
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a 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 (the “Company”), you should at once hand this circular and the accompany form of proxy to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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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)

REFRESHMENT OF GENERAL MANDATE TO ISSUE AND ALLOT SHARES

**Independent financial adviser to the Independent Board Committee
and the Independent Shareholders**



A letter from the Independent Board Committee is set out on page 8 of this circular. A letter from Fortune Financial Capital Limited, containing its advice and recommendation to the Independent Board Committee and the Independent Shareholders is set out on pages 9 to 19 of this circular.

A notice convening the extraordinary general meeting to be held at Conference Room, Unit 1303, 13th Floor, York House, The Landmark, 15 Queen's Road Central, Hong Kong at 11:00 a.m. on Thursday, 17 October 2013 is set out on pages 20 to 22 of this circular and a form of proxy for use at the extraordinary general meeting is enclosed herein.

Whether or not you are able to attend the meeting, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for the extraordinary general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting should you so wish.

This circular will remain on the GEM website at 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.neotelemedia.com.

30 September 2013

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED

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

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

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DEFINITIONS

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

“AGM”	the annual general meeting of the Company held on 19 December 2012
“Articles”	the existing articles of associations of the Company
“associate(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Board”	the board of Directors
“Company”	Neo Telemedia Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on GEM
“controlling shareholder(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Convertible Notes”	the three-year 7% coupon convertible notes in the principal amount of HK\$160,000,000 issued by the Company and convertible into 64,000,000 at an initial conversion price of HK\$2.5 per conversion share, details of which were set out in the announcement of the Company dated 7 January 2013
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held to consider and, if thought fit, approve, among other things, the refreshment of Issue Mandate
“Existing General Mandate”	the general mandate granted to the Directors by the Shareholders at the AGM, among other things, to allot, issue and deal with up to 465,384,158 Shares, representing 20% of the then issued share capital of the Company and to repurchase up to 232,692,079 Shares, representing 10% of the then issued share capital of the Company

DEFINITIONS

“Fortune Financial Capital”	Fortune Financial Capital Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activities under the SFO, which has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the refreshment of the Issue Mandate
“Galaxy Acquisition”	the acquisition of the entire issued share of Galaxy Palace Group Limited with variable consideration by issuing of up to an aggregate 173,310,000 Shares, details of which were set out in the announcement of the Company dated 25 January 2013
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HCH Acquisition”	the acquisition of the entire issued shares of HCH Investments Limited by, among others, issuing of 119,000,000 consideration Shares and the Convertible Notes, details of which were set out in the announcement of the Company dated 7 January 2013
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	a committee of the Board, comprising Dr. Jih Chyi LEU, Mr. LAM Kin Kau, Mark and Professor SONG Junde, being the independent non-executive Directors, constituted to advise the Independent Shareholders on the refreshment of the Issue Mandate
“Independent Shareholders”	the Shareholders other than Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates

DEFINITIONS

“Issue Mandate”	the mandate proposed to be sought at the EGM to authorize the Directors to allot, issue and deal with Shares not exceeding 20% of the issued share capital of the Company on the date of EGM
“Latest Practicable Date”	26 September 2013, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to herein
“Notice”	the notice convening the EGM which is set out on page 20 to 22 of this circular
“Placing”	the placing of a maximum of 109,000,000 new Shares pursuant to the terms of the Placing Agreement
“Placing Agreement”	the placing agreement dated 25 July 2013 entered into between the Company and the placing agent in relation to the Placing
“SFO”	the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong)
“Share(s)”	share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on takeovers and Mergers
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	United States dollar(s), the lawful currency of the United States of America
“%”	per cent

For illustrative purpose only, amount denominated in US\$ have been translated into HK\$ at the rate of US\$1.00 = HK\$7.8 in this circular, unless otherwise stated. No representation is made that any amount in US\$ or HK\$ has been, could have been or could be converted at the above rate or any other

LETTER FROM THE BOARD



Neo Telemedia Limited 中國新電信集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8167)

Executive Directors

Mr. Theo EDE

Mr. HU Yangjun

Mr. ZHANG Xinyu (*Chief Executive Officer*)

Mr. CHEUNG Sing Tai

Mr. LIAN Xin

Registered office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman

KY1-1111

Cayman Islands

Independent non-executive Directors:

Dr. Jih Chyi LEU (*Chairman*)

Mr. LAM Kin Kau, Mark

Professor SONG Junde

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

Unit 1303, 13th Floor

York House, The Landmark

15 Queen's Road Central

Hong Kong

30 September 2013

To: the Shareholders

Dear Sir or Madam,

REFRESHMENT OF GENERAL MANDATE TO ISSUE AND ALLOT SHARES

INTRODUCTION

The purpose of this circular is to provide you with information regarding the following resolutions to be proposed at the EGM relating to the refreshment of the Issue Mandate.

