



25 July 2014

To the Independent Shareholders

Dear Sir/Madam,

**UNCONDITIONAL MANDATORY CASH OFFER BY
KINGSTON SECURITIES LIMITED
ON BEHALF OF UNITECH ENTERPRISES TO ACQUIRE ALL THE
ISSUED SHARES (OTHER THAN THOSE ALREADY OWNED OR
AGREED TO BE ACQUIRED BY UNITECH ENTERPRISES AND
PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

Reference is made to the Joint Announcement of the Company, VC and the Offeror dated 7 May 2014 in relation to, among other things, the Share Sale and the Share Offer.

As set out in the Joint Announcement, on 14 March 2014, Sure Strategy, Merlotte Enterprise, Victory City Investments and the Offeror entered into the Share Sale Agreement, pursuant to which the Vendors have conditionally agreed to sell and the Offeror has conditionally agreed to purchase the Sale Shares, being the aggregate interest of 320,000,000 Shares held by the Vendors, representing approximately 61.56% of the entire issued share capital of the Company as at the Latest Practicable Date, at an aggregate consideration of HK\$258,560,000, representing HK\$0.808 per Sale Share.

The Share Sale Completion took place on 22 July 2014. Upon the Share Sale Completion, the Offeror became the owner of approximately 61.56% of all the Shares in issue. Accordingly, pursuant to Rules 13.5 and 26.1 of the Takeovers Code, upon Share Sale Completion, the Offeror is required to make an unconditional mandatory cash offer for all the issued Shares which are not already owned or agreed to be acquired by it and parties acting in concert with it. As at the Latest Practicable Date, all Share Options had been exercised in full. As the Offeror and parties acting in concert with it are holding more than 50% of the issued Shares, the Share Offer is unconditional.

This letter sets out, among other things, the details of the Share Offer, information on the Offeror and the intention of the Offeror regarding the Group. The terms of the Share Offer and the procedures of acceptances are set out in this letter, Appendix I to this Composite Document and the Form of Acceptance.

The Independent Shareholders are strongly advised to carefully consider the information contained in the "Letter from the Board", the "Letter from the Independent Board Committee" and the "Letter from Shenying Wanguo" as set out in this Composite Document before reaching a decision as to whether or not to accept the Share Offer.

THE SHARE OFFER

Kingston Securities, on behalf of the Offeror and in compliance with the Takeovers Code, hereby makes the Share Offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) in accordance with the Takeovers Code on the following basis:

For each Offer Share HK\$0.808 in cash

The Share Offer Price is the same as the purchase price per Sale Share under the Share Sale Agreement, which was arrived after arm's length negotiations between the Offeror and the Vendors.

The Shares to be acquired under the Share Offer are fully paid and free from any liens, charges and encumbrances and together with all rights attaching to them including all dividends and distributions (but excluding the entitlements to the Special Cash Dividend) which may be declared, made or paid at any time on or after the date on which the Share Offer is made.

The Share Offer will extend to all Shares in issue on the date on which the Share Offer is made, being the date of despatch of this Composite Document other than those Shares held by the Offeror and persons acting in concert with it.

Comparison of Value

The Share Offer Price of HK\$0.808 per Offer Share represents:

- (a) a discount of approximately 14.043% to the closing price of HK\$0.940 per Share as quoted on the Stock Exchange on 23 July 2013, being the last Business Day prior to the commencement of the Offer Period;
- (b) a discount of approximately 70.830% to the closing price of HK\$2.770 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (c) a discount of approximately 71.368% to the average closing price of approximately HK\$2.822 per Share as quoted on the Stock Exchange for the 5 consecutive trading days immediately prior to and including the Last Trading Day;
- (d) a discount of approximately 71.619% to the average closing price of approximately HK\$2.847 per Share as quoted on the Stock Exchange for the 10 consecutive trading days immediately prior to and including the Last Trading Day;

