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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)**

**DISCLOSEABLE TRANSACTION**  
**DISPOSAL OF THE ENTIRE EQUITY INTEREST OF**  
**HCH INVESTMENTS LIMITED**

**Financial Adviser to the Company**

**Nuada Limited**

*Corporate Finance Advisory*

**SP AGREEMENT**

On 19 February 2016 (before the trading hours of the Stock Exchange), the Company as the vendor, the Purchaser and the Guarantor as guarantor entered into the SP Agreement, pursuant to which the Company conditionally agreed to sell and the Purchaser conditionally agreed to purchase the Sale Shares at a consideration of HK\$156,000,000.

Upon Completion, the Company will cease to have any equity interests in the Disposal Group. The financial results of the Disposal Group will no longer be consolidated in the financial statements of the Group.

**GEM LISTING RULE IMPLICATIONS**

As one of the relevant applicable percentage ratios calculated in accordance with the GEM Listing Rules is greater than 5% but less than 25%, the Disposal constitutes a discloseable transaction on the part of the Company under Chapter 19 of the GEM Listing Rules and is subject to the notification and announcement requirements of the GEM Listing Rules.

**WARNING**

**As completion of the SP Agreement are subject to certain conditions precedent, potential investors and Shareholders should exercise caution when dealing with the securities of the Company.**

## **UPDATE ON THE DISPOSAL**

As at the date of this announcement, the parties to the SP Agreement are contemplating to enter into a supplemental agreement to amend, among others, the manner of payment and the completion date of the SP Agreement. Further announcement(s) in relation to the aforesaid supplemental agreement will be made by the Company as and when appropriate in accordance with GEM Listing Rules.

## **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 9:00 a.m. on Friday, 19 February 2016, pending the publication of this announcement in relation to inside information regarding the Disposal. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 26 February 2016.

On 19 February 2016 (before the trading hours of the Stock Exchange), the Company as the vendor, the Purchaser and the Guarantor as guarantor entered into the SP Agreement, pursuant to which the Company conditionally agreed to sell and the Purchaser conditionally agreed to purchase the Sale Shares at a consideration of HK\$156,000,000. The principal terms of the SP Agreement are set out below.

## **SP AGREEMENT**

### **Date**

19 February 2016

### **Parties to SP Agreement**

- (i) the Company as the vendor;
- (ii) OAF (BJ) Limited as the Purchaser; and
- (iii) Mr. Chong Hock (Charles) Lau as the Guarantor.

The Purchaser is a company established under the laws of the British Virgin Islands with limited liability. The principal activity of the Purchaser is investment holding.

The Guarantor is the sole ultimate beneficial owner of the Purchaser. The Guarantor guarantees the full, prompt and complete performance by the Purchaser of all its obligations under the SP Agreement and the due and punctual payment of all sums now or subsequently payable by the Purchaser to the Company under the SP Agreement when the same shall become due, and undertakes with the Company of the Consideration (other than the Balance of Consideration) that if the Purchaser defaults in the payment of any sum under the SP

Agreement, the Guarantor will forthwith on demand by the Company pay such sum to the Purchaser.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner are Independent Third Parties.

### **Assets to be disposed of**

The Company has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Sale Shares, representing the entire issued share capital of HCH Investments.

### **Consideration**

The Consideration for the Disposal of HK\$156,000,000 will be payable in full in cash by way of (i) a cashier's order or cheque or fund remittances (same day funds) in the aggregate sum of HK\$68,000,000; and (ii) the issue of the Promissory Note of the Balance of Consideration by the Purchaser to the Company or its nominee and in the following manner:

- (i) HK\$15,600,000 (the "**First Payment**") shall be paid in cash upon the signing of the SP Agreement by the Purchaser to the Company or its nominee(s);
- (ii) HK\$52,400,000 (the "**Second Payment**") shall be paid in cash upon the signing of the SP Agreement by the Purchaser to the Escrow Agent which shall be released by the Escrow Agent to the Company or its nominee(s) on Completion Date; and
- (iii) the Balance of Consideration in the sum of HK\$88,000,000 shall be satisfied by way of the Promissory Note on the Completion Date and shall be paid on or before the Consideration Long Stop Date.