LETTER FROM THE BOARD

REFRESHMENT OF ISSUE MANDATE

During the period from the granting of the Existing General Mandate to the Latest Practicable Date, the mandate granted to Directors to issue Shares at the AGM has been utilised as to 465,310,000 Shares (being approximately 99.98% of the 465,384,158 Shares that are allowed to be allotted and issued under the Existing General Mandate) as a result of completion of the Placing Agreement on 13 August 2013, the completion of the HCH Acquisition and the Galaxy Acquisition. The Company wishes to seek approval of Shareholders at the EGM to refresh the Issue Mandate in order to allow the flexibility for future business development and/or fund raising. Based on the issued share capital of the Company as at the date hereof of 2,554,920,793 Shares and assuming there is no change in the issued share capital until the date of the EGM, the Issue Mandate will allow the Directors to issue and allot up to 510,984,158 new Shares. As disclosed in the announcements of the Company dated 15 and 25 April 2013, 13 June 2013 and 30 July 2013, the Company and Space-Communication Ltd. (“**Spacecom**”) entered into a sale and operation agreement (the “**Sale and Operation Agreement**”), pursuant to which the Company agreed to purchase from Spacecom the Ka-Beam of the AMOS-4 satellite (the “**Satellite**”) for an aggregate consideration of US\$70 million (equivalent to approximately HK\$546 million) in cash by three installments (the “**Acquisition**”). The refundable down payment of US\$5 million (equivalent to approximately HK\$39 million) (the “**Down Payment**”) was paid by the Company to Spacecom on 15 August 2013. The remaining two installments amounted to US\$65 million (equivalent to approximately HK\$507 million) (the “**Remaining Consideration**”) were to be paid subject to certain terms and conditions of the Sale and Operation Agreement and the status of launching the Satellite. As advised by Spacecom, the Satellite was launched in on 1 September 2013.

As at 13 September 2013, the cash and bank balance of the Group amounted to approximately HK\$31 million and the Directors have been considering various fund raising alternatives for financing the Acquisition. In the event that debt financing would not be able to satisfy the Remaining Consideration, the Directors may consider equity financing by way of issue of Shares. As at the Latest Practicable Date, the Company had no specific intention and plan to utilize the Issue Mandate and the Company had not entered into any negotiation, written agreement and/or letter of intention in relation to any fund raising exercises.

At the EGM, resolutions will be proposed to refresh the general and unconditional mandate authorizing the Directors to exercise all powers of the Company to issue new Shares up to 20% of the issued share capital of the Company on the date of the EGM.

Pursuant to the GEM Listing Rules, the Issue Mandate will be subject to the Shareholders’ approval by way of a poll at which the controlling shareholders of the Company and their associates or, where there are no controlling shareholders, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolutions to be proposed in respect of the Issue Mandate.

LETTER FROM THE BOARD

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, as at the Latest Practicable Date, the Company had no controlling shareholder, and no Share was held by the Directors and their respective associates. On the aforesaid basis, accordingly no Shareholder will be required to abstain from voting in favour of resolution to refresh the Issue Mandate at the EGM. In accordance with the GEM Listing Rules, Fortune Financial Capital has been appointed by the Company to advise Independent Board Committee and the Independent Shareholders on the refreshment of the Issue Mandate.

There has not been any refreshment of general mandate to issue new Shares since the AGM. The following table summarises the use of the general mandate to issue Shares granted at the AGM.

Date of initial announcement	Event	Net proceeds or consideration amounts (approximate)	Intended use of proceeds or amount	Actual use of proceeds or amount as at the Latest Practicable Date
7 January 2013	Issue of 119,000,000 consideration shares and the Convertible Notes to the vendor in respect of the HCH Acquisition under the general mandate granted on AGM	HK\$245.68 million	As partial consideration in respect of the HCH Acquisition	As partial consideration in respect of the HCH Acquisition
25 January 2013	Agreed to issue up to 173,310,000 consideration shares to the vendor in respect of the Galaxy Acquisition under the general mandate granted on AGM	HK\$124.78 million	As variable consideration in respect of the Galaxy Acquisition	As variable consideration in respect of the Galaxy Acquisition
25 July 2013	Placing of 109,000,000 Shares at a price of HK\$0.33 per Share under the general mandate granted on AGM	HK\$35.3 million	For general working capital of the Group	Part of the net proceeds of approximately HK\$28 million had been used for general working capital of the Group and the Company intends to use the remainder for the intended use. The remainder proceeds were kept in the Company's bank accounts

LETTER FROM THE BOARD

EXTRAORDINARY GENERAL MEETING

A notice convening the EGM to be held on Thursday, 17 October 2013 is set out on pages 20 to 22 of this circular and a form of proxy for use at the EGM is herein enclosed.