- (e) a discount of approximately 71.866% to the average closing price of approximately HK\$2.872 per Share as quoted on the Stock Exchange for the 30 consecutive trading days immediately prior to and including the Last Trading Day;
- (f) a discount of approximately 71.748% to the closing price of HK\$2.860 per Share as quoted on the Stock Exchange as at the Latest Practicable Date;
- (g) a premium of approximately 1,038.028% over the unaudited pro forma net asset value per Share of approximately HK\$0.071 as at 30 September 2013 (being the date to which the unaudited pro forma consolidated financial position of the Remaining Group were made up as set out in Appendix III to this Composite Document), calculated based on the Remaining Group's unaudited pro forma consolidated net assets attributable to equity holders of the Company of approximately HK\$36,764,000 as at 30 September 2013 and 519,777,000 Shares in issue as at the Latest Practicable Date;
- (h) a premium of approximately 10.534% over the audited net asset value per Share of approximately HK\$0.731 as at 31 March 2014 (being the date to which the latest audited consolidated financial results of the Former Group were made up), calculated based on the Former Group's audited consolidated net assets attributable to equity holders of the Company of approximately HK\$379,978,000 as at 31 March 2014 and 519,777,000 Shares in issue as at the Latest Practicable Date; and
- (i) a premium of approximately 11.142% over the unaudited net asset value per Share of approximately HK\$0.727 as at 30 September 2013 (being the date to which the latest published unaudited consolidated financial results of the Former Group were made up), calculated based on the Former Group's unaudited consolidated net assets attributable to equity holders of approximately HK\$377,703,000 as at 30 September 2013 and 519,777,000 Shares in issue as at the Latest Practicable Date.

Highest and lowest Share prices

During the Relevant Period:

- (i) the highest closing price of the Shares as quoted on the Stock Exchange was HK\$3.32 on 10 February 2014; and
- (ii) the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.74 on 7 March 2013.

Option Undertaking

Mr. Ng has provided an irrevocable undertaking to the Vendors to, prior to the closing of the Share Offer, (i) exercise no less than 2,261,740 Share Options granted to him at an exercise price of HK\$0.600 per Option Share; and (ii) accept the Share Offer in respect of such number of his Shares.

Reference is made to the Company's announcement dated 23 May 2014. On 23 May 2014, an aggregate of 58,000,000 Shares were issued by the Company upon exercise of 21,000,000 Share Options and 37,000,000 Share Options held by Mr. Ng at exercise prices of HK\$0.600 per Option Share and HK\$0.844 per Option Share, respectively. As at the Latest Practicable Date, Mr. Ng no longer held any Share Options. Upon Share Sale Completion and pursuant to the Option Undertaking pursuant to which Mr. Ng will accept the Share Offer to be made by the Offeror in respect of such number of his Shares, the Offeror will hold approximately 62.00% interest in the Company before any other acceptance by any Shareholder under the Share Offer based on the total issued share capital of the Company as at the Latest Practicable Date.

As at the Latest Practicable Date, Mr. Ng Tze On, an executive Director and a beneficial holder of 5,350,000 Shares, Mr. Lau Kwok Wa, Stanley, an executive Director and a beneficial holder of 5,350,000 Shares, Mr. Chen, a non-executive Director and an ultimate beneficial holder of 3,821,080 Shares, and Mr. Li, a non-executive Director and an ultimate beneficial holder of 3,789,440 Shares, had respectively indicated that they intend to reject the Share Offer.

Save for the aforesaid, the Offeror had not received any indication or irrevocable commitment from any Shareholder that he/she/it will accept or reject the Share Offer as at the Latest Practicable Date.

Total consideration for the Share Offer

On the basis of the Share Offer price of HK\$0.808 per Offer Share and 519,777,000 Shares in issue as at the Latest Practicable Date, (i) the entire issued share capital of the Company is valued at HK\$419,979,816 and (ii) 199,777,000 Shares will be subject to the Share Offer and the Share Offer is valued at HK\$161,419,816.

As at the Latest Practicable Date, all Share Options had been exercised in full and the Company had no other outstanding securities, options, warrants or derivatives which are convertible into or which confer rights to require the issue of Shares and the Company had no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the Latest Practicable Date.

Confirmation of financial resources

The financial resources of the Offeror to satisfy the consideration for the full acceptance of the Share Offer shall amount to an aggregate of HK\$161,419,816, which shall be financed by the standby facility of up to HK\$161,440,000 granted by Kingston Securities.

Kingston CF, the financial adviser to the Offeror in respect of the Share Offer, is satisfied that sufficient financial resources are available to the Offeror to satisfy the full acceptance of the Share Offer.

Effect of accepting the Share Offer

The Share Offer is unconditional in all respects and is not conditional upon acceptances being received in respect of a minimum number or any other conditions.

The Share Offer

By accepting the Share Offer, the Independent Shareholders will sell their Shares free from all liens, charges, options, claims, equities, adverse interests, third party rights or encumbrances whatsoever and together with all rights attaching to them including all dividends and distributions (but excluding the entitlements to the Special Cash Dividend) which may be declared, made or paid at any time on or after the date on which the Share Offer is made, being the date of this Composite Document.

