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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)

PROPOSED BONUS ISSUE OF SHARES AND UNUSUAL PRICE AND VOLUME MOVEMENTS

PROPOSED BONUS ISSUE

The Board proposed a Bonus Issue of new Shares on the basis of one Bonus Share for every one existing Share held by the Qualifying Shareholders whose names appear on the register of members of the Company on the Record Date. The Bonus Shares will be credited as fully paid at par by way of capitalisation of an appropriate amount in the share premium account of the Company.

The register of members of the Company will be closed from 11 June 2015 to 16 June 2015 (both days inclusive), during which no transfer of the Shares will be effected, in order to ascertain and determine the entitlement of the Shareholders under the Bonus Issue. Holders of the Convertible Notes must lodge the conversion notice of Convertible Notes and holders of the Share Options must lodge the exercise notice of the Share Options no later than 4:30 p.m. on 10 June 2015 in order to be qualified for the Bonus Issue.

Application will be made to the Listing Committee of the Stock Exchange in respect of such approval for the listings of, and permission to deal in, the Bonus Shares.

GENERAL

A circular containing, among other things, further details of the Bonus Issue and a notice of EGM will be despatched to the Shareholders on or before 20 May 2015.

UNUSUAL PRICE AND VOLUME MOVEMENTS

The Board has noted the increase in the price and trading volume of the Shares today. The Board advises that the Company is considering fund raising for financing the development of the business and operations of the Group in the future. As at the date of this announcement, no definitive agreement regarding any of the possible fund raising exercise(s) has been entered into with any party. Having made such enquiry with respect to the Company as is reasonable in the

circumstances, the Board confirms that save as disclosed above, the Board is not aware of any reasons for such price and trading volume movements or of any information which must be announced to avoid a false market in the Company's securities or any inside information that needs to be disclosed under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong).

PROPOSED BONUS ISSUE

The Board proposed a Bonus Issue of new Shares on the basis of one Bonus Share for every one existing Share held by the Qualifying Shareholders whose names appear on the register of members of the Company on the Record Date. The Bonus Shares will be credited as fully paid at par by way of capitalisation of an appropriate amount out of the Company's share premium account. The terms of the Bonus Issue are set out below.

Basis of the Bonus Issue

Subject to the conditions set out under the heading "Conditions of the Bonus Issue" below, the Bonus Shares will be issued and credited as fully paid at par on the basis of one Bonus Share for every one existing Share held on the Record Date by the Qualifying Shareholders.

On the basis of 3,057,920,793 existing Shares in issue as at the date of this announcement, and assuming (i) no further Shares will be issued or repurchased, (ii) no Convertible Notes will be converted prior to the Record Date, and (iii) no Share Options will be exercised prior to the Record Date, it is anticipated that 3,057,920,793 Bonus Shares will be issued under the Bonus Issue. The Bonus Shares will be credited as fully paid at par by way of capitalisation of an appropriate amount in the share premium account of the Company. After the completion of the Bonus Issue, there will be a total of 6,115,841,586 Shares in issue as enlarged by the Bonus Issue.

Record Date and closure of register of members

The Bonus Shares will be issued to the Qualifying Shareholders. Arrangement for the Non-Qualifying Shareholders are further elaborated below under the heading "Overseas Shareholders".

The register of members of the Company will be closed from 11 June 2015 to 16 June 2015 (both days inclusive), during which no transfer of the Shares will be effected, in order to ascertain and determine the entitlement of the Shareholders under the Bonus Issue. Holders of the Convertible Notes must lodge the conversion notice of the Convertible Notes and holders of the Share Options must lodge the exercise notice of the Share Options no later than 4:30 p.m. on 10 June 2015 in order to be qualified for the Bonus Issue.

Shareholders are reminded that in order to qualify for the Bonus Issue, they must ensure that all transfers accompanied by the relevant share certificates are lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on 10 June 2015.

The exact total number of Bonus Shares to be issued under the Bonus Issue will not be capable of determination until after the Record Date.

Reasons for the proposed Bonus Issue

In recognition of the continual support of the Shareholders, the Board decided to propose the Bonus Issue. In addition, the Directors believe that the Bonus Issue will (i) allow the Shareholders to participate in the business growth of the Company by way of capitalisation of a portion of the share premium account; (ii) enhance the liquidity of the Shares in the market and thereby enlarging the Shareholder and capital base of the Company; and (iii) be a return to the long-term support of the Shareholders.