Whether or not you intend to be present at the EGM, you are requested to complete the form of proxy and return it to the Company's branch share registrar, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong in accordance with the instructions printed thereon not later than 48 hours before the time for holding the EGM. Completion and delivery of the form of proxy will not prevent Shareholders from attending and voting at the EGM if they so wish.

RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee as set out on page 8 of this circular which contains its recommendation to the Independent Shareholders in respect of the resolutions to approve the Issue Mandate.

The advice of Fortune Financial Capital, the independent financial adviser to the Independent Board Committee and the Independent Shareholders as to whether the terms of the refreshment of the Issue Mandate are in the interest of the Company and its Shareholders as a whole are set out on pages 9 to 19 of this circular.

The Directors consider that resolution(s) as proposed in this circular are in the best interests of the Company and Shareholders and accordingly recommend you to vote in favour of the resolution(s) referred to above to be proposed at the EGM.

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

By order of the Board
Neo Telemedia Limited
ZHANG Xinyu
Executive Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



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)

30 September 2013

To the Independent Shareholders

Dear Sir or Madam,

REFRESHMENT OF THE ISSUE MANDATE

We refer to the circular of the Company dated 30 September 2013 (the “**Circular**”) of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

We have been appointed to advise the Independent Shareholders as to whether the refreshment of the Issue Mandate is in the best interest of the Company and its Shareholders, and fair and reasonable so far as the Independent Shareholders are concerned. Fortune Financial Capital has been appointed as the independent financial adviser to advise you and us in this respect.

Having considered the advice of Fortune Financial Capital in relation to the refreshment of the Issue Mandate as set out on pages 9 to 19 of the Circular, we are of the opinion that the refreshment of the Issue Mandate is in the interest of the Company and the Shareholders as a whole and is fair and reasonable so far as the Independent Shareholders are concerned. We therefore recommended that you vote in favour of the ordinary resolutions to be proposed at the EGM for the refreshment of the Issue Mandate.

Yours faithfully,

Independent Board Committee

Mr. LAM Kin Kau, Mark

Independent

Non-executive Director

Dr. Jih Chyi LEU

Independent

Non-executive Director

Professor SONG Junde

Independent

Non-executive Director

LETTER FROM FORTUNE FINANCIAL CAPITAL

The following is the full text of the letter from the Independent Financial Adviser which sets out its advice to the Independent Board Committee and the Independent Shareholders for inclusion in this circular.



Fortune Financial Capital Limited

35th Floor
Office Tower Convention Plaza
1 Harbour Road, Wanchai
Hong Kong

30 September 2013

*To: The Independent Board Committee and the Independent Shareholders of
Neo Telemedia Limited*

Dear Sirs,

REFRESHMENT OF ISSUE MANDATE

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the refreshment of Issue Mandate (the “**Refreshment of Issue Mandate**”), details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company dated 30 September 2013 to the Shareholders (the “**Circular**”), of which this letter forms part. Terms defined in the Circular shall have the same meanings in this letter unless the context otherwise requires.

Pursuant to Rule 17.42A(1) of the GEM Listing Rules, the Refreshment of Issue Mandate requires the approval of the Independent Shareholders at the EGM at which any of the controlling Shareholders (as defined in the GEM Listing Rules) and their associates or, where there are no controlling Shareholders, the Directors (excluding the independent non-executive Directors), the chief executive of the Company and their respective associates are required to abstain from voting in favour of the resolution(s) proposed for approving the Refreshment of Issue Mandate, and under 17.47(4) of the GEM Listing Rules, the vote of the Independent Shareholders in respect of the Refreshment of Issue Mandate at the EGM must be taken by way of poll.

LETTER FROM FORTUNE FINANCIAL CAPITAL

As set out in the Letter from the Board, as at the Latest Practicable Date, there was no controlling Shareholder of the Company as defined in the GEM Listing Rules, and no Directors (excluding independent non-executive directors) or the chief executive of the Company, and their respective associates, held any interest in Shares, therefore, no Shareholder will be required to abstain from voting in favour of the resolution regarding the Issue Mandate at the EGM.

