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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)

**DISCLOSABLE TRANSACTION –
FORMATION OF A JOINT VENTURE COMPANY WITH
INSPUR CLOUD COMPUTING**

**FORMATION OF A JOINT VENTURE COMPANY WITH INSPUR CLOUD
COMPUTING**

On 24 April 2015, the Subsidiary and Inspur Cloud Computing entered into the JV Agreement, pursuant to which the Subsidiary and Inspur Cloud Computing have agreed to establish the JV Company, namely 廣東浪潮蔚海雲計算有限公司 (Guangdong Inspur Weihai Cloud Computing Company Limited)*in Chancheng district (禪城區), Foshan city (佛山市), Guangdong Province of the PRC to mainly engage in the application of cloud computing and e-commerce businesses.

Upon completion of capital contribution of the parties to the joint venture, the JV Company is to be owned as to 60% by Inspur Cloud Computing and 40% by the Subsidiary respectively.

Pursuant to the JV Agreement, the Subsidiary shall procure the JV Company the use of a furnished office premises in the area not less than 6,000 square metres free of rental or any charge for three years. The Subsidiary has also agreed in the JV Agreement to cooperate with the government of the Chancheng district (禪城區), the district where the JV Company will be established, in the realization of two privilege policies of the government, namely the 《Building and renovation of the engine room exhibition hall policy》(機房展廳建設裝修) and 《Financial assistance to the office premises of a joint venture company policy》(合資公司辦公場所補貼).

GEM LISTING RULES IMPLICATIONS

As the applicable percentage ratio calculated by reference to Rule 19.07 of the GEM Listing Rules in respect of the transactions contemplated under the JV Agreement is more than 5% but less than 25%, the transaction contemplated thereunder constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is subject to the reporting and announcement requirements but is exempted from shareholders' approval requirement under the GEM Listing Rules.

The Directors (including independent non-executive Directors) are of the view that the terms of the JV Agreement are on normal commercial term and are fair and reasonable and the transaction contemplated thereunder is in the interests of the Company and the Shareholders as a whole.

On 24 April 2015, the Subsidiary and Inspur Cloud Computing entered into the JV Agreement, pursuant to which the Subsidiary and Inspur Cloud Computing have agreed to establish a JV Company in the PRC.

Upon completion of capital contribution of the parties to the joint venture, the JV Company is to be owned as to 60% by Inspur Cloud Computing and 40% by the Subsidiary respectively.

Principal terms of the JV Agreement are set out below.

Date

24 April 2015

Parties

- (i) The Subsidiary; and
- (ii) Inspur Cloud Computing.

It is intended that the JV Company will engage in the application of cloud computing and e-commerce businesses in the following principal business areas:

- i) systems integration;
- ii) research, development, manufacturing, sales and servicing of computer hardware and software;
- iii) cloud computing services, cloud computing operation and maintenance; and
- iv) large scale data services and e-commerce business.

Capital contribution and shareholding of the JV Company

Pursuant to the JV Agreement, the amount of registered capital of the JV Company shall be

RMB20,000,000 while Inspur Cloud Computing shall account for a capital contribution of RMB12,000,000 and the Subsidiary shall account for a capital contribution of RMB8,000,000. Upon completion of capital contribution of the parties, the JV Company shall be owned as to 60% by Inspur Cloud Computing and 40% by the Subsidiary respectively.

Board composition

The JV Agreement stipulated that the JV Company will be governed by a board of directors which shall consist of five (5) members, of which Inspur Cloud Computing will nominate three (3) directors and the Subsidiary will nominate two (2) directors. The board of directors of the JV will be headed by a chairman who will be nominated by the Subsidiary.

The general manager of the JV Company, who will be the legal representative of the JV Company, will be appointed by Inspur Cloud Computing.

Location of the JV Company

According to the JV Agreement, the JV Company will be established in Chancheng district (禪城區), Foshan city (佛山市) of the Guangdong Province.

Cooperation of the Parties

Pursuant to the JV Agreement, the Subsidiary shall procure the JV Company the use of a furnished office premises in the area not less than 6,000 square metres free of rental or any charge for three years. The Subsidiary has also agreed in the JV Agreement to cooperate with the government of the Chancheng district (禪城區), the district where the JV Company will be established, in the realization of two privilege policies of the government, namely the 《Building and renovation of the engine room exhibition hall policy》 (機房展廳建設裝修) and 《Financial assistance to the office premises of a joint venture company policy》 (合資公司辦公場所補貼).

