 4. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the members of the Group within two years immediately preceding the Latest Practicable Date which are or may be material:

- (i) the sale and purchase agreement between NEO Cloud Computing Holdings Limited and Great Fancy Investment Limited dated 26 September 2019 in relation to the disposal of one share in the share capital of Million Ace Limited at a consideration of HK\$10 million;
- (ii) the sale and purchase agreement among Lessor A, Hedongli Energy Company Limited\* (合動力能源有限公司) and Bluesea Data dated 20 December 2019 in relation to the sale and purchase of data centre equipment at a consideration of RMB190 million;
- (iii) the finance lease agreement between Lessor A and Bluesea Data dated 20 December 2019 in relation to the Previous Finance Lease Arrangement A with the finance lease principal amount of RMB190 million;
- (iv) the assets pledge agreement between Lessor A and Bluesea Mobile dated 20 December 2019 to pledge three data centres in Heshan City, Jiangmen, Guangdong Province to Lessor A as security for the obligations of Bluesea Data under the Previous Finance Lease Arrangement A;
- (v) the guarantee agreement between Lessor A and Bluesea Mobile dated 20 December 2019 to provide guarantee to secure the obligations of Bluesea Data under the Previous Finance Lease Arrangement A;
- (vi) the construction agreement between Shenzhen Zituo and Haikou Youfu Mechanical and Electrical Equipment Installation Engineering Company Limited\* (海口有孚機電設備安裝工程有限公司) dated 2 July 2020 in relation to the construction of data centre at a consideration of RMB36 million;
- (vii) the construction agreement between Shenzhen Zituo and Sichuan Jupeng Construction Engineering Company Limited\* (四川聚鵬建設工程有限公司) dated 2 July 2020 in relation to the construction of data centre at a consideration of RMB40.8 million;
- (viii) the construction agreement between Shenzhen Zituo and Shenzhen Guangyuan Waterproof Reinforcement Engineering Technology Company Limited\* (深圳廣源防水加固工程技術有限公司) dated 2 July 2020 in relation to the construction of data centre at a consideration of RMB42 million;



- (ix) the finance lease agreement between Lessor B and Bluesea Cloud Data dated 21 September 2020 in relation to the Previous Finance Lease Arrangement B with the finance lease principal amount of RMB128.5 million;
- (x) the guarantee agreement between Lessor B and Bluesea Mobile dated 21 September 2020 to provide guarantee to secure the obligations of Bluesea Cloud Data under the Previous Finance Lease Arrangement B;
- (xi) the accounts receivable pledge agreement between Lessor B and Bluesea Cloud Data dated 21 September 2020 to pledge accounts receivable to Lessor B to secure the obligations of Bluesea Cloud Data under the Previous Finance Lease Arrangement B;
- (xii) the accounts receivable pledge agreement between Lessor B and Bluesea Mobile dated 21 September 2020 to pledge accounts receivable to Lessor B to secure the obligations of Bluesea Cloud Data under the Previous Finance Lease Arrangement B;
- (xiii) the equity interest pledge agreement between Lessor B and Bluesea Mobile dated 21 September 2020 to pledge the entire equity interest in Bluesea Cloud Data held by Bluesea Mobile to Lessor B to secure the obligations of Bluesea Cloud Data under the Previous Finance Lease Arrangement B;
- (xiv) the Sale and Purchase Agreement;
- (xv) the Finance Lease Agreement A1;
- (xvi) the Finance Lease Agreement A2;
- (xvii) the Guarantee Agreement A (Bluesea Mobile);
- (xviii) the Accounts Receivable Pledge Agreement A (Guangzhou Yizi);
- (xix) the Accounts Receivable Pledge Agreement A (Guangzhou Zituo);
- (xx) the Equity Interest Pledge Agreement A;
- (xxi) the Finance Lease Agreement B;
- (xxii) the Guarantee Agreement B (Bluesea Mobile);
- (xxiii) the Accounts Receivable Pledge Agreement B (Bluesea Cloud Data); and
- (xxiv) the Accounts Receivable Pledge Agreement B (Bluesea Mobile).