An Independent Board Committee, comprising Dr. Jih Chyi LEU, Mr. LAM Kin Kau, Mark and Professor SONG Junde (all being independent non-executive Directors), has been established by the Company to advise the Independent Shareholders as to whether the Refreshment of Issue Mandate is in the best interest of the Company and its Shareholders, and fair and reasonable so far as the Independent Shareholders are concerned. We, Fortune Financial Capital Limited, have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

BASIS OF OUR OPINION

In formulating our advice and recommendation to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors and the management of the Company. We have assumed that all information and representations provided by the Directors and the management of the Company, for which they are solely and wholly responsible, are true, accurate and complete in all material respects and not misleading or deceptive at the time when they were provided or made and will continue to be so up to the date of despatch of the Circular. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquires and careful considerations by the Directors and there are no other facts not contained in the Circular the omission of which would make any such statement contained in the Circular misleading. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any fact or circumstance which would render the information provided and representations and opinions made to us untrue, inaccurate or misleading. We have not, however, carried out any independent verification of the information provided by the Directors and the management of the Company, nor have we conducted any independent investigation into the business, financial conditions and affairs of the Group or its future prospect.

LETTER FROM FORTUNE FINANCIAL CAPITAL

The Directors have collectively and individually accepted 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 have confirmed, after having made all reasonable enquires, which to the best of their knowledge and belief, the information contained in the 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 the Circular misleading.

This letter is issued to the Independent Board Committee and the Independent Shareholders solely in connection with their consideration the Refreshment of Issue Mandate and except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purpose without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendations to the Independent Board Committee and the Independent Shareholders, we have taken into consideration the following principal factors and reasons. Our conclusions are based on the results of all analyses taken as a whole.

1. Background of the Refreshment of Issue Mandate

The Company is principally engaged in the provision of network and satellite telecommunication services and transmedia advertising services, and the sale of telecommunication products.

At the AGM, the Shareholders approved, among other things, an ordinary resolution to approve the grant of the Existing General Mandate to the Directors to allot, issue and deal with up to 465,384,158 new Shares of the Company, representing approximately 20% of the entire issued share capital of the Company as at the date of the AGM.

As set out in the Letter from the Board, during the period from the grant of the Existing General Mandate to the Latest Practicable Date, the mandate granted to Directors to issue Shares at the AGM has been utilised as 465,310,000 Shares (being approximately 99.98% of the 465,384,158 Shares that are allowed to be allotted and issued under the Existing General Mandate) have been issued upon completion of the Placing Agreement on 13 August 2013, and upon completion of the HCH Acquisition and the Galaxy Acquisition on 5 April 2013 and 24 April 2013 respectively.

LETTER FROM FORTUNE FINANCIAL CAPITAL

As disclosed in the Company's latest annual report for the year ended 30 June 2012 ("**Annual Report 2012**") and the second interim report for the twelve months period ended 30 June 2013 ("**Interim Report 2013**"), the Company has incurred a total comprehensive expense of approximately HK\$428.95 million and HK\$33.68 million for the year ended 30 June 2012 and the twelve months ended 30 June 2013, respectively. Also, as disclosed in the Annual Report 2012, the Group would continue to consider various alternatives in obtaining additional resources to develop the existing businesses and work on turning them around.

As disclosed in the announcements made by the Company dated 15 and 25 April 2013, 13 June 2013 and 30 July 2013, respectively, the Company and Space-Communication Ltd. ("**Spacecom**") entered into a sale and operation agreement (the "**Sale and Operation Agreement**"), pursuant to which the Company agreed to purchase from Spacecom the Ka-Beam of the AMOS-4 satellite (the "**Satellite**") for an aggregate consideration of US\$70 million (equivalent to approximately HK\$546 million) in cash by three installments. As disclosed in the Company's announcement dated 30 July 2013 and as advised by the Directors, the refundable down payment of US\$5 million (equivalent to approximately HK\$39 million) (the "**Down Payment**") was to be paid by the Company to Spacecom no later than 15 August 2013. The remaining two installments amounted to US\$65 million (equivalent to approximately HK\$507 million) (the "**Remaining Consideration**") were to be paid subject to certain terms and conditions of the Sale and Operation Agreement. We were informed by the Company that the Satellite was launched on 1 September 2013.