Profit sharing in the JV Company

Upon establishment of the JV Company, the Subsidiary and Inspur Cloud Computing will be entitled to share the profit of the JV Company in proportion to their respective equity interests in the JV Company.

INFORMATION OF THE GROUP AND THE SUBSIDIARY

The principal activity of the Company is investment holding and the principal activities of its operating subsidiaries are the sale and distribution of telecommunication products, provision of cable and wireless broadband services, value-added telecommunication services and electronic media services.

The registered scope of business of the Subsidiary includes research in the technology of electronics, communication and automated control technology and Internet technology development and other related business.

INFORMATION OF INSPUR CLOUD COMPUTING AND THE JV COMPANY

Inspur Cloud Computing is a company established in the PRC with limited liability and is owned by Inspur Shandong, Inspur Software and Inspur Electronic Information (collectively, “Inspur Group”) in equal share of the equity interest.

Inspur Group is engaged in the manufacture and sale of computer servers, computer terminal products, electronic products, and telecommunication equipment; development, production, and sale of communications and computer hardware and software technology; and provision of software outsourcing services.

The JV agreement was signed on 24 April 2015 and pursuant to which the JV Company is contemplated to be incorporated. There is no financial information of the JV Company in respect thereof available as at the date of this announcement.

REASONS FOR AND BENEFITS IN THE FORMATION OF THE JV COMPANY

The Directors consider that through establishing the JV Company as contemplated under the JV Agreement would enable the Group to tap into the fast developing cloud computing and e-commerce business market in the PRC.

In view of the above, the Directors (including independent non-executive Directors) are of the view that the terms of the JV Agreement are on normal commercial terms and are fair and reasonable and the transaction contemplated thereunder is in the interests of the Company and the Shareholders as a whole.

GENERAL INFORMATION AND GEM LISTING RULES IMPLICATIONS

As the applicable percentage ratio calculated by reference to Rule 19.07 of the GEM Listing Rules in respect of the transactions contemplated under the JV Agreement is more than 5% but less than 25%, the transaction contemplated thereunder constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is subject to the reporting and announcement requirements but is exempted from shareholders’ approval requirement under the GEM Listing Rules.

To the best of the knowledge, information and belief of the Directors, and having made all reasonable enquiries, Inspur Cloud Computing and its ultimate beneficial owners are third parties independent of the Group and are not connected persons of the Group.

DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless otherwise specified:

“Company”	Neo Telemedia Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the GEM (stock code : 8167)
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“Directors”	the directors of the Company
“GEM”	Growth Enterprise Market on the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM
“Group”	the Company and its subsidiaries
“Inspur Cloud Computing”	山東浪潮雲海雲計算產業投資有限公司 (Shandong Inspur Cloud Computing Industry Investment Company Limited)*, a company established in the PRC with limited liability by Inspur Shandong, Inspur Software and Inspur Electronic Information in equal share of the equity interest
“Inspur Electronic Information”	Inspur Electronic Information Industry Company Limited, a company established in the PRC with limited liability, the shares of which are listed on the main board of Shenzhen Stock Exchange in the PRC (stock code: 000977)
“Inspur Shandong”	Inspur (Shandong) Electronic Information Company Limited, a company established in the PRC with limited liability and wholly owned by Inspur International Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code: 596)
“Inspur Software”	Inspur Software Company Limited, a company established in the PRC with limited liability, the shares of which are listed on the Shanghai Stock Exchange in the PRC (stock code: 600756)
“JV Agreement”	the joint venture agreement dated 24 April 2015 entered into between the Subsidiary and Inspur Cloud Computing in relation to the establishment of the JV Company
“JV Company”	廣東浪潮蔚海雲計算有限公司 (Guangdong Inspur Weihai Cloud Computing Company Limited)*, a company contemplated to be established in the PRC

with limited liability, which will be owned as to 60% by Inspur Cloud Computing and 40% by the Subsidiary respectively

“PRC” the People’s Republic of China, which for the purpose of this announcement, excludes the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan

“RMB” Renminbi, the lawful currency of the PRC

“Subsidiary” 廣東蔚海科技發展有限公司 (Guangdong Weihai Technology Development Company Limited)*, a company established in the PRC with limited liability and wholly owned by the Company

“Stock Exchange” The Stock Exchange of Hong Kong Limited

“%” percent

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

Hong Kong, 24 April 2015

*The English translation of Chinese names or words in this announcement, where indicated, are included for information purpose only, and should not be regarded as the official English translation of such Chinese names and words.

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 Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited 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.