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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)

CONNECTED TRANSACTION ACQUISITION OF PROPERTIES

PROPERTIES ACQUISITION

The Board is pleased to announce that on 28 August 2014, the Purchaser, a wholly-owned subsidiary of the Company, and the Vendor entered into the Property Acquisition Agreements, pursuant to which the Purchaser has agreed to purchase and the Vendor has agreed to sell the Properties at the Aggregate Consideration of RMB17,316,880 (equivalent to approximately HK\$21,819,000).

GEM LISTING RULES IMPLICATION

As at the date of the Property Acquisition Agreements, the Vendor is substantially owned by Mr. Lie. Since Mr. Lie is a substantial shareholder of the Company, the Vendor, being an associate of Mr. Lie, is therefore a connected person of the Company under the GEM Listing Rules. Accordingly, the transactions contemplated under the Property Acquisition Agreements constitute a connected transaction of the Company under Chapter 20 of the GEM Listing Rules.

Given that the relevant applicable percentage ratios in respect of the Property Acquisition Agreements are less than 5%, the Property Acquisition Agreements are only subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirements under the GEM Listing Rules.

Property Acquisition Agreements

Date

28 August 2014

Parties

Purchaser : 中新賽爾(深圳)網絡通信技術有限公司

Vendor : 佛山源海發展有限公司

Assets to be acquired

The Properties, being collectively the four office units (room 1601, room 1602, room 1603 and room 1604 of Block 4, Tower 1), are located at Smart City, No. 1 Zhi Hui Road, Chan Cheng District, Foshan, the PRC. The gross floor area of each of the four office units is approximately 516.34 sq. m., 565.99 sq. m., 516.34 sq. m. and 565.99 sq. m. respectively. The building located at Smart City, No. 1 Zhi Hui Road, Chan Cheng District, Foshan, the PRC, including the Properties, will be used as for commercial purpose and is completed as at the date of this announcement.

Consideration and payment

Pursuant to the terms of the Property Acquisition Agreements, the Vendor agreed to sell and the Purchaser agreed to purchase the Properties at the Aggregate Consideration of RMB17,316,880 (equivalent to approximately HK\$21,819,000), which shall be satisfied by cash in the following manner:

- (i) RMB9,524,284, being 55% of the Aggregated Consideration shall be paid within 5 days after the date of the Property Acquisition Agreements; and
- (ii) RMB7,792,596, being 45% of the Aggregated Consideration shall be paid within 1 month after the date of the Property Acquisition Agreements.

The Group will finance the payment for the Properties Acquisition by its internal resources.

The Aggregate Consideration and the consideration of each of the Property Acquisition Agreements were determined after arm's length negotiations by the parties and on normal commercial terms with reference to the prevailing market price of similar types of properties, all of which are located at the proximity of the Property in Chan Cheng District, Foshan, the PRC. The Directors consider that the Aggregate Consideration is fair and reasonable having taken into account the prevailing market price of similar properties in similar locations.

Completion

The Properties Acquisition shall be completed upon the Vendor obtaining the occupation approval of the Properties from the relevant PRC Government authorities, but in any event no later than 31 December 2014.

REASONS AND BENEFITS FOR THE PROPERTY ACQUISITION

The Group is currently leasing premises for office in the PRC. The Board considers that the Properties Acquisition represent a good opportunity for the Company to purchase premises in the PRC with suitable location as its permanent office in the PRC.

After completion of the Properties Acquisition, the Properties will be self-occupied by the Group for office purpose.

The Directors (including the independent non-executive Directors) are of the view that the Properties Acquisition (i) have been negotiated on an arm's length basis; (ii) have been conducted and will be conducted on normal commercial terms, or on terms no less favourable than those available to or from independent third parties under prevailing local market conditions; (iii) are entered into in the ordinary and usual course of business of the Group; and (iv) are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, there is no other transaction entered into between any member of the Group and the Vendor and its ultimate beneficial owner(s) or otherwise related, which would be, together with the Properties Acquisition, aggregated under Rule 20.79 of the GEM Listing Rules.

INFORMATION ON THE PARTIES

The principal activities of the Company are sale of telecommunication products and services and transmedia advertising services.

The Vendor is principally engaged in (i) the investment, construction and asset management of industrial district; (ii) the investment, development and asset management of real estate; (iii) the development and sales of computer hardwares; (iv) the provision of computer network services; and (v) trading within PRC.

The Vendor is substantially owned by Mr. Lie and the minority shareholders of the Vendor are third parties independent of and not connected with the Company and its connected persons.

IMPLICATION OF THE GEM LISTING RULES

As at the date of the Property Acquisition Agreements, the Vendor is substantially owned by Mr. Lie. Since Mr. Lie is a substantial shareholder of the Company, the Vendor, being an associate of Mr. Lie, is therefore a connected person of the Company under the GEM Listing Rules. Accordingly, the transactions contemplated under the Property Acquisition Agreements constitute a connected transaction of the Company under Chapter 20 of the GEM Listing Rules.

Given that the relevant applicable percentage ratios in respect of the Property Acquisition Agreements are less than 5%, the Property Acquisition Agreements are only subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirements under the GEM Listing Rules.

No Directors have a material interest in the Properties Acquisition and need to abstain from voting on the relevant resolution(s) in the Board meeting to approve the Property Acquisition Agreements.

DEFINITIONS

In this announcement, the following expression shall, unless the context requires otherwise, have the following meanings:

“Aggregate Consideration”	being the aggregate purchase price of the Properties under the Property Acquisition Agreements
“associate(s)”	has the meaning ascribed to this term 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 the GEM

“connected person(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	The Rules Governing the Listing of Securities on GEM (as amended from time to time)
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Mr. Lie”	Mr. Lie Haiquan, a substantial shareholder of the Company
“PRC”	The People’s Republic of China which for the purpose of this announcement, shall exclude Hong Kong, Macau Special Administrative Region of PRC and Taiwan
“Properties”	the four office units, namely room 1601, room 1602, room 1603 and room 1604 of Block 4, Tower 1 located at Smart City, No. 1 Zhi Hui Road, Chan Cheng District, Foshan, the PRC
“Properties Acquisition”	the acquisition of the Properties by the Purchaser from the Vendor as contemplated under the Property Acquisition Agreements
“Property Acquisition Agreements”	the four sales and purchase agreements all dated 28 August 2014 and entered into between the Purchaser and the Vendor in relation to the purchase of the Properties
“Purchaser”	中新賽爾(深圳)網絡通信技術有限公司, a company incorporated in the PRC with limited liability, being a wholly-owned subsidiary of the Company as at the date of this announcement
“RMB”	RMB, the lawful currency of PRC
“Share(s)”	ordinary share(s) of HK\$0.10 each in the issued share capital of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed thereto under the GEM Listing Rules

“Vendor”	佛山源海發展有限公司, a company incorporated in the PRC with limited liability
“%”	per cent.

For illustration purpose of this announcement, exchange rate of RMB1=HK\$1.26 has been adopted.

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

Hong Kong, 28 August 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, Mr. CHOU Jianzhong and Ms. XI Lina.

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.