The transactions contemplated under the Sale and Operation Agreement constitute a major transaction of the Company. The Company has been finalising the circular relating to the Sale and Operation Agreement which is expected to be despatched to the Shareholders on or before 16 October 2013. The Company will issue further announcement in the event that the circular cannot be despatched to the Shareholders on the said date. As advised by the Company, the extraordinary general meeting for the Shareholders to consider and approve the transactions contemplated under the Sale and Operation Agreement is expected to be held in late October or early November 2013. As disclosed in the Company's announcement dated 25 April 2013, the Directors considered that the purchase of the entire Ka-Beam of the Satellite would enable the Company to capture the high growth opportunity in the value-added telecommunication services and would be complementary to the existing business of its operating subsidiaries.

As shown in the Interim Report 2013, the Group had approximately HK\$48.61 million of cash and bank balances as at 30 June 2013. As advised by the Directors, they are of the view that as at the Latest Practicable Date, the Group has sufficient working capital to meet its present operational requirements. Nonetheless, we are advised by the Directors that the cash position of the Company may not be adequate to satisfy the settlement of the Remaining Consideration and/or to capture other potential future investment(s) should these opportunities arise.

LETTER FROM FORTUNE FINANCIAL CAPITAL

As advised by the Company, the next annual general meeting of the Company is expected not to be held until March 2014 (the “**Forthcoming AGM**”). Given that the Existing General Mandate granted to the Directors has been almost fully utilised, if the Existing General Mandate is not refreshed, the Directors would only be allowed to further allot and issue up to 74,158 Shares, which will be of trivial monetary value, under the Existing General Mandate until renewal of the same by the Shareholders at the Forthcoming AGM. As advised by the Directors, in order to allow the financial flexibility of the Group to settle the Remaining Consideration, as well as to raise further capital to finance future investment and/or the possible acquisition(s) of the Group (if any), the Company wishes to seek approval of the Independent Shareholders at the EGM for the Refreshment of Issue Mandate so that the Directors will be granted the authority to issue, allot and deal with new Shares not exceeding 20% of the total issued share capital of the Company as at the date of the EGM. As at the Latest Practicable Date, the Company had an aggregate of 2,554,920,793 Shares in issue. Assuming that there being no change in the issued share capital of the Company from the Latest Practicable Date up to the date of the EGM, the Refreshment of Issue Mandate (if granted) would allow the Directors to issue, allot and deal with up to 510,984,158 new Shares, representing approximately 20% of the total issued share capital of the Company at the date of the EGM.

2. Reasons for the Refreshment of Issue Mandate

The Board would like to provide flexibility for the Company to raise funds for its future business development and/or any opportunities to be identified by the Company through equity financing.

As advised by the Directors, the Company does not have an immediate funding need at the Latest Practicable Date. However, given the cash and bank balances of the Group of approximately HK\$31 million as at 13 September 2013, in the event that the terms and conditions of the Sale and Operation Agreement have been fulfilled, and the various tests and the transfer of the title of Ka-beam of the Satellite have been completed, the Company may not be able to fully settle the Remaining Consideration for purchase and operation of the Ka-Beam of the Satellite, which will be complementary to the operating business of the Company. In particular, as advised by the Directors, should the Sale and Operation Agreement be approved on the extraordinary general meeting which is expected to be held in late October or early November 2013, part of the Remaining Consideration, i.e. US\$15 million (equivalent to approximately HK\$117 million), will become payable.

LETTER FROM FORTUNE FINANCIAL CAPITAL

We also noticed that the Remaining Consideration is payable subject to the fulfilment of certain terms and conditions under the Sale and Operation Agreement and completion of the various tests and transfer of title of Ka-beam of the Satellite, which may or may not be fulfilled before the Forthcoming AGM. Nonetheless, we concur with the view of the Board that it is in the interest of the Company to reserve its ability to raise fund through equity financing for the Remaining Consideration, which may need to be satisfied before the Forthcoming AGM, and/or to meet the financial need of the Group for any of its future investment.

As set out in the Interim Report 2013, the Company has incurred a total comprehensive expense of approximately HK\$33.68 million. We are of the view that the Company might not be easy to obtain debt financing with a loss making financial position as disclosed in the Interim Report 2013 without paying an above market average interest rate. Furthermore, the negotiation of borrowing terms is time consuming. It may reduce the Company's capability in capturing any identified business opportunity in the future.

