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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)

PLACING OF NEW SHARES
UNDER GENERAL MANDATE

Placing Agent



THE PLACING

On 15 May 2014 (after trading hours), the Placing Agent and the Company entered into the Placing Agreement pursuant to which the Company has conditionally agreed to place, through the Placing Agent on a best effort basis, a maximum of 200,000,000 Placing Shares to currently expected not less than six Placees who and whose ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons (as defined in the GEM Listing Rules).

A maximum of 200,000,000 Placing Shares represent (i) approximately 7.83% of the existing issued share capital of the Company of 2,554,920,793 Shares as at the date of this announcement and (ii) approximately 7.26% of the issued share capital of 2,754,920,793 Shares as enlarged by the Placing. The aggregate nominal value of the Placing Shares under the Placing will be HK\$20,000,000.

The Placing Price of HK\$0.201 represents a discount of approximately 19.60% to the benchmarked price of the Shares, which is the higher of (i) the closing price of HK\$0.250 per Share as quoted on the GEM on the date of the Placing Agreement; and (ii) the average closing price of HK\$0.238 per Share as quoted on the GEM for the last 5 trading days prior to

the date of the Placing Agreement.

The Placing is conditional upon, among other things, the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Placing Shares.

The maximum gross proceeds from the Placing will be approximately HK\$40.2 million. The maximum net proceeds from the Placing will amount to approximately HK\$39.7 million which is intended to be used for general working capital of the Group. The net proceeds raised per Placing Share will be approximately HK\$0.1985.

THE PLACING AGREEMENT

Date

15 May 2014 (after trading hours)

Parties

The Company and the Placing Agent

Placing Agent

The Placing Agent has conditionally agreed to place a maximum of 200,000,000 Placing Shares on a best effort basis. The Directors are of the view that the terms of the Placing Agreement are fair and reasonable.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons (as defined in the GEM Listing Rules).

Placees

The Placing Agent agreed to place the Placing Shares on a best effort basis to currently expected not less than six Placees (who will be independent professional, institutional or other investors), who and whose ultimate beneficial owner(s) will not be connected persons (as defined in the GEM Listing Rules) of the Company. It is expected that none of the individual Placee will become a substantial Shareholder (as defined in the GEM Listing Rules) immediately after completion of the Placing. If any of the Placees becomes a substantial Shareholder (as defined in the GEM Listing Rules) after the completion of the Placing, further announcement will be made by the Company.

Number of Placing Shares

A maximum of 200,000,000 Placing Shares represent (i) approximately 7.83% of the existing issued share capital of the Company of 2,554,920,793 Shares as at the date of this announcement; and (ii) approximately 7.26% of the issued share capital of 2,754,920,793 Shares as enlarged by the Placing. The aggregate nominal value of the Placing Shares under the Placing will be HK\$20,000,000.

Ranking of Placing Shares

The Placing Shares under the Placing will rank, upon issue, *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Placing Shares.

Placing Price

The Placing Price of HK\$0.201 represents a discount of approximately 19.60% to the benchmarked price of the Shares, which is the higher of (i) the closing price of HK\$0.250 per Share as quoted on the GEM on the date of the Placing Agreement; and (ii) the average closing price of HK\$0.238 per Share as quoted on the GEM for the last 5 trading days prior to the date of the Placing Agreement.

The Placing Price was determined with reference to the prevailing market price and liquidity of the Share and was negotiated on an arm's length basis between the Company and the Placing Agent. The Directors consider that the terms of the Placing are fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

The Placing Shares

The Placing Shares will be issued under the General Mandate to allot, issue and deal with Shares granted to the Directors by resolution of the Shareholders passed at the AGM subject to the limit of up to 20% of the then issued share capital of the Company as at the date of the AGM. Under the General Mandate, the Company is authorized to issue up to 510,984,158 Shares. Up to the date of this announcement, no new Shares have been issued under the General Mandate. Accordingly, the issue of the Placing Shares is not subject to the approval of the Shareholders.

