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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)

**DISCLOSEABLE TRANSACTION IN RELATION TO
LEASE AND OPERATION AGREEMENT**

THE AGREEMENT

The Board is pleased to announce that on 15 April 2013 (after trading hours), the Company and Spacecom entered into the Agreement, pursuant to which Spacecom agreed to lease the Ka-Beam of the Satellite during the Term for an aggregate leasing fee of US\$40,000,000, which shall be payable by the Company to Spacecom in cash.

IMPLICATIONS OF GEM LISTING RULES

As the applicable percentage ratios (as defined under the GEM Listing Rules) calculated under the GEM Listing Rules exceed 5% but are less than 25%, the Agreement and the transactions contemplated thereunder constitute a discloseable transaction for the Company under the GEM Listing Rules and is therefore subject to the reporting and announcement requirements under the GEM Listing Rules.

THE AGREEMENT

Date : 15 April 2013

Parties :

Lessor : Space-Communication Ltd

Lessee : The Company

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Spacecom and its ultimate beneficial owner are Independent Third Parties. There are no other prior and/or continuing businesses/transactions entered into between each of Spacecom and its ultimate beneficial owner with the Company, its connected persons and associates.

Lease of Ka-Beam

Spacecom is the owner and operator of various satellites, and intends to launch and operate the satellite known as AMOS-4 on or before the Long Stop Date. AMOS-4 is planned to have beams covering, inter alia, territories in Asia.

Pursuant to the Agreement, subject to the successful launch and beginning of commercial operation of AMOS-4 on or before 31 July 2014 and subject to the terms and conditions of the Agreement and for the Term of the Agreement, Spacecom shall lease to the Company, on an exclusive and unfettered use basis, the entire Ka-Beam of AMOS-4, consisting of four (4) transponders of 216 MHz each, in accordance with the technical characteristics as set out in the satellite technical specifications.

The Company (i) shall be allocated with the full designated power for the Ka-Beam of the Satellite, as determined following the completion of the in-orbit tests of the Satellite; and (ii) shall have the right to use the Ka-Beam's frequencies at the geostationary orbital slot of 65° East in accordance with national and international applicable laws and regulations; (iii) may utilize the Ka-Beam for the provision of the Permitted Services, provided that it has directly or indirectly acquired all necessary licenses or permits or authorizations required to provide the Permitted Services; and (iv) shall be entitled to make a commercial re-branding of AMOS-4, including, without limitation, renaming.

Leasing Fee

In consideration for the leasing by Spacecom to the Company, on an exclusive and unfettered basis to use the entire Ka-Beam of AMOS-4, consisting of four (4) transponders of 216 MHz each and for the operation of the Satellite granted by Spacecom, during the Term of the Agreement, the Company shall pay Spacecom the total leasing fee of US\$40,000,000 (forty million US dollars) (inclusive all insurance fees, satellite operation fee but exclusive of all applicable taxes). The Leasing Fee was arrived at after arm's length negotiations between the parties to the Agreement and was determined after taking into account of the prevailing price of similar satellite.

The Leasing Fee shall be satisfied in the following manners:

- (a) Refundable Down Payment of US\$5,000,000 (exclusive of all applicable taxes) shall be paid in cash by the Company no later than 5 (five) Business Days following the fulfillment of all conditions set forth in the Agreement. Save that Spacecom fails to commence AMOS-4 commercial operation by 31 July 2014 and the Agreement is terminated, the Down Payment is not reimbursable;
- (b) an amount of US\$15,000,000 (exclusive of all applicable taxes) shall be paid in cash by the Company no later than 5 (five) days following the fulfillment of all conditions set forth in the Agreement, no later than 5 (five) days following the successful launch of AMOS-4;
- (c) the remaining US\$20,000,000 (exclusive of all applicable taxes) shall be paid in cash by the Company no later than 5 (five) Business Days following the successful completion of the in-orbit tests of the Satellite.