As discussed with the Directors, the Directors consider that equity financing is an important avenue of resources to the Group, as it (i) does not incur any interest-paying obligations on the Group as compared with bank financing; (ii) is less costly and time-consuming than raising funds by way of rights issue or open offer; and (iii) provides the Company with the flexibility and capability to capture any capital raising and/or prospective investment opportunities as and when it arises. The Directors consider that such ability is crucial in a competitive and rapidly changing investment environment and in times of volatile market conditions.

As advised by the Directors, save as the purchase of Ka-Beam of the Satellite as disclosed above, the Company has not identified any other investment opportunities as at the Latest Practicable Date.

As advised by the Directors, all proceeds from the Refreshment of Issue Mandate (if granted and upon its utilisation) are intended to be used as (i) settlement for the Remaining Consideration; and/or (ii) funding for possible acquisition(s) of the Group to be identified in the future (if any); and/or (iii) general working capital of the Group.

LETTER FROM FORTUNE FINANCIAL CAPITAL

Based on the above and the prevailing circumstances of the Company, we are of the view that there is no immediate funding need of the Company. Nevertheless, taking into account that (i) the Forthcoming AGM will not take place until March 2014; (ii) the obligation to settle the Remaining Consideration may arise at any time in the future; (iii) the current cash and bank balances of the Group may not be sufficient for settlement of the Remaining Consideration and fulfilment of any other business investment when suitable investment opportunities arise; and (iv) the intended use of the proceeds of the Company from the Refreshment of Issue Mandate (if granted and upon its utilisation), we are of the view that the Refreshment of Issue Mandate (i) would provide the Company with necessary financing flexibility for any funding needs for any future investments and business developments as and when they arises; (ii) would ensure the Company having sufficient general mandate, if so required, until the general mandate is renewed at the Forthcoming AGM; (iii) would provide an opportunity for the Group to improve its cash position; and (iv) would facilitate the Company to raise funds in a meaningful quantum if and when necessary in a timely manner, we therefore consider that the Refreshment of Issue Mandate is in the interests of the Company and the Shareholders as a whole.

3. Flexibility of financing

As advised by the Directors, the Company has no concrete plan for raising capital by issuing new Shares as at the Latest Practicable Date. If any potential investors offer attractive terms for investment in the Shares subject to the then market conditions, the Company will consider and may conduct an equity fund raising exercise by issuing new Shares, the proceeds of which may be used as (i) settlement for the Remaining Consideration; (ii) funding for possible acquisition(s) of the Group in the future (if any); and/or (iii) general working capital of the Group. The Directors consider that funding requirement or appropriate investment opportunities may or may not arise at any time prior to the Forthcoming AGM. If such opportunities arise prior to the Forthcoming AGM, decisions may have to be made within a limited period of time. The Directors therefore believe that (i) the Refreshment of Issue Mandate will provide the Company with flexibility in deciding the source of financing for any acquisition opportunities that may arise in the future; and (ii) the Refreshment of Issue Mandate will empower them to issue new Shares within the refreshed limit speedily as and when necessary.

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Based on the above, we consider that (i) any share and/or convertible securities placement exercise is dependent, to a large extent, on prevailing market conditions and such opportunities for share placement exercise may not always arise and may require a timely response; and (ii) the Refreshment of Issue Mandate would provide the Company with the flexibility to issue and allot new Shares for equity fund raising activities, such as placing of new Shares and convertible securities, or as consideration for potential investments in the future as and when such opportunities arise, we therefore consider that the Refreshment of Issue Mandate is in the interests of the Company and the Shareholders as a whole.

4. Equity fund raising activities in the past twelve months

As confirmed by the Directors, save as disclosed below, the Company has not conducted any other fund raising activity of the Company during the past twelve months immediately prior to the Latest Practicable Date:

Dates of the initial announcement	Fund raising activities	Net proceeds (Approximately)	Intended use of proceeds	Actual use of proceeds
25 July 2013	Placing of 109,000,000 Shares under general mandate at HK\$0.33 per placing share	HK\$35.3 million	General working capital of the Group	As at the Latest Practicable Date, part of the net proceeds of approximately HK\$28 million had been used for general working capital of the Group and the Company intends to use the remainder for the intended use. The remainder proceeds were kept in the Company's bank accounts.
3 December 2012	Issue of 254,000,000 unlisted warrants under general mandate at HK\$0.05 per warrant	HK\$12.6 million (additional HK\$149.9 million upon fully exercise of the subscription rights to the warrants)	General working capital of the Group and/or funds of future development of the Group	Utilised as general working capital of the Group. No warrants have been exercised up to the date of the Latest Practicable Date
5 November 2012	Issue of 200,000,000 unlisted warrants under general mandate at HK\$0.01 per warrant	HK\$1.85 million (additional HK\$108 million upon fully exercise of the subscription rights to the warrants)	General working capital of the Group and/or funds of future development of the Group	Utilised as general working capital of the Group. No warrants have been exercised up to the date of the Latest Practicable Date