The Consideration was arrived at after arm's length negotiations between the parties to the SP Agreement with reference to the business prospect and the financial position of the Disposal Group.

As at the date of this announcement, the First Payment has not yet been received by the Company as the parties to the SP Agreement are contemplating to enter into a supplemental agreement to amend, among others, the manner of payment and the completion date of the SP Agreement.

### **Conditions precedent**

Completion is conditional upon the following Conditions:

- (i) the consent by the 55% shareholder of Hughes UnifiedNet for the transactions contemplated under the SP Agreement being obtained within one month from the date of the SP Agreement; and

- (ii) the Outstanding Amount as set out in the SP Agreement have been settled by way of loan capitalisation or otherwise.

If the Conditions have not been fulfilled or waived by the Purchaser on or before the Conditions Long Stop Date, the SP Agreement shall lapse, whereupon all rights and obligations of the Company, the Purchaser and the Guarantor shall cease to have effect except in respect of any accrued rights and obligations thereof.

### **Completion**

Subject to the Conditions having been satisfied, Completion shall take place at the principal place of business of the Company in Hong Kong on the Completion Date or at such other place and time as may be mutually agreed by the Purchaser and the Company (time in either case being of the essence).

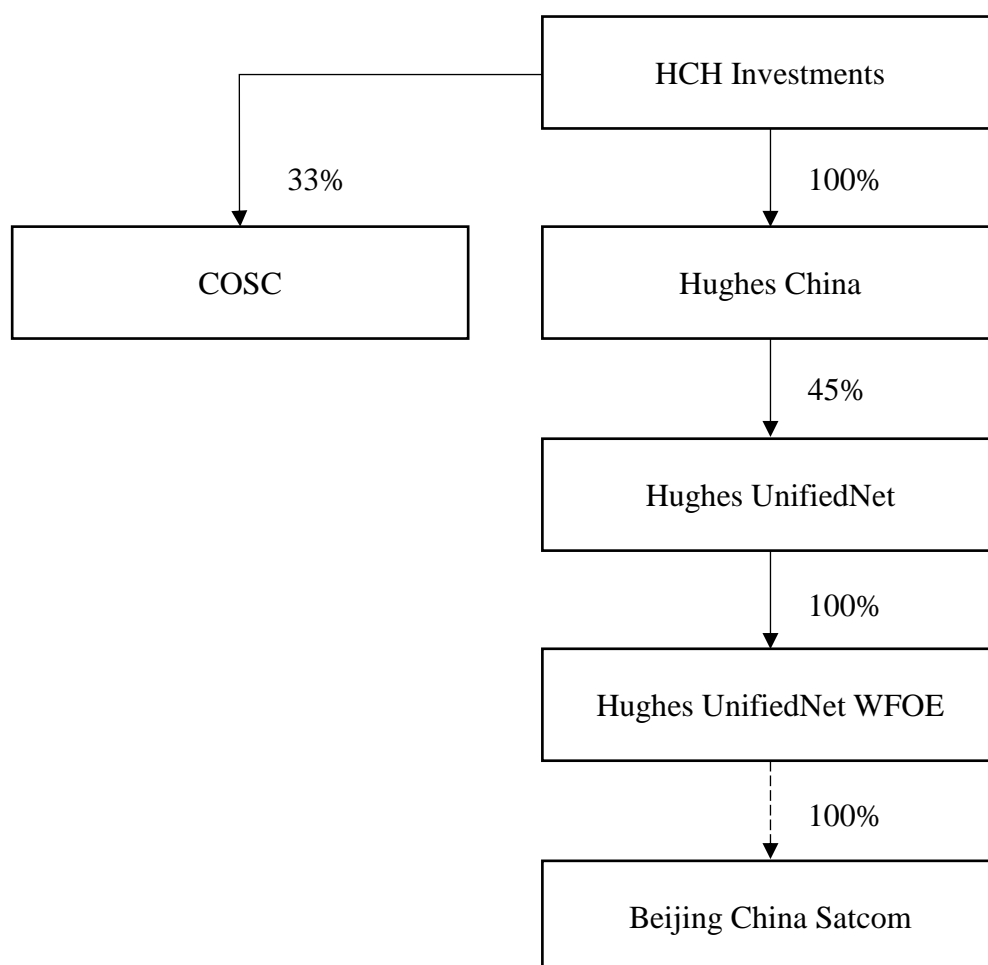
Upon Completion, the Company will cease to have any equity interests in the Disposal Group. The financial results of the Disposal Group will no longer be consolidated in the financial statements of the Group.