Conditions of the Placing Agreement

Completion of the Placing Agreement is conditional upon:

- (i) the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Placing Shares; and
- (ii) the obligations of the Placing Agent under the Placing Agreement becoming unconditional and not being terminated in accordance with the terms of the Placing Agreement, including provisions regarding force majeure event.

Completion of the Placing

Completion of the Placing will take place within four business days after the fulfillment and/or waiver (other than condition (i) above, which cannot be waived) of the conditions as set out in paragraph headed “Conditions of the Placing Agreement” above or such other date to be agreed between the Company and the Placing Agent in writing.

If the above conditions are not satisfied and/or waived (other than condition (i) above, which cannot be waived) in whole or in part by the Placing Agent on or before 5:00 p.m. on 29 May 2014 or such later date to be agreed between the Company and the Placing Agent in writing, the Placing Agreement will be terminated and the Placing will not proceed and all obligations and liabilities of the parties under the Placing Agreement will forthwith cease and determine and no party will have any claim against the others (save for any antecedent breaches thereof).

Termination and force majeure

The Placing Agent reserves its right to terminate the Placing Agreement by notice in writing prior to 9:00 a.m. on the date of completion of the Placing, if in the absolute opinion of the Placing Agent, the success of the Placing would be materially and adversely affected by any force majeure events (as defined below).

For this purpose, a “force majeure event” refers to:

- (a) the introduction of any new laws or regulations or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
- (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before and/or after the date of the Placing Agreement) of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not sui generis with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which may, in the absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or adversely prejudices the success of the Placing to potential investor(s) or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the Placing; or
- (c) any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction on trading in securities) occurs which

affect the success of the Placing (such success being the placing of the Shares to potential investor(s)) or otherwise in the absolute opinion of the Placing Agent make it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the Placing.

If, at or prior to 9:00 a.m. on the date of completion of the Placing:

- (a) the Company commits any material breach of or omits to observe any of the obligations or undertakings expressed or assumed under the Placing Agreement; or
- (b) any suspension in the trading of the Shares on the GEM for more than ten consecutive trading days save for the purposes of clearing of the announcement relating to the Placing Agreement; or
- (c) the Placing Agent shall become aware of the fact that any of the representations or warranties contained in the Placing Agreement was, when given, untrue or inaccurate or would in any respect be untrue or inaccurate if repeated the Placing Agent shall determine that any such untrue representation or warranty represents or is likely to represent a material adverse change in the financial or trading position or prospects of the Group taken as a whole or will otherwise likely to have a material prejudicial effect on the Placing.

The Placing Agent shall be entitled (but not bound) by notice in writing to the Company to elect to treat such matter or event as releasing and discharging the Placing Agent from its obligations under the Placing Agreement.

Upon giving of notice pursuant to the paragraph above, all obligations of the Placing Agent hereunder shall cease and determine and no party shall have any claim against any other parties in respect of any matter or thing arising out of or in connection with the Placing Agreement, save for any antecedent breaches.

The Placing may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

REASONS FOR THE PLACING AND USE OF PROCEEDS

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

The Directors consider that the Placing presents an opportunity for the Company to raise additional funds while broadening the shareholder and capital base of the Company. The Directors consider that the terms of the Placing are on normal commercial basis, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The maximum gross proceeds from the Placing will be approximately HK\$40.2 million. The maximum net proceeds from the Placing will amount to approximately HK\$39.7 million which is intended to be used for general working capital of the Group. The net proceeds raised per Placing Share will be approximately HK\$0.1985.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Apart from the fund raising activities set out below, the Company had not conducted any other fund raising activities in the past 12 months immediately preceding the date of this announcement.

| Date of initial announcement | Fund raising activity | Net proceeds (Approximately) | Intended use of proceeds | Actual use of proceeds |
|-------------------------------------|--|-------------------------------------|--------------------------------------|-------------------------------|
| 25 July 2013 | Placing of 109,000,000 new Shares under the general mandate of the Company | HK\$35.3 million | General working capital of the Group | Used as intended |

