

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

**MEMORANDUM OF UNDERSTANDING;
DISCLOSABLE TRANSACTION
AND
ADVANCE TO ENTITIES**

The Board is pleased to announce that on 19 June 2015, the Subsidiary entered into the MOU with the Vendors and Giant Crown in respect of the Possible Equity Transfer.

Pursuant to the MOU, the Subsidiary shall pay to the Vendors the Deposit within 5 business days upon signing of the MOU.

As the relevant percentage ratios under the GEM Listing Rules in respect of the payment of the Deposit exceed 5% but are less than 25%, the payment of the Deposit under the MOU constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is therefore subject to the notification and announcement requirements under the GEM Listing Rules.

The payment of the Deposit also constitutes an advance to an entity for the Company under the GEM Listing Rules.

The Possible Equity Transfer, if materialized, may constitute a very substantial acquisition of the Company under the GEM Listing Rules. Should the Company enter into the Formal Agreement or the MOU shall lapse, or if there are any material developments with respect to the Possible Equity Transfer, the Company will make further announcement(s) in accordance with the GEM Listing Rules when appropriate.

The Board wishes to emphasise that notwithstanding the payment of the Deposit, the Possible Equity Transfer may or may not materialise and shareholders of the Company and potential investors are advised to exercise caution when dealing in the Shares.

Reference is made to the announcement of the Company dated 4 June 2015 relating to the Possible Transaction (the “**Announcement**”). Unless otherwise defined, capitalized terms used in this announcement shall bear the same meanings as those defined in the Announcement.

This announcement is made by the Company pursuant to Rule 17.10 of the GEM Listing Rules and the provisions of inside information under Part XIVA of the SFO.

The Board is pleased to announce that on 19 June 2015, the Subsidiary entered into the MOU with the Vendors and Giant Crown in respect of the Possible Equity Transfer.

THE MEMORANDUM OF UNDERSTANDING

The major terms of the MOU are as follows:

Date:

19 June 2015

Parties:

(1) the Subsidiary

(2) the Vendors

(3) Giant Crown

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, Vendor 1, Vendor 2 and Vendor 3 are Independent Third Parties.

Subject matter of the MOU

(1) The Vendors shall sell or procure to sell the ACE Sale Interest to the Subsidiary; and

(2) The Vendors shall sell or procure to sell the Giant Crown Sale Interest to the Subsidiary.

The consideration for the Possible Equity Transfer shall be satisfied by the issue and allotment of new shares of the Company to the Vendors, which shall be subject to further negotiation between the parties upon the completion of the due diligence.

The entering into Formal Agreement is subject to, among others, further negotiation between the parties and the preliminary satisfaction of the due diligence to be conducted by the Subsidiary on the legal, financial and operation of the Target Group upon signing of the MOU. Such due diligence should be completed on or before 30 November 2015 (or such other date

as agreed by the parties). Otherwise, the MOU shall lapse and the Vendors shall be obliged to refund the Deposit to the Subsidiary or its nominee(s).

Deposit

Pursuant to the MOU, the Subsidiary shall pay to the Vendors the Deposit in the amount of HK\$20 million, which shall be paid within 5 business days from the signing of the MOU. The Deposit shall be returned to the Subsidiary (a) upon execution of Formal Agreement; or (b) termination of the MOU; or (c) on 30 November 2015, whichever is the earlier (the “**Latest Refund Date**”).

Giant Crown undertakes to procure Guangzhou Gang Ju to grant the Subsidiary (or its nominee(s)) the right for free use of the Property so long as the amount of the Deposit is not refunded by the Vendors to the Subsidiary.

Each of Giant Crown and the Vendors irrevocably and unconditionally undertakes to procure Guangzhou Gang Ju to grant the perpetual right for free use of the Property to the Subsidiary (or its nominee(s)) in the event that the Vendors fail to refund the Deposit to the Subsidiary by the Latest Refund Date.

Exclusivity

The Vendors undertakes that the Subsidiary shall have the exclusive right during the period of conducting the due diligence or before the termination of the MOU, and undertakes to the Subsidiary that it shall not without the prior written consent of the Subsidiary to issue and allot any new shares, warrants or other securities of the Target Group; and shall not engage in any discussions or enter into any agreement, memorandum or other documents with any party other than the Group with respect to the matters contemplated in the MOU.

INFORMATION OF THE GROUP

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 transmedia advertising service, and the operation of peer to peer (P2P) lending platform business.

INFORMATION OF ACE AND GIANT CROWN

ACE is a company incorporated in Hong Kong with limited liability and is wholly owned by Vendor 2 and Vendor 3. The principal activity of ACE International is trading of electronic products.

Giant Crown is a company incorporated in Hong Kong with limited liability and is wholly-owned by Golden Life Development Limited, a company incorporated in Hong Kong with

limited liability, and the majority shareholding interest of Golden Life Development Limited is owned by the Vendors. The principal activity of Giant Crown is investment holding.