### **INFORMATION ON THE DISPOSAL GROUP**

HCH Investments is incorporated in the British Virgin Islands. The principal activities of the Disposal Group are engaged in the development of Internet technology and satellite communication technology as well as the trading of satellite communication system devices.

## Disposal Group structure

Set out below is the group structure of the Disposal Group:



Set out below is the audited financial information of Disposal Group for the two financial years ended 31 December 2015 and 2014 respectively:

	Financial year ended 31 December 2015 (HK\$)	Financial year ended 31 December 2014 (HK\$)
Loss before taxation attributable to owners of the Company	15,076,000	6,226,000
Loss after taxation attributable to owners of the Company	13,035,000	4,185,000

The audited consolidated net assets of the Disposal Group as at 31 December 2015 were approximately HK\$14.5 million.

The Group is expected to record a gain on disposal of approximately HK\$141.5 million after taking into account the audited consolidated net assets of the Disposal Group of approximately HK\$14.5 million as at 31 December 2015. The actual gain as a result of the Disposal to be recorded by the Group is subject to audit and will be assessed after Completion.

Upon Completion, the Company will cease to have any equity interests in the Disposal Group. The financial results of the Disposal Group will no longer be consolidated in the financial statements of the Group.

## **REASONS FOR AND BENEFITS OF THE DISPOSAL**

The Company is principally engaged in 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.

In view of (i) the Disposal Group recorded a continuous loss for two financial years ended 31 December 2014 and 31 December 2015; and (ii) the continuous delay in obtaining funding to HughesNet WFOE and other operating entities of Disposal Group for the development of two major projects namely “天地星” and “蒙古包” in the Disposal Group which substantially hinder the investment return of the Company from the Disposal Group, the Board considered the Disposal to be a good opportunity for the Group to realise its investment in the Disposal Group and allow the Company to devote more time and resources in developing other existing business of the Group.

The proceeds from the Disposal are intended to be applied for the repayment of the Outstanding Amount and general working capital of the Group. As the major part of the Outstanding Amount carry interest of 1.2% per month, the repayment of the Outstanding Amount from such proceeds would reduce the interest burden of the Group and therefore will be in the interests of the Company and the Shareholders as a whole.

Having considered the above, the Board considers that the terms of the Disposal are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **GEM LISTING RULES IMPLICATION**

As one of the relevant applicable percentage ratios calculated in accordance with the GEM Listing Rules is greater than 5% but less than 25%, the Disposal constitutes a discloseable transaction on the part of the Company under Chapter 19 of the GEM Listing Rules and is subject to the notification and announcement requirements of the GEM Listing Rules.

## **WARNING**

**As completion of the SP Agreement are subject to certain conditions precedent, potential investors and Shareholders should exercise caution when dealing with the securities of the Company.**

## **UPDATE ON THE DISPOSAL**

As at the date of this announcement, the parties to the SP Agreement are contemplating to enter into a supplemental agreement to amend, among others, the manner of payment and the completion date of the SP Agreement. Further announcement(s) in relation to the aforesaid supplemental agreement will be made by the Company as and when appropriate in accordance with GEM Listing Rules.

## **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 9:00 a.m. on Friday, 19 February 2016, pending the publication of this announcement in relation to inside information regarding the Disposal. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 26 February 2016.