Acceptance of the Share Offer by any Independent Shareholder will be deemed to constitute a warranty by such person that all Shares sold by such person under the Share Offer are free from all liens, charges, options, claims, equities, adverse interests, third-party rights or encumbrances whatsoever and together with all rights accruing or attaching thereto, including, without limitation, the right to receive future dividends and other distributions (but excluding the entitlements to the Special Cash Dividend) recommended, declared, made or paid, if any, on or after the date on which the Share Offer is made. Acceptances of the Share Offer shall be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code.

Hong Kong stamp duty

Seller's ad valorem stamp duty arising in connection with acceptance of the Share Offer amounting to 0.1% of the amount payable in respect of relevant acceptances by the Shareholders, or (if higher) the value of the Shares as determined by the Collector of Stamp Revenue under the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong), will be deducted from the amount payable to the Independent Shareholders who accept the Share Offer. The Offeror will then pay the stamp duty so deducted on their behalf. The Offeror will bear buyer's ad valorem stamp duty.

Payment

Payment in cash in respect of acceptances of the Share Offer (after deducting the accepting Independent Shareholders' share of stamp duty) will be made as soon as possible but within 7 Business Days (as defined under the Takeovers Code) of the date of receipt of a duly completed acceptance. Relevant documents evidencing title must be received by or on behalf of the Offeror to render such acceptance of the Share Offer complete and valid and in accordance with the Takeovers Code.

Overseas Shareholders

As the Share Offer to persons not residing in Hong Kong may be affected by the laws of the relevant jurisdiction in which they are resident, the Overseas Shareholders who are citizens or residents or nationals of a jurisdiction outside Hong Kong should inform

themselves about and observe any applicable legal or regulatory requirements and where necessary seek legal advice. It is the responsibility of the Overseas Shareholders who wish to accept the Share Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdiction in connection therewith (including but not limited to the obtaining of any governmental, exchange control or other consent and any registration or filing which may be required and the compliance with all necessary formalities, regulatory and/or legal requirements and the payment of any transfer or other taxes and duties due in respect of the relevant jurisdiction).

Any acceptance by any Independent Shareholder will be deemed to constitute a representation and warranty from such Independent Shareholder to the Offeror that the local laws and requirements have been complied with, and such acceptance shall be valid and binding in accordance with all applicable laws. The Independent Shareholders should consult their professional advisers if in doubt.

Compulsory acquisition

The Offeror does not intend to avail itself of any power of compulsory acquisition of any Shares outstanding after the close of the Share Offer.

Further terms of the Share Offer

Further terms of the Share Offer including, among other things, procedures for acceptance and settlement, the acceptance period and taxation matters are set out in Appendix I to this Composite Document and in the Form of Acceptance.

Dealing and interests in the Company's securities

The Offeror, its ultimate beneficial owners and parties acting in concert with any of them had not dealt in the Shares, convertible securities, warrants, options or derivatives of the Company during the Relevant Period, being the six-month period preceding the date of the Preliminary Announcement up to and including the Latest Practicable Date save for the MOU and the Share Sale Agreement to which the Offeror is a party.

Other arrangements

The Offeror confirms that as at the Latest Practicable Date:

- (i) save for the Sale Shares, neither the Offeror, its ultimate beneficial owners nor any person acting in concert with any of them owned or had control or direction over any voting rights or rights over the Shares or convertible securities, warrants, options of the Company or any derivatives in respect of such securities;
- (ii) there was no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of the Offeror or the Shares and which might be material to the Share Offer;

- (iii) there was no agreement or arrangement to which the Offeror or any of its ultimate beneficial owners is a party which relates to circumstances in which it may or may not seek to invoke a pre-condition or a condition to the Share Offer;
- (iv) neither the Offeror, its ultimate beneficial owners nor any person acting in concert with any of them had borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company;
- (v) save for the Option Undertaking, neither the Offeror, its ultimate beneficial owners nor any person acting in concert with any of them has received any irrevocable commitment to accept the Share Offer; and
- (vi) there is no outstanding derivative in respect of the securities in the Company entered into by the Offeror, its ultimate beneficial owners nor any person acting in concert with any of them.

INFORMATION ON THE GROUP

Details of the information on the Group are set out in the “Letter from the Board” in this Composite Document.