Overseas Shareholders

If as at the close of business on the Record Date, a Shareholder's address as recorded on the register of members of the Company is in a place outside Hong Kong, the Board will make enquiries as to whether the Bonus Issue to the Overseas Shareholders may contravene the applicable securities legislation of the relevant overseas places or the requirements of the relevant regulatory body or stock exchange. If, after making such enquiry, the Board is of the opinion that there is no legal restriction under the laws of the relevant place or any requirement of the relevant regulatory body or stock exchange in that place, such Overseas Shareholders will be permitted to participate in the Bonus Issue. If, however, after making such enquiry, the Board is of the opinion that it would be necessary or expedient, on account either of the legal restriction under the laws of the relevant place or any requirement of the relevant regulatory body or stock exchange in that place, not to offer to such Overseas Shareholders, no issue of the Bonus Shares will be made to such Overseas Shareholders.

Overseas Shareholders receiving a copy of the circular concerning the Bonus Issue may not treat the same as an invitation to participate in the Bonus Issue unless such invitation could lawfully be made to him/her/it without having to comply with any registration or other legal requirements in the relevant territory.

In circumstances where any Overseas Shareholders are not permitted to participate in the Bonus Issue, arrangements will then be made for the Bonus Shares which would otherwise have been issued to those Overseas Shareholders to be sold in the market as soon as practicable after dealings commence, if a premium, net of expenses, can be obtained. Any net proceeds of such sale, after deduction of expenses, of HK\$100 or more will be distributed in Hong Kong dollars to the relevant Overseas Shareholders, by post at his own risk, unless the amount falling to be distributed to any such person is less than HK\$100 in which case it will be retained for the benefit of the Company.

Status of Bonus Shares

The Bonus Shares, upon issue, will rank *pari passu* in all respects with the Shares then in issue, including the entitlement to receiving dividends and other distributions the record date for which is on or after the date of allotment and issue of those Bonus Shares.

Conditions of the Bonus Issue

Completion of the Bonus Issue is conditional upon:

- (i) the approval of the Bonus Issue by the Shareholders at the EGM;
- (ii) the Listing Committee of the Stock Exchange granting the approval for the listing of, and permission to deal in, the Bonus Shares; and

- (iii) compliance with the relevant legal procedures and requirements (if any) under the applicable laws of Cayman Islands and the articles of association of the Company to effect the Bonus Issue.

Application will be made to the Listing Committee of the Stock Exchange for the listings of, and permission to deal in, the Bonus Shares. Apart from making listing application to the Listing Committee of the Stock Exchange, the Board does not propose to make application to any other stock exchanges for the listing of and permission to deal in, the Bonus Shares.

Adjustments to conversion price and number of Shares falling to be issued upon exercise of the conversion rights of the Convertible Notes

As at the date of this announcement, there are outstanding Convertible Notes in an aggregate principal amount of HK\$160,000,000. The Bonus Issue may lead to adjustment to the conversion price and/or the number of Shares which may fall to be issued upon exercise of the conversion rights attaching to the Convertible Notes. In view of the fact that the exact number of the Bonus Shares may not be determined until the Record Date, the Company will make further announcement upon the aforesaid adjustments to the Convertible Notes having been determined.

Adjustment to exercise price and number of Shares falling to be issued upon exercise of the Share Options

As at the date of this announcement, there are 73,000,000 outstanding Share Options. The Bonus Issue may lead to adjustment to the exercise price and/or the number of Shares which may fall to be issued upon exercise of the Share Options. In view of the fact that the exact number of the Bonus Shares may not be determined until the Record Date, the Company will make further announcement upon the aforesaid adjustments to the Share Options having been determined.

Save for the aforesaid Convertible Notes and Share Options, the Company has no outstanding options, warrants or convertible instruments which are convertible or exchangeable into any Shares as at the date of this announcement.

Certificates for the Bonus Shares

It is expected that certificates for the Bonus Shares will be posted on 19 June 2015 after all the conditions have been fulfilled at the risk of the Shareholders entitled thereto to their respective addresses shown on the register of members of the Company on the Record Date. Dealings in the Bonus Shares are expected to commence on 22 June 2015.