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As shown in the above table, the Company has a successful track record of completing three fund-raising activities during the past twelve months immediately prior to the Latest Practicable Date. We are advised by the Directors that the Company is committed to explore new investment opportunities and business development of the Group. As such, we consider that it is not unreasonable for the Directors to propose the Refreshment of Issue Mandate at the EGM in order to give the Company greater flexibility in the issuance of new Shares and/or convertible instruments in future as and when the Company considers desirable in order to capture potential investment opportunities for the benefit of the development of the Company.

5. Other financing alternatives

As advised by the Directors, apart from equity financing such as rights issue, open offer or placing of new Shares, the Company will also consider other financing alternatives such as debt financing and bank borrowings for any future investment or commitment. However, debt financing may be subject to lengthy due diligence and negotiations as compared to the equity financing available to the Directors if the Refreshment of Issue Mandate were granted. Based on our discussion with and enquiries to the Company, the Directors will consider, among other things, (i) the financial position of the Group as a whole; (ii) the overall environment of the financial market; (iii) the timing and urgency of the need for funding by the Group; (iv) the size of the required or intended financing of the Group; (v) the costs of the available funding alternatives; (vi) the terms and conditions of the different funding options; (vii) the effect on the Shareholders, including but not limited to the dilution effect on the minority Shareholders; and (viii) the financial effects of different funding alternatives on the Group as a whole, in deciding the most appropriate means of financing in order to maximise the benefits to the Shareholders. We were advised by the Company that the Directors will obtain the then available financial and market information for the relevant fund raising exercise and proposals for different funding alternatives will be tabled to the Board for assessment. Board meeting(s) will then be convened to provide an opportunity for the members of the Board to review and discuss in details the available funding alternatives before reaching a decision on the preferred funding method for the relevant corporate activities.

Taking into account the above, we consider that (i) the Refreshment of Issue Mandate will provide the Company with an additional financing alternative and it is reasonable for the Company to have higher degree of flexibility in deciding its future financing exercise; and (ii) according to our discussion with the Company and the representation of the Directors given to us in respect of its method of determining any future financing as described above, and assuming that the said procedures will be taken, the measures to be implemented by the Company in deciding the most appropriate means of financing for the Group are reasonable.

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6. Potential dilution to shareholding of the existing public Shareholders

For illustrative purpose only, set out below is a table showing the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) upon full utilisation of the Refreshment of Issue Mandate (assuming that (a) the Refreshment of Issue Mandate will be approved at the EGM; (b) there is no other change in the issued share capital of the Company between the Latest Practicable Date and the date of the EGM; and (c) there is no other change in the issued share capital of the Company between approval of the Refreshment of Issue Mandate and its full utilisation):

	As at the Latest Practicable Date		Upon full utilisation of the Refreshment of Issue Mandate	
	No. of Shares	Approx %	No. of Shares	Approx %
Substantial Shareholders				
Mr. LIE Haiquan	361,482,000	14.15	361,482,000	11.79
Winner Mind Investment Limited (Note 1)	<u>120,708,000</u>	<u>4.72</u>	<u>120,708,000</u>	<u>3.94</u>
Sub-total	<u>482,190,000</u>	<u>18.87</u>	<u>482,190,000</u>	<u>15.73</u>
Public Shareholders	2,072,730,793	81.13	2,072,730,793	67.61
Shares available for issue pursuant to the Refreshment of Issue Mandate	<u>–</u>	<u>–</u>	<u>510,984,158</u>	<u>16.66</u>
Total	<u>2,554,920,793</u>	<u>100.00</u>	<u>3,065,904,951</u>	<u>100.00</u>

Note:

- (1) These shares are held by Winner Mind Investment Limited (“**Winner Mind**”), a company incorporated in the British Virgin Islands, which is wholly-owned by Mr. LIE Haiquan. Thus, he is deemed to be interested in the 120,708,000 shares held by Winner Mind.