INFORMATION ON THE OFFEROR

The Offeror is an investment holding company with limited liability incorporated in BVI on 5 January 2010, which is directly and beneficially owned as to 60% by Mr. Gao Zhiyin and 40% by Mr. Gao Zhiping. Mr. Gao Zhiyin and Mr. Gao Zhiping are the directors of the Offeror.

The Offeror is the ultimate holding company of Highlight Vision PRC, a limited liability company (invested solely by foreign legal entity) established in the PRC on 9 March 2009. Highlight Vision PRC is an integrated service provider for the IoT, Tri-Network Integration, smart city and internet new media industries in the PRC.

Mr. Gao Zhiyin, aged 43, is one of the co-founders of the Offeror. Since 2010, Mr. Gao Zhiyin has served as the chairman of the board of directors and the chief executive officer of Highlight Vision PRC, a subsidiary of the Offeror which is an integrated service provider for the IoT, Tri-Network Integration, smart city and internet new media industries in the PRC. He has also served as the legal representative of Zhejiang Chuangyi Technology Co., Ltd.* (浙江創億光電設備有限公司) since 2002. Mr. Gao Zhiyin has many years of experience in the industry of broadcasting and television communication and has thorough understanding of the internet and IoT industries as well as the related upstream and downstream industries. He has been appointed as an executive Director on 22 July 2014, with effect from the day immediately after the despatch date of this Composite Document.

Mr. Gao Zhiping, aged 42, is one of the co-founders of the Offeror. Mr. Gao Zhiping has served as the general manager of Highlight Vision PRC since 2010. Mr. Gao Zhiping has served as the legal representative of Zhejiang Chuangjia Digital Technology Co., Ltd.* (浙江創佳數字技術有限公司) since 2007. Mr. Gao Zhiping has many years of experience in

the industry of broadcasting and television communication and has in-depth understanding of the internet and IoT industries. He has been appointed as an executive Director on 22 July 2014, with effect from the day immediately after the despatch date of this Composite Document.

Mr. Gao Zhiyin, the chairman of the board of directors and the chief executive officer of Highlight Vision PRC, is the elder brother of Mr. Gao Zhiping.

INTENTION OF THE OFFEROR IN RELATION TO THE GROUP

Following the close of the Share Offer, the Offeror intends to continue the businesses of the Group. Save as contemplated under the Disposal Agreement and other than in the ordinary course of business of the Group, the Offeror has no intention to (i) dispose of, terminate or downsize the existing businesses; (ii) redeploy the fixed assets; and (iii) terminate any employees of the Group or make significant changes to any employment (except for the proposed changes to the members of the Board as detailed in the sub-paragraph headed “Proposed change of the Board” below).

However, the Offeror will, following completion of the Share Offer, conduct a detailed review of the operations of the Group and formulate feasible business strategies with a view to developing a sustainable corporate strategy to broaden its income stream, which may include rebalancing the resources of the Group should appropriate opportunities arise.

For the future development of the Group with the aim of protecting the Shareholders in a responsible manner, subject to a detailed review to be performed by the Offeror on the availability of sufficient resources to finance new business opportunities by the Group, the Offeror intends to explore new business opportunities relating to the internet, IoT, Tri-Network Integration and new media industries by utilising its experience and resources, including but not limited to acquisition or investment through joint ventures to be established by the Offeror with third parties in the PRC and/or overseas in compliance with applicable laws and regulations. As at the Latest Practicable Date, there was no concrete timetable for executing the aforesaid business opportunities. Any such acquisition or investment, once materialised, will be announced by the Company as and when necessary pursuant to the requirements of the Listing Rules.

In order to strengthen the capital base of the Group, the Offeror may, as and when it considers appropriate following the close of the Share Offer and after conducting a detailed review of the financial position of the Group, advise the Board to consider fund-raising exercises in the form of equity, equity-related and/or debt financing. As at the Latest Practicable Date, the Offeror was not involved in any negotiation and had not entered into any agreement, arrangement, undertaking or understanding in relation to any equity fund-raising activities of the Company. Should such activities materialise, further announcement(s) will be made by the Company as and when required in accordance with the Listing Rules.