## 5. MATERIAL LITIGATION

Reference is made to the announcements of the Company dated 19 June 2015 and 30 November 2015 in relation to an equity transfer memorandum of understanding and a supplemental MOU (collectively referred to as the “**MOUs**”) entered into between NEO Intelligence Holdings Limited (“**NEO Intelligence**”), a wholly-owned subsidiary of the Company, Messrs CHAN Hung Kwong, CHAN Yu Chiu and CHAN Yue Kuen (collectively referred to as the “**Vendors**”) and Giant Crown Industries Limited (the “**Target**”). By the MOUs, it was agreed between NEO Intelligence and the Vendors, *inter alia*, that:

- 1) the Vendors and NEO Intelligence shall negotiate for the acquisition by NEO Intelligence of 80% shareholding of and in the Target and ACE International Electronics Limited from the Vendors;
- 2) NEO Intelligence shall pay the Vendors a refundable deposit in the sum of HK\$20,000,000 (the “**Deposit**”);
- 3) the Deposit shall be refunded to NEO Intelligence upon termination of the MOUs or 31 March 2016, whichever is earlier;
- 4) the Target, being the legal and beneficial owner of the entire equity interest in 廣州港鉅電子實業有限公司 (Guangzhou Gangju Electronics Industries Company Limited\*) (“**Gangju**”), a company established under the laws of PRC, irrevocably and unconditionally undertakes to NEO Intelligence that, until the Deposit has been refunded in full to NEO Intelligence, it shall procure Gangju to irrevocably and unconditionally agree the free use of a block of building situated at 廣州番禺區石樓鎮礪江路144號A棟 under the certificate of land ownership “粵房地証字第3005825號” (“**Block A**”) by NEO Intelligence or its nominee without any payment or compensation;
- 5) if the Vendors fail to refund the Deposit in full to NEO Intelligence by the due date mentioned in paragraph 3 above, the Target irrevocably and unconditionally undertakes that it shall procure Gangju to irrevocably and unconditionally agree to the permanent free use of Block A by NEO Intelligence or its nominee without any payment or compensation; and
- 6) if the parties are unable to sign a formal agreement for the acquisition by 31 March 2016, the MOUs shall terminate automatically.

The Deposit was duly paid to the Vendors on 22 June 2015 by NEO Intelligence. By the said due date of 31 March 2016, NEO Intelligence and the Vendors were not able to come to any agreement regarding the acquisition and the MOUs therefore terminated automatically. Nevertheless, the Deposit was not refunded to NEO Intelligence upon the termination of the MOUs or 31 March 2016.

Consequently, NEO Intelligence nominated Bluesea Mobile to enter into physical possession of Block A with the agreement of Gangju. Bluesea Mobile then carried out renovation works to Block A for the purpose of modifying and fitting it out as an internet data centre (“**IDC**”), namely, GZ Lotus Hill IDC.

As advised by the Group’s legal adviser, NEO Intelligence and Bluesea Mobile requested the Target and the Vendors to procure Gangju to sign all necessary documents to formally vest Bluesea Mobile’s right of permanent free use of Block A to prevent any subsequent interference or challenge, whether by the Target, the Vendors, Gangju or other persons, to detriment of the business of the IDC. However, despite the repeated requests by NEO Intelligence and Bluesea Mobile, the Target and the Vendors failed to do so.

On 12 May 2017, NEO Intelligence issued a writ of summons against the Target and the Vendors (collectively referred to as the “**Respondents**”) under Court of First Instance of the High Court of Hong Kong Action No. 1127 of 2017 (the “**Action**”) to claim against the Respondents, *inter alia*, for:

- 1) a declaration that NEO Intelligence and its nominee, Bluesea Mobile, are entitled to the use of Block A freely and permanently without any payment or compensation to the Respondents;
- 2) an Order that the Respondents shall procure Gangju to execute all such documents as may be necessary to vest in Bluesea Mobile the right to the use of Block A freely and permanently without any payment or compensation; and
- 3) alternatively, damages, including but not limited to the Deposit, all costs and expenses arising from and incidental to the modification and fitting out of Block A into the IDC, and loss of Bluesea Mobile’s profits from the operation of the IDC, to be assessed.