The table above illustrates that the shareholdings of the existing public Shareholders would change from approximately 81.13% as at the Latest Practicable Date to approximately 67.61% upon full utilisation of the Refreshment of Issue Mandate (assuming that (a) the Refreshment of Issue Mandate will be approved at the EGM; (b) there is no other change in the issued share capital of the Company between the Latest Practicable Date and

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the date of the EGM; and (c) there is no other change in the issued share capital of the Company between approval of the Refreshment of Issue Mandate and its full utilisation); The shareholdings of the existing public Shareholders will be decreased by approximately 13.52%. On the other hand, the potential dilution effect to the existing Shareholders will be approximately 16.66%, where we consider such dilution effect to be acceptable having considered the enhancement of financial flexibility to the Group as a result of the Refreshment of Issue Mandate.

Taking into account that the Refreshment of Issue Mandate (i) allows the Company to raise capital by allotment and issuance of new Shares before the Forthcoming AGM; (ii) provides more flexibility and options of financing to the Group for future business development as well as for other potential future investments and/or acquisitions as and when such opportunities arise; and (iii) the shareholding of all Shareholders in the Company will be diluted in proportion to their then respective shareholdings upon any utilisation of the Refreshment of Issue Mandate, we consider that the potential dilution to the shareholdings of the existing public Shareholders as mentioned above is acceptable.

RECOMMENDATION

Having taken into consideration the factors and reasons as stated under the section headed “PRINCIPAL FACTORS AND REASONS CONSIDERED” in this letter and the prevailing circumstances of the Company, we consider that the Refreshment of Issue Mandate is fair and reasonable so far as the Independent Shareholders are concerned and the grant of the Refreshment of Issue Mandate is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders, and also the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Refreshment of Issue Mandate.

Yours faithfully,

For and on behalf of

FORTUNE FINANCIAL CAPITAL LIMITED

Eric Koo

Managing Director

Stanley Chung

Director

NOTICE OF EXTRAORDINARY GENERAL MEETING



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 of Neo Telemedia Limited (the “**Company**”) will be held at Conference Room, Unit 1303, 13th Floor, York House, The Landmark, 15 Queen’s Road Central, Hong Kong at 11:00 a.m. on Thursday, 17 October 2013 to consider and, if thought fit, to pass with or without amendments the following resolution:

ORDINARY RESOLUTION

“THAT

- (a) subject to paragraph (c) of this resolution, and pursuant to the GEM Listing Rules of the Stock Exchange, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares in the share capital of the Company, and to make or grant offers, agreements and options which would or might require the exercise of such powers, be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) of this resolution shall authorize the Directors during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of the share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraph (a) of this resolution, otherwise than by way of (i) a Rights Issue (as hereinafter defined); or (ii) the exercise of any option under any share option scheme of the Company or similar arrangement for the time being adopted for the issue or grant to officers and/or employees of the Company and/or any of its subsidiaries and/or other eligible persons of shares or rights to acquire shares of the Company; or (iii) any scrip dividend or similar arrangement providing

NOTICE OF EXTRAORDINARY GENERAL MEETING

for the allotment of shares in lieu of the whole or part of a dividend on shares in accordance with the articles of association of the Company in force from time to time, shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of this resolution and the said approval shall be limited accordingly; and

(d) for the purpose of this resolution:

(aa) “Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

(i) the conclusion of the next annual general meeting of the Company;

(ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws to be held; or

(iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.

(bb) “Rights Issue” means an offer of shares or other securities of the Company open for a period fixed by the Directors to holders of shares of the Company or any class thereof on the register on a fixed record date in proportion to their then holdings of such shares or class thereof (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognized regulatory body or any stock exchange in any territory outside the Hong Kong Special Administrative Region of the People’s Republic of China).”

By order of the Board
Neo Telemedia Limited
ZHANG Xinyu
Executive Director

Hong Kong, 30 September 2013

NOTICE OF EXTRAORDINARY GENERAL MEETING

Registered office:

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

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

Unit 1303, 13/F.
York House, The Landmark
15 Queen's Road Central
Hong Kong

Notes:

1. Any member entitled to attend and vote at the Extraordinary General Meeting is entitled to appoint one or more proxies to attend and vote on his behalf. A proxy need not be a member of the Company. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
2. Completion and return of the form of proxy will not preclude a member from attending and voting in person at the meeting or poll concerned if he so wishes. In the event of a member who has lodged a form of proxy attending the meeting, his form of proxy will be deemed to have been revoked.
3. In order to be valid, the form of proxy, together with any power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration as soon as possible and in any event not less than 48 hours before the time appointed for holding the Extraordinary General Meeting or any adjournment thereof or, in the case of a poll taken subsequently to the date of the meeting or adjourned meeting, not later than 24 hours before the time appointed to the taking of the poll.
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.