Guangzhou Gang Ju is a company established in the PRC and is wholly-owned by Giant Crown. The principal activity of Guangzhou Gang Ju is manufacture and sale of electronic products. It is the legal owner of the Property, land and other properties located in PanYu District, Guangzhou, the PRC (the “**PanYu site**”). The PanYu site is owned by Guangzhou Gang Ju and was acquired in 2004. Based on the information provided by the Vendors, the PanYu site has a total land size of approximately 19,021 square meters. Guangzhou Gang Ju constructed three industrial buildings on the PanYu site, two of which with approximately 22,000 square meters in size on approximately 2,290 square meters of land; and one with approximately 20,000 square meters in size on approximately 2,200 square meters of land. Two buildings are used for production and the third one as a storage warehouse.

Based on the information provided by the Vendors, the Target Group exports most of their products to overseas established brands such as Philips, Toshiba, Sharp, etc. and major retail chains such as Walmart, Target, Aldi, Tesco, Carrefour, etc. These exports account for about 90% of the Target Group’s annual sales. AGG has also focused on the sale of TV sound performance enhancement devices to large TV makers in China including Hiveview, LeTV, CIBN.

REASONS FOR THE ENTERING INTO THE MOU

The terms of the MOU were arrived at after arm’s length negotiations between the Subsidiary and the Vendors. The payment of the Deposit will be funded by the internal resources of the Group. The Company intends to use the Property for internet data center. The Directors consider that the transactions contemplated by the MOU are on normal commercial terms and the terms of the MOU are fair and reasonable and are in the interests of the Company and its shareholders as a whole.

IMPLICATIONS UNDER THE GEM LISTING RULES

As the relevant percentage ratios under the GEM Listing Rules in respect of the payment of the Deposit exceed 5% but are less than 25%, the payment of the Deposit under the MOU constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is therefore subject to the notification and announcement requirements under the GEM Listing Rules.

The payment of the Deposit also constitutes an advance to an entity for the Company under the GEM Listing Rules. Given that the amount of the Deposit exceeds 8% of the assets ratio of the Company as defined under Rule 19.07(1) of the GEM Listing Rules, the Company is required to make the relevant disclosures pursuant to Rule 17.15 of the GEM Listing Rules.

The Possible Equity Transfer, if materialized, may constitute a very substantial acquisition of the Company under the GEM Listing Rules. Should the Company enter into the Formal

Agreement or the MOU shall lapse, or if there are any material developments with respect to the Possible Equity Transfer, the Company will make further announcement(s) in accordance with the GEM Listing Rules when appropriate.

The Board wishes to emphasise that notwithstanding the payment of the Deposit, the Possible Equity Transfer may or may not materialise and shareholders of the Company and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

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

“ACE”	ACE International Electronics Limited, a company incorporated in Hong Kong with limited liability
“ACE Sale Interest”	80% equity interest in ACE
“business day(s)”	a day (excluding Saturday, Sunday and public holiday), on which licensed banks in Hong Kong are generally open for business in Hong Kong
“Deposit”	a refundable deposit in the amount of HK\$20 million to be paid by the Subsidiary to the Vendors
“Directors”	the directors of the Company
“Formal Agreement”	the formal agreement to be entered into among the Subsidiary, the Vendors and Giant Crown setting forth in detail the terms, provisions and conditions for the Possible Equity Transfer
“Giant Crown”	Giant Crown Industries Limited, a company incorporated in Hong Kong with limited liability
“Giant Crown Sale Interest”	80% equity interest in Giant Crown
“Group”	the Company and its subsidiaries
“Guangzhou Gang Ju”	廣州港鉅電子實業有限公司(Guangzhou Gang Ju Electronics Industries Company Limited*), a company established in PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	party(ies) independent of and not connected with the Company and its connected persons (as defined under the GEM Listing Rules)
“MOU”	the equity transfer memorandum of understanding entered into between the Subsidiary, the Vendors and Giant Crown on 19 June 2015
“Possible Equity Transfer”	collectively, the possible acquisition of the ACE Sale Interest and Giant Crown Sale Interest as contemplated under the MOU
“Property”	Block A, No. 144 Li Jiang Road, Shi Lou Town, Panyu District, Guangzhou, China with land size of approximately 22,000 square meters
“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
Subsidiary”	Neo Intelligence Holdings Limited, a company incorporated in the British Virgin Islands and an indirect wholly owned subsidiary of the Company
“Target Group”	ACE, Giant Crown and Guangzhou Gang Ju
“Vendor 1”	Mr. Chan Hung Kwong
“Vendor 2”	Mr. Chan Yu Chiu
“Vendor 3”	Mr. Chan Yue Kuen
“Vendors”	collectively, Vendor 1, Vendor 2 and Vendor 3
“%”	percent

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

Hong Kong, 19 June 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 four executive Directors, namely Mr. CHEUNG Sing Tai (Chairman and Chief Executive Officer), Mr. ZHANG Xinyu, Mr. LIAN Xin and Mr. XU Gang, and four independent non-executive Directors, namely Mr. LEUNG Ka Wo, Mr. CHOU Jianzhong, Ms. XI Lina and Mr. HUANG Zhixiong.

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.