On 17 July 2017, the Respondents issued a summons applying for a stay of the Action in view of an arbitration clause in the MOUs (the “**Application**”). A hearing of the Application was held at the High Court on 14 November 2017 and the judgement thereof was handed down on 27 November 2017 which granted a stay of the Action pending arbitration at the Hong Kong International Arbitration Centre (“**HKIAC**”) in accordance with the UNCITRAL Arbitration Rules.

On 4 January 2018, NEO Intelligence issued and served a notice of arbitration under Arbitration No. HKIAC/PA18006 (the “**Arbitration**”). The substantive hearing of the Arbitration was completed on 17 April 2020 but the arbitral tribunal has not handed down its decision as of the Latest Practicable Date.

The Group's legal adviser is of the opinion that NEO Intelligence enjoys a high chance of success in the Arbitration. In addition, as requested by Bluesea Mobile, The People's Court of Panyu District, Guangzhou has granted an order of property preservation for Block A. Bluesea Mobile can therefore continue to use Block A without interference until the dispute is resolved. As such, the Directors consider that the legal proceedings do not have any material impact on the operations of GZ Lotus Hill IDC and the Group.

Save as disclosed above, as at the Latest Practicable Date, to the best knowledge of the Directors, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

## **6. DIRECTORS' SERVICE CONTRACTS**

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

## **7. MATERIAL ADVERSE CHANGE**

The Directors are not aware of any material adverse change in the financial or trading position or outlook of the Group since 31 December 2019, the date to which the latest published audited consolidated financial statements of the Group were made up.

## **8. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection during normal business hours at the Company's principal place of business in Hong Kong at Room 901B, 9th Floor, Empire Centre, 68 Mody Road, Tsim Sha Tsui, Kowloon, Hong Kong from the date of this circular up to and including the date of the EGM:

1. the Company's memorandum and articles of association;
2. the material contracts referred to in the section headed "4. Material Contracts" in this appendix;
3. the annual reports of the Company for each of the two financial years ended 31 December 2018 and 2019 and the third quarterly report of the Company for the nine months ended 30 September 2020; and
4. this circular.

**9. MISCELLANEOUS**

- (i) The company secretary of the Company is Mr. YUEN Poi Lam William who is a member of the American Institute of Certified Public Accountants and the Hong Kong Institute of Certified Public Accountants. He is also a certified public accountant in the state of California, the United States and a Chartered Global Management Accountant in the United States.
- (ii) The compliance officer of the Company is Mr. CHEUNG Sing Tai, who is also an executive Director, deputy chairman of the Board and chief executive officer.
- (iii) The Company has established the Audit Committee with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules. The primary duties of the Audit Committee are (a) to review the Group's annual reports, interim reports and quarterly reports; (b) to discuss and review with the auditor of the Company on the scope and findings of the audit; and (c) to supervise the financial reporting process, risk management and internal control systems of the Group. The Audit Committee consists of three independent non-executive Directors, namely Mr. ZHANG Zihua, Ms. XI Lina and Mr. HUANG Zhixiong. The chairman of the Audit Committee is Mr. ZHANG Zihua, who possesses extensive experience in finance and accounting.

**Mr. ZHANG Zihua** (“**Mr. Zhang**”), aged 46, was appointed as an independent non-executive Director on 20 September 2016. He is also the chairman of each of the audit committee, nomination committee and the remuneration committee of the Company. He holds a Graduate Diploma of Chartered Accounting from The Institute of Chartered Accountants in Australia and New Zealand and a Degree of Bachelor of Economics in Accounting from Guangdong University of Technology. He is a fellow member of the CPA Australia and a member of The Chinese Institute of Certified Public Accountants, The Institute of Chartered Accountants in Australia and New Zealand and the Association of Chartered Certified Accountants. He is also Justice of the Peace for New South Wales in Australia.

Mr. Zhang joined Accentor Associates Pty Limited (“**Accentor**”) as a partner on 15 June 2020. Before joining Accentor, he was a partner of Addsum Accountants Pty Ltd until 13 March 2020 and he has worked in public practice at KPMG and PricewaterhouseCoopers in Australia, China and Europe for over 17 years. He participated in a wide range of auditing, initial public offering and due diligence projects to a wide portfolio of private and multinational companies operating in Australia, Europe, the PRC, and Hong Kong.