Expected timetable for the Bonus Issue

2015

Despatch of the circular on or before Wednesday, 20 May

Latest time for lodging transfer documents and
relevant share certificates to be eligible to
attend and vote at the EGM 4:30 p.m. on Tuesday, 2 June

Closure of register of members of the Company for the purpose of ascertaining Shareholders' eligibility to attend and vote at the EGM for the Bonus Issue	Wednesday, 3 June to Friday, 5 June (both days inclusive)
Latest time for lodging forms of proxy for EGM	11:00 a.m. on Wednesday, 3 June
EGM	11:00 a.m. on Friday, 5 June
Announcement of the result of the EGM	Friday, 5 June
Last day of dealings in the Shares on a cum-entitlement basis in respect of the Bonus Issue	Monday, 8 June
First day of dealings in the Shares on an ex-entitlement basis in respect of the Bonus Issue	Tuesday, 9 June
Latest time for lodging forms of transfer of Shares in order to be entitled to the Bonus Shares	4:30 p.m. on Wednesday, 10 June
Closure of register of members of the Company for determining entitlement to the Bonus Issue	Thursday, 11 June to Tuesday, 16 June (both days inclusive)
Record Date	Tuesday, 16 June
Register of members of the Company re-opens	Wednesday, 17 June
Despatch of share certificates for Bonus Shares on or before	Friday, 19 June
Dealings in the Bonus Shares commence	Monday, 22 June

Note: All times in this announcement refer to Hong Kong times.

The expected timetable above is indicative only and may be subject to change by the Company. The Company will make further announcement(s) if such changes are made as and when appropriate.

GENERAL

The circular containing, among other things, further details of the Bonus Issue and a notice of EGM, will be despatched to the Shareholders on or before 20 May 2015. To the best of knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder is required to abstain from voting on the ordinary resolution to approve the Bonus Issue at the EGM.

UNUSUAL PRICE AND TRADING VOLUME MOVEMENTS

This statement is made at the request of the Stock Exchange and pursuant to Rule 17.11 of the GEM Listing Rules.

The Board has noted the increase in the price and trading volume of the Shares today. The Board advises that the Company is considering fund raising for financing the development of the business and operations of the Group in the future. As at the date of this announcement, no definitive agreement regarding any of the possible fund raising exercise(s) has been entered into with any party. Having made such enquiry with respect to the Company as is reasonable in the circumstances, the Board confirms that save as disclosed above, the Board is not aware of any reasons for such price and trading volume movements or of any information which must be announced to avoid a false market in the Company's securities or any inside information that needs to be disclosed under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong).

Shareholders and potential investors are urged to exercise caution when dealing in the shares of the Company.

TERMS AND DEFINITIONS

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

“Board”	the board of Directors
“Bonus Issue”	the proposed allotment and issue of Bonus Shares to the Qualifying Shareholders whose names appear on the register of members of the Company on the Record Date on the basis of one Bonus Share for every one existing Share held
“Bonus Share(s)”	the new Share(s) to be allotted and issued by way of Bonus Issue by the Company as described in this announcement
“Company”	Neo Telemedia Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on GEM
“Convertible Notes”	convertible notes issued by the Company bearing a coupon rate of 7% per annum due 4 April 2016 in an aggregate outstanding principal amount of HK\$160,000,000 as at the date of this announcement and convertible into 64,000,000 new Shares upon exercise of the conversion rights attached thereto

“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve the Bonus Issue
“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
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Non-qualifying Shareholder(s)”	Overseas Shareholders who are excluded from the Bonus Issue and as detailed in the section headed “Overseas Shareholders” in this announcement
“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company as at the close of business on the Record Date and whose address(es) as shown in the register of members on that date is(are) outside Hong Kong
“PRC”	the People’s Republic of China
“Qualifying Shareholder(s)”	holder(s) of Shares, not being Non-Qualifying Shareholders, whose names are shown on the register of members of the Company on the Record Date and who will be entitled to the Bonus Issue
“Record Date”	Tuesday, 16 June 2015, being the date for ascertaining and determining the entitlement of the Shareholders to the Bonus Issue
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Share Option(s)”	the share option(s) granted under the Share Option Schemes
“Share Option Schemes”	the share option scheme current in force adopted by the Company on 19 December 2012 and the share option scheme adopted by the Company on 22 July 2002 which was expired on 21 July 2012

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%” or “per cent”	percentage

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

Hong Kong, 8 May 2015

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.