EFFECTS ON SHAREHOLDING STRUCTURE

The existing shareholding structure of the Company as at the date of this announcement (as extracted from the Disclosure of Interests filed in the website of the Stock Exchange by the relevant Shareholders and the latest available public information) and the shareholding structure of the Company immediately after completion of the Placing are as follows:

| | As at the date of this announcement | | Immediately upon completion of the Placing (Note 4) | |
|---|-------------------------------------|---------------|---|---------------|
| | No. of Shares | Approx % | No. of Shares | Approx % |
| Substantial Shareholders | | | | |
| Mr. LIE Haiquan | 503,412,000 | 19.70 | 503,412,000 | 18.27 |
| Winner Mind Investments Limited (Note 1) | 208,708,000 | 8.17 | 208,708,000 | 7.58 |
| Golden Ocean Assets Management Limited (Note 2) | 5,000,000 | 0.20 | 5,000,000 | 0.18 |
| Sub-total | 717,120,000 | 28.07 | 717,120,000 | 26.03 |
| Public Shareholders (Note 3) | 1,837,800,793 | 71.93 | 1,837,800,793 | 66.71 |
| Placee(s) (Note 3) | - | - | 200,000,000 | 7.26 |
| Total | 2,554,920,793 | 100.00 | 2,754,920,793 | 100.00 |

Notes:

- (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 208,708,000 Shares held by Winner Mind.
- (2) These Shares are held by Golden Ocean Assets Management Limited (“Golden Ocean”), a company incorporated in Hong Kong, which is wholly-owned by Mr. LIE Haiquan. Thus, he is deemed to be interested in the 5,000,000 Shares held by Golden Ocean.
- (3) Placee(s) may be an existing public Shareholder(s) (holding less than 10% of the existing issued share capital of the Company as at the date of this announcement). The existing holdings of such Placee(s), if any, are included under Public Shareholders.
- (4) This assumes the Placing Shares are fully placed.
- (5) The percentages are subject to rounding difference, if any.

GENERAL

Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Placing Shares.

TERMS AND DEFINITIONS

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| “AGM” | the annual general meeting of the Company held on 17 March 2014; |
| “Board” | the board of Directors; |
| “Company” | Neo Telemedia Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the GEM; |
| “Director(s)” | director(s) of the board of the Company; |
| “General Mandate” | the mandate granted to the Directors by the Shareholders at the AGM to allot, issue and deal with up to 20% of the then issued share capital of the Company as at the date of the AGM; |
| “GEM” | The Growth Enterprise Market of the Stock Exchange; |
| “GEM Listing Rules” | the Rules Governing the Listing of Securities on the GEM; |
| “Group” | the Company and its subsidiaries; |
| “Hong Kong” | Hong Kong Special Administrative Region of PRC; |
| “Placee(s)” | any professional, institutional or other investor(s) or any of their respective subsidiaries or associates procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agreement; |
| “Placing” | the placing of a maximum of 200,000,000 new Shares pursuant to the terms of the Placing Agreement; |
| “Placing Agent” | Kingston Securities Limited, a licensed corporation to carry on business in type 1 regulated activity (dealing in securities) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong); |

| | |
|---------------------|--|
| “Placing Agreement” | the conditional placing agreement entered into between the Company and the Placing Agent dated 15 May 2014 in relation to the Placing; |
| “Placing Price” | HK\$0.201 per Placing Share; |
| “Placing Share(s)” | a maximum of 200,000,000 new Share(s) to be placed pursuant to the Placing Agreement; |
| “PRC” | the People’s Republic of China; |
| “Shareholder(s)” | holder(s) of the Share(s); |
| “Share(s)” | ordinary share(s) of HK\$0.10 each in the share capital of the Company; |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited; |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong; and |
| “%” | per cent. |

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

Hong Kong, 15 May 2014

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. CHEUNG Sing Tai (Chairman and Chief Executive Officer), Mr. ZHANG Xinyu and Mr. LIAN Xin, and three independent non-executive Directors, namely Mr. LEUNG Ka Wo, Ms. LU Zhuo and Mr. CHOU Jianzhong.

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 the information contained in this announcement 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 announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the Growth Enterprise Market 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.