Duration and Term of the Agreement

The Agreement shall enter into force on the signing by both parties, and shall terminate in accordance with the terms of the Agreement or upon expiry of the Term of the Agreement. The completion of the Agreement is conditioned upon the following:

- (a) Approval from all necessary regulator and authorities of the transaction contemplated in the Agreement;
- (b) Due diligence with respect to the transaction contemplated hereunder; and
- (c) Approval by Spacecom's board of directors for the Agreement and the transaction contemplated thereunder.

If such approvals shall not be obtained within 21 days from the date of the Agreement, the Agreement shall terminate forthwith and both Spacecom and the Company shall not incur any liability with respect to such termination.

Landing Rights

- (a) The Company shall obtain from the Chinese authorities landing rights for AMOS-4, which shall be valid during the entire lifetime of AMOS-4. The Company shall also obtain the Landing Rights Certificate.
- (b) Spacecom shall pay the Company the consideration of US\$2,000,000 (exclusive of all taxes) in respect of the landing rights within 5 (five) Business Days after Spacecom has received from the Company the Down Payment.

Satellite Operation

- (a) Spacecom shall be responsible for the ongoing operation of the Satellite including monitoring of Satellite's performance during the Term of the Agreement.
- (b) Spacecom shall have the obligation to carry out all necessary operational, management and control activities concerning the Satellite and the Ka-Beam.

Transmission Planning and Frequency Allocation

- (a) The Company shall be responsible for ongoing frequency management, transmission planning and frequency to its clients using the Ka-Beam. The Company shall monitor the Ka-Beam transponders and any transmissions to the Ka-Beam.
- (b) The Company shall erect and operate, at its sole expense and liability, a ground station, network operation center and customer service center, which shall be active and operable during the Term of the Agreement.

- (c) The Company and its clients shall transmit the Permitted Services through the Ka-Beam, provided that such transmission does not impair proper operation of the Satellite or any other satellite adjacent to the Satellite.

In-Orbit Insurance

Pursuant to the Agreement, Spacecom shall:

- (a) obtain in-orbit insurance of customary standards in the industry for the Satellite during the Term of the Agreement (“**In-Orbit Insurance**”);
- (b) furnish the Company with copy of the In-Orbit Insurance within a reasonable time after the insurance policy is signed and stamped; and
- (c) pay the Company the proportionate amount of money received by Spacecom from the insurer under the In-Orbit Insurance in respect of the Ka-Beam in respect of the remaining period of the Term of the Agreement.

Termination

Pursuant to the Agreement, Spacecom may suspend or terminate the Agreement before the Termination Date by providing a thirty (30) days advance written notice to the Company if:

- (a) the Company is insolvent, or is the subject of a bankruptcy order, or makes any arrangement or composition with or assignment for the benefit of its creditors, or is in the process of liquidation or debts reconstruction, or dissolution, or if a receiver or administrator is appointed over the Company assets, or;
- (b) any due payment or undisputed part thereof, or any interest due thereon, has not been received within a period of thirty (30) days from the due date for payment, or;
- (c) there is a fundamental breach of the Agreement, which the Company fails to remedy within thirty (30) days after receipt of written notice to do so.

The Company may terminate the Agreement before the Termination date by providing a fourteen (14) days advance written notice to Spacecom if there is a fundamental breach of the Agreement, which the Spacecom fails to remedy within ten (10) days after receipt of written notice to do so. In such event, Spacecom shall reimburse the Company the proportionate amount of the total Leasing Fee paid and received by Spacecom.

INFORMATION OF THE LESSOR

Spacecom is a company organized and operating under the laws of the State of Israel, and is the owner and operator of various satellites, and intends to launch and operate the satellite known as AMOS-4. To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, Spacecom and its ultimate beneficial owner are Independent Third Parties.

REASONS FOR AND BENEFITS OF THE LEASE

The principal activity of the Company is investment holding and the principal activities of its operating subsidiaries are the provision of network and satellite telecommunication services and transmedia advertising services, and the sale of telecommunication products.