**Ms. XI Lina**, aged 37, was appointed as an independent non-executive Director on 16 May 2014. She is also a member of each of the audit committee, nomination committee and remuneration committee of the Company. 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**, aged 57, was appointed as an independent non-executive Director on 13 May 2015. He is also a member of the audit committee of the Company. He holds a doctoral degree in business management. He is the senior advisor of 廣東華南科技資本研究院 (Institute of Guangdong South China Science and Technology Capital\*) and was appointed as the extramural tutor of the master programme of professional accounting of the South China University of Technology in November 2015. He was also appointed as a member of the Advisory Board of the Faculty of Business of City University of Macau in January 2017. Mr. Huang obtained the Independent Director Qualification awarded by the Shenzhen Stock Exchange in January 2015 and obtained the Board Secretary Qualification awarded by the Shenzhen Stock Exchange in April 2015. Mr. Huang was certified with (1) the Securities Certificate Level II in 2005, (2) the Securities Institutions Senior Management Personnel Qualification in 2003, (3) the Securities Investment Fund Qualification and Securities and Futures Qualification in 2002, (4) the Securities Investment Analysis Qualification in 2001, (5) the Securities Trading Brokerage Qualification and Securities Issuance and Underwriting Qualification in 2000, and (6) 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 Chairman of the board and the Managing Director of Guangdong Shunna Electric Co., Ltd (Formerly named Guangdong Macro Co., Ltd., company listed on the Shenzhen Stock Exchange (stock code: 000533)), in which he was the vice chairman from August 2013 to July 2016.

- (iv) The head office and principal place of business of the Company in Hong Kong is located at Room 901B, 9th Floor, Empire Centre, 68 Mody Road, Tsim Sha Tsui, Kowloon, Hong Kong.
- (v) The Hong Kong branch share registrar and transfer office of the Company, Tricor Tengis Limited, is located at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (vi) In the event of any inconsistency, the English language version of this circular shall prevail over the Chinese language version.

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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### 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)**

**NOTICE IS HEREBY GIVEN** that the extraordinary general meeting (“EGM”) of Neo Telemedia Limited (the “Company”) will be held at Room 901B, 9th Floor, Empire Centre, 68 Mody Road, Tsim Sha Tsui, Kowloon, Hong Kong on Friday, 15 January 2021 at 10:30 a.m. to consider and, if thought fit, pass the following resolution of the Company. Unless otherwise defined, capitalised terms used herein shall have the same meanings as ascribed to them in the circular of the Company dated 24 December 2020.

#### **ORDINARY RESOLUTIONS**

1. “**THAT:**

- (a) the agreements entered into pursuant to the Finance Lease Arrangement A1 and Finance Lease Arrangement A2 (including the (i) Sale and Purchase Agreement; (ii) Finance Lease Agreement A1; (iii) Finance Lease Agreement A2; (iv) Guarantee Agreement A (Bluesea Mobile); (v) Accounts Receivable Pledge Agreement A (Guangzhou Yizi); (vi) Accounts Receivable Pledge Agreement A (Guangzhou Zituo); and (vii) Equity Interest Pledge Agreement A) (copies of the above-mentioned agreements and the agreements in relation to the Previous Finance Lease Arrangement A are signed by the chairman of the EGM for identification purpose and have been tabled at the EGM), and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified.
- (b) any one Director be and is hereby generally and unconditionally authorised to do all such acts and things, to sign and execute all such further documents for and on behalf of the Company and to take such steps as he may in his absolute discretion consider necessary, appropriate, desirable or expedient to give effect to or in connection with the aforesaid agreement(s) and all transactions contemplated thereunder.”