## **DEFINITIONS**

Terms or expressions used in this announcement shall, unless the context otherwise requires, have the meanings ascribed to them below:

“Balance of Consideration”	the sum of HK\$88,000,000, being the balance of the Consideration after the payment of the First Payment and the Second Payment
“Beijing China Satcom”	Beijing China Satcom Unified Network System Technology Co., Ltd. (北京中衛匯通網絡系統技術有限公司), a limited liability company established under the laws of the PRC and is wholly owned by three individuals who are Independent Third Parties
“Board”	the board of Directors of the Company
“Business Day(s)”	a day on which banks are open for business in Hong Kong (excluding Saturdays, Sundays and public holidays)
“Company”	Neo Telemedia Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on GEM

“Completion”	completion of the Disposal in accordance with the SP Agreement
“Completion Date”	the date falling within 21 Business Days from the day on which all Conditions are satisfied or waived, or such other date as the Company and the Purchaser may agree, being the date on which Completion occurs in accordance the SP Agreement
“Conditions”	the conditions precedents as set out in the SP Agreement, details of which are set out in the section headed “Conditions precedent” in this announcement
“Condition Long Stop Date”	4 months from the date of the SP Agreement or, subject to the agreement or mutual consent between the Company and the Purchaser, be extended to 6 months from the date of the SP Agreement (or such later date as the Company and the Purchaser may agree)
“Consideration”	the sum of HK\$156,000,000, being the total consideration payable by the Purchaser to the Company for the Sale Shares
“Consideration Long Stop Date”	3 months from the Completion Date or, subject to the agreement or mutual consent between the Company and the Purchaser, be extended to 6 months from the Completion Date (or such later date as the Company and the Purchaser may agree)
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“COSC”	China Orient Space Communications Limited, a company incorporated in the British Virgin Islands with limited liability and is owned as to 33% by HCH Investments and as to 67% by China Orient Telecom Satellite (Holdings) Limited
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Shares, representing the entire equity interest of HCH Investments, subject to the terms and conditions of the SP Agreement



“Disposal Group”	HCH Investments, Hughes China, COSC, Hughes UnifiedNet, HughesNet WFOE and Beijing China Satcom
“Escrow Agent”	the Purchaser’s solicitors
“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
“Guarantor”	Mr. Chong Hock (Charles) Lau, the sole ultimate beneficial owner of the Purchaser
“HCH Investments”	HCH Investments Limited, a company incorporated under the laws of the British Virgin Islands, which is wholly-owned by the Company as at the date of this announcement
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hughes China”	Hughes China Holdings Company Limited, a company incorporated in Hong Kong with limited liability and is wholly owned by HCH Investments
“Hughes UnifiedNet”	Hughes UnifiedNet Holding (China) Company Limited, a company incorporated in Hong Kong with limited liability and is owned as to 45% by Hughes China and as to 55% by China UnifiedNet Holdings Limited
“HughesNet WFOE”	HughesNet China Company Limited 休斯網路技術有限公司, a limited liability company established under the laws of the PRC and is a wholly foreign-owned enterprise
“Independent Third Party(ies)”	party(ies) who is/are not connected person(s) of the Company and who together with its/their ultimate beneficial owner(s) are independent of the Company and its connected person(s)

“Outstanding Amount”	the total outstanding amount as set out in the SP Agreement, which is estimated to be approximately no less than HK\$43,000,000, representing the sum of (i) the amount due that carries interest of 1.2% per month from the Company to the Purchaser under the loan agreement dated 17 June 2013; and (ii) the inter-companies outstanding balances of HCH Investments
“PRC”	The People’s Republic of China which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Promissory Note”	the non-interest bearing, non-transferable promissory note with 3 months maturity from the date of the Completion or, subject to the agreement between the Company and the Purchaser, be extended to 6 months maturity from the date of the Completion in an aggregate principal amount of the Balance of Consideration to be executed by the Purchaser in favour of the Company for the purpose of settling partially the Consideration
“Purchaser”	OAF (BJ) Limited, a company incorporated under the laws of the British Virgin Islands with limited liability
“Sale Shares”	100 issued and fully paid shares of par value US\$1 of HCH Investments, being 100% of the entire issued share capital of HCH Investments
“Share(s)”	ordinary share(s) of nominal value of HK\$0.10 each in the issued share capital of the Company
“Shareholder(s)”	the holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“SP Agreement”	the agreement dated 19 February 2016 entered into between the Company, the Purchaser and the Guarantor in relation to the Disposal
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“US\$”	United States dollars, the lawful currency of the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“%”	per cent

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

Hong Kong, 25 February 2016

*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 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](http://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](http://www.neo-telemedia.com).*