The Company considers the lease of the entire Ka-Beam of AMOS-4 enables the Company to capture the high growth opportunity in the value-added telecommunication services and is complementary to the existing business of its operating subsidiaries. The frequency range of the KA wave band is generally 30/20GHz. KA wave band satellite communication system can provide a new means for conducting new businesses including high-speed satellite communications, Gigabit broadband transmission, high definition television (HDTV), satellite news gathering (SNG), very-small-aperture terminal (VSAT) business, direct-to-home (DTH) business, personal satellite communication business, etc. The Directors consider that the lease of the entire Ka-Beam of AMOS-4 is in line with the business plan and development of the Group and in the interests of the Company and the Shareholders as a whole and that the terms of the Agreement are fair and reasonable.

IMPLICATIONS OF GEM LISTING RULES

As the applicable percentage ratios (as defined under the GEM Listing Rules) calculated under the GEM Listing Rules exceed 5% but are less than 25%, the Agreement and the transactions contemplated thereunder constitute a discloseable transaction for the Company under the GEM Listing Rules and is therefore subject to the reporting and announcement requirements under the GEM Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expression shall have the following meanings when used herein:

“Agreement”	means the lease and operation agreement dated 15 April 2013 and entered into between the Spacecom as lessor and the Company as lessee
“AMOS”-4 or “Satellite”	means the satellite known as AMOS-4 (subject to its successful launch and beginning of commercial operation) which is planned to be launched to the 65° East geostationary orbital slot
“Board”	means the board of Directors
“Business Day”	means any day on which the banks in the PRC and in Israel are generally open for business
“Commencement Date”	means the commencement date of the Term of the Agreement, being a day no later than 14 days from the successful completion of the in-orbit tests of the Satellite and the beginning by Spacecom of the commercial operation of the Satellite

“Company”	means Neo Telemedia Limited, a company incorporated in the Cayman Islands with limited liability, whose issued Shares are listed on GEM
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules and the word “connected” shall be construed accordingly
“Director(s)”	mean(s) the director(s) of the Company
“Down Payment”	Means the down payment payable by the Company under the Agreement
“GEM”	means the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	means the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	mean(s) party(ies) and its/(their) ultimate beneficial owner(s) who is/are not connected with the Company and any director, chief executive or substantial shareholder of the Company and its subsidiaries or any of their respective associates
“Ka-Beam”	means the segment of Ka-band on the Satellite, consisting of four (4) transponders of 216 MHz each, leased to the Company having the technical characteristics described in the satellite technical specifications
“Landing Rights Certificate”	means an original signed official document from the Chinese authorities granting the landing rights for AMOS-4
“Leasing Fee”	means the lease consideration payable by the Company under the Agreement
“Long Stop Date”	means 31 July 2014
“Permitted Services”	means video, audio and data transmissions broadcasted by the Company and the Company’s clients in full compliance with any applicable law
“PRC”	means the People’s Republic of China
“Share(s)”	mean(s) ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	mean(s) holder(s) of the issued Share(s)

“Spacecom”	means Space-Communication Ltd, a company organized and operating under the laws of the State of Israel, an Independent Third Party
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“Term of the Agreement”	means the period of 5 years whereby the Spacecom shall lease the Company the Ka-Beam, on an exclusive and unfettered basis to use the KA-Beam, being a period from the Commencement Date to the Termination Date
“Termination Date”	means the termination date of the Agreement, being 5 years after the Commencement Date
“US\$”	means the United States dollar(s), the lawful currency of the United States of America
“%”	means per cent.

By order of the Board
Neo Telemedia Limited
LI Hongrong
Chairman

Hong Kong, 15 April 2013

As at the date hereof, the Board comprises four executive directors namely Mr. LI Hongrong (Chairman), Mr. Theo EDE, Mr. ZHANG Xinyu (Chief Executive Officer) and Mr. HU Yangjun; and three independent non-executive directors, namely Mr. LAM Kin Kau, Mark, Professor SONG Junde and Professor CHEN Lujun.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive; and (2) there are no other matters the omission of which would make any statement in this announcement misleading.

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