Proposed change of the Board

The Board is currently made up of nine Directors, comprising three executive Directors, being Mr. Choi, Mr. Lau Kwok Wa, Stanley and Mr. Ng Tze On, two non-executive Directors, being Mr. Chen and Mr. Li and four independent non-executive Directors, being Mr. Lau Chi Kit, Mr. Mak Chi Yan, Mr. Wong Wai Kit, Louis and Mr. Yuen Kin Kei. The Offeror has nominated and the Board has appointed Mr. Gao Zhiyin, Mr. Gao Zhiping and Mr. Shi Jiguo as executive Directors and Dr. Chen Yifan as an independent non-executive Director with effect from the date immediately after the despatch of this Composite Document. Please refer to the joint announcement of the Company, VC and the Offeror dated 22 July 2014 for the biographies of the proposed Directors. The Offeror also intends to nominate additional independent non-executive Directors to the Board and such appointments will not take effect earlier than the date of posting of this Composite Document or such other date as permitted under the Takeovers Code. As at the Latest Practicable Date, Mr. Choi and Mr. Li were either the sole director or one of the directors (as the case may be) of the Group Entities, and it is also intended that Mr. Choi and Mr. Li will resign from their offices of these entities and will neither hold directorships nor senior positions in the Group Entities, with effect from the earliest date as permitted under the Listing Rules, the Takeovers Code or other applicable laws (whichever is later). Immediately after the first closing date of the Share Offer (or such other time as permitted by the Takeovers Code), all current Directors will resign from their office. Any change to the Board will be made in compliance with the Takeovers Code and the Listing Rules and will be announced accordingly.

Save as disclosed above, the Offeror does not intend to implement any material changes to the existing management of the Group following the close of the Share Offer.

MAINTAINING THE LISTING STATUS OF THE COMPANY

The Offeror intends to maintain the listing of the Shares on the Stock Exchange after the close of the Share Offer. The Offeror does not intend to exercise or apply any right which may be available to it to acquire compulsorily any Shares outstanding after the close of the Share Offer.

The Stock Exchange has stated that if, at the close of the Share Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public at all time, or if the Stock Exchange believes that:

- (i) a false market exists or may exist in the trading of the Shares; or
- (ii) there are insufficient Shares in public hands to maintain an orderly market,

then, it will consider exercising its discretion to suspend dealings in the Shares. Each of the directors of the Offeror and the new Directors to be appointed to the Board will jointly and severally undertake to the Stock Exchange to take appropriate steps including, among others, placing down the Shares to Independent Third Parties to ensure that sufficient public float exists in the Shares.

TAX IMPLICATIONS

The Independent Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the tax implications that may arise from accepting the Share Offer. It is emphasised that the Offeror, its beneficial owners and parties acting in concert with any of them, the Company, Kingston CF, Kingston Securities, the Independent Financial Adviser, the Registrar or the company secretary of the Company or any of their respective directors or professional advisers or any other parties involved in the Share Offer or any of their respective agents do not accept any responsibility for any tax effect on, or liabilities of, the Independent Shareholders as a result of their acceptance of the Share Offer.

ACCEPTANCE AND SETTLEMENT

Your attention is drawn to the further details regarding the procedures for acceptance and settlement and acceptance period as set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

GENERAL

To ensure equality of treatment of all Independent Shareholders, those registered Independent Shareholders who hold the Shares as nominee for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. It is essential for the beneficial owners of the Shares whose investments are registered in the names of nominees to provide instructions to their nominees of their intentions with regard to the Share Offer.

Attention of the Overseas Shareholders is drawn to the paragraph headed "Overseas Shareholders" above in this letter.

All documents and remittances to be sent to the Independent Shareholders will be sent to them by ordinary post at their own risk. Such documents and remittances will be sent to the Independent Shareholders at their respective addresses as they appear in the register of members of the Company or in the case of joint holders, to such Independent Shareholder whose name appears first in the register of members of the Company. The Offeror, its beneficial owners and parties acting in concert with any of them, the Company, Kingston CF, Kingston Securities, the Independent Financial Adviser, the Registrar or the company secretary of the Company or any of their respective directors or professional advisers or any other parties involved in the Share Offer will not be responsible for any loss or delay in transmission or any other liabilities that may arise as a result thereof or in connection therewith.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in appendices to this Composite Document which form part of this Composite Document. You are reminded to carefully read the "Letter from the Board", the "Letter from the Independent Board

Committee”, the “Letter from Shenyin Wanguo” and other information about the Group which are set out in this Composite Document before deciding whether or not to accept the Share Offer.

Yours faithfully,
For and on behalf of
Kingston Securities Limited

A handwritten signature in black ink, appearing to read 'JL' with a flourish underneath.

Jammy Lui
Director