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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2. “THAT:

- (a) the agreements entered into pursuant to the Finance Lease Arrangement B (including the (i) Finance Lease Agreement B; (ii) Guarantee Agreement B (Bluesea Mobile); (iii) Accounts Receivable Pledge Agreement B (Bluesea Cloud Data); and (iv) Accounts Receivable Pledge Agreement B (Bluesea Mobile)) (copies of the above-mentioned agreements and the agreements in relation to the Previous Finance Lease Arrangement B are signed by the chairman of the EGM for identification purpose and have been tabled at the EGM), and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified.
- (b) any one Director be and is hereby generally and unconditionally authorised to do all such acts and things, to sign and execute all such further documents for and on behalf of the Company and to take such steps as he may in his absolute discretion consider necessary, appropriate, desirable or expedient to give effect to or in connection with the aforesaid agreement(s) and all transactions contemplated thereunder.”

For and on behalf of  
**Neo Telemedia Limited**  
**CHEUNG Sing Tai**  
*Deputy Chairman*

Hong Kong, 24 December 2020

*Notes:*

- 1. Any shareholder of the Company entitled to attend and vote at the EGM is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a shareholder of the Company.
- 2. In order to be valid, a form of proxy in the prescribed form together with the power of attorney or other authority (if any) under which it is signed must be deposited at the branch share registrar of the Company, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time fixed for holding the EGM.
- 3. Completion and return of the form of proxy will not preclude a shareholder of the Company from attending and voting in person at the EGM or any adjournment thereof, should he/she so wish. In such event, the instrument appointing a proxy shall be deemed to be revoked.
- 4. In the case of joint holders of a share, any one of such holders may vote at the meeting, either personally, by proxy, in respect of such shares as if he were solely entitled thereto but if more than one of such joint holders be present at the meeting personally or by proxy, that one of such holders so present whose name stands first on the register of members in respect of such share shall alone be entitled to vote in respect thereof.
- 5. As required under the GEM Listing Rules, the above resolutions will be decided by way of poll.



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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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6. For determining the qualification as shareholders of the Company to attend and vote at the EGM, the register of members of the Company will be closed as set out below:

Latest time to lodge transfer documents for registration:	4:30 p.m. on Monday, 11 January 2021
Closure of register of members:	Tuesday, 12 January 2021 to Friday, 15 January 2021 (both dates inclusive)
Record Date:	Friday, 15 January 2021

During the above closure period, no transfer of shares will be registered. In order to be eligible to attend and vote at the EGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than the above-mentioned latest time.

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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### PRECAUTIONARY MEASURES FOR THE EGM

Taking into account of the recent development of the global pandemic caused by the novel coronavirus (COVID-19), the Company will implement the following precautionary measures at the EGM against the pandemic to protect the Shareholders and participants attending the EGM:

- (i) Before registration, compulsory body temperature check will be conducted for every person (including, but not limited to, Shareholders and proxies) attending the EGM at the entrance of the venue, and any person with a body temperature of over 37.3 degrees Celsius will not be admitted to the venue;
- (ii) Every person (including, but not limited to, Shareholders and proxies) attending the EGM is required to wear an appropriate face mask at any time in the venue;
- (iii) Appropriate settings will be arranged at the venue of the EGM to meet relevant regulatory requirements with respect to physical distancing;
- (iv) Should any attendee decline any of the abovementioned measures, the Company reserves the right to refuse to admit such person to the EGM; and
- (v) No refreshment will be served at the EGM.

To the extent permitted under law, the Company reserves the right to deny entry into the EGM venue or require any person to leave the EGM venue in order to ensure the safety of the attendees at the EGM.

In the interest of all stakeholders' health and safety, the Company reminds all Shareholders that physical attendance in person at the EGM is not necessary for the purpose of exercising voting rights. As an alternative, by using proxy forms with voting instructions inserted, Shareholders may appoint the chairman of the EGM as their proxy to vote on the relevant resolutions at the EGM instead of attending the EGM in person.

**Due to the constantly evolving COVID-19 pandemic situation, the Company may be required to change the EGM arrangements at short notice. Shareholders are advised to check the website of the Stock Exchange and the Company's website for future announcements and updates on the EGM arrangements.**

*As at the date of this notice, the Board comprises four executive Directors, namely Dr. LIE Haiquan (Chairman), Mr. CHEUNG Sing Tai (Deputy Chairman and Chief Executive Officer), Mr. TAO Wei and Mr. WU Di, and three independent non-executive Directors, namely Mr. ZHANG Zihua, Ms. XI Lina and Mr. HUANG Zhixiong.*