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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)

CLARIFICATION ANNOUNCEMENT

Reference is made to the announcements of Neo Telemedia Limited (the “**Company**”) dated 25 February 2016 and 14 March 2016 respectively in relation to the disposal of the entire equity interest of HCH Investments. Unless otherwise defined herein, terms used in this announcement shall have the same meanings as those defined in the announcement of the Company dated 25 February 2016 (the “**Announcement**”).

CLARIFICATION

Due to an unintentional and inadvertent oversight, it is stated in the Announcement that the Purchaser and its ultimate beneficial owner are Independent Third Parties.

The Company wishes to clarify that the ultimate beneficial owner of the Purchaser who is also the Guarantor is a director of a subsidiary of HCH Investments, and therefore was a connected person of the Company at subsidiary level under Chapter 20 of the GEM Listing Rules when the SP Agreement was entered into. Accordingly, the SP Agreement and the Disposal constituted connected transaction of the Company under Chapter 20 of the GEM Listing Rules.

None of the Directors has any material interest in the Disposal. Based on the reasons for and benefits of the Disposal as detailed in the Announcement, the independent non-executive Directors are of the view that the terms of the Disposal were fair and reasonable, the Disposal was on normal commercial terms but not in the ordinary and usual course of business of the Group, and the Disposal was in the interests of the Company and the Shareholders as a whole.

Pursuant to Rule 20.99 of the GEM Listing Rules, given that (i) the Board had approved the Disposal; and (ii) the independent non-executive Directors have confirmed that the terms of the Disposal were fair and reasonable, the Disposal was on normal commercial terms and in the interests of the Company and the Shareholders as a whole, the Disposal was exempt from the circular, independent financial advice and shareholders’ approval requirements.

Save for the clarification stated in this announcement, all information in the Announcement remains unchanged.

IMPROVEMENT MEASURES

For the purpose of avoiding the recurrence of similar incident in the future, the Company has prepared to carry out the following measures:

1. the management of the Group will consult the company secretary of the Company directly for any possible transactions which may constitute notifiable transactions and/or connected transactions under the GEM Listing Rules on a timely manner;
2. the Company will seek professional advice and assistance from professional advisers (including auditors, legal and/or other appropriate advisers) for compliance matters when necessary and appropriate; and
3. the Company will arrange for each of the Directors and senior management of the Group to attend a training regarding Chapter 20 of the GEM Listing Rules.

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

Hong Kong, 4 May 2016

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. XU Gang, and three independent non-executive Directors, namely Mr. LEUNG Ka Wo, 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 for at least seven days from the date of its posting and on the website of the Company at www.neo-telemedia.com.