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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

THE ACQUISITION

The Board is pleased to announce that on 21 July 2017 (after trading hours), the Purchaser, a wholly-owned subsidiary of the Company, entered into the Agreement with the Vendor, the JV Shareholder and the Target Company pursuant to which the Vendor agreed to sell and the Purchaser agreed to purchase the Sale Interest, representing 50% of the entire equity interest of the Target Company at a consideration of RMB1.00 (or equivalent to approximately HK\$1.15) and the Purchaser shall be required to contribute an additional amount of RMB100,000,000 (equivalent to approximately HK\$115,400,000) as capital contribution to the Target Company.

As the relevant percentage ratios under the GEM Listing Rules in respect of the Acquisition exceed 5% but are less than 25%, the Acquisition constitutes a disclosable transaction of the Company and is subject to the announcement requirement under the GEM Listing Rules.

The Board is pleased to announce that on 21 July 2017 (after trading hours), the Purchaser, a wholly-owned subsidiary of the Company, entered into the Agreement with the Vendor, the JV Shareholder and the Target Company pursuant to which the Vendor agreed to sell and the Purchaser agreed to purchase the Sale Interest, representing 50% of the entire equity interest of the Target Company at a consideration of RMB1.00 (equivalent to approximately HK\$1.15) and the Purchaser shall be required to contribute an additional amount of RMB100,000,000 (equivalent to approximately HK\$115,400,000) as capital contribution to the Target Company.

THE AGREEMENT

1. Date of the Agreement

21 July 2017

2. Parties to the Agreement

- (A) The Purchaser, a wholly-owned subsidiary of the Company;
- (B) The Vendor;
- (C) The JV Shareholder; and
- (D) The Target Company.

To the best knowledge, information and belief of the Directors and after making all reasonable enquiries, the Vendor, the JV Shareholder, the Target Company and their respective ultimate beneficial owners are Independent Third Parties.

3. Assets to be acquired

Subject to the terms of the Agreement, the Purchaser has agreed to purchase and the Vendor has agreed to sell the Sale Interest, comprising 50% of the entire equity interest of the Target Company, free from encumbrance.

4. Consideration and Capital Contribution

The consideration for the Acquisition RMB1.00 (equivalent to approximately HK\$1.15) payable to the Vendor will be satisfied by way of cash within 30 days after the date of the Agreement and the Purchaser shall be required to contribute an additional amount of RMB100,000,000 (equivalent to approximately HK\$115,400,000) as the Capital Contribution to the Target Company in the following manner:

- RMB70,000,000 (equivalent to approximately HK\$80,780,000) within 3 months from the Completion (the “**First Capital Contribution**”); and
- the remaining RMB30,000,000 (equivalent to approximately HK\$34,620,000) within 6 months from the date of the First Capital Contribution.

The consideration for the Acquisition was arrived at after arm’s length negotiation between the Vendor and the Purchaser and was determined with reference to, including but not limited to, (i) the registered capital of the Target Company of RMB200,000,000 (equivalent to approximately HK\$230,800,000); and (ii) the reasons for the Acquisition as mentioned in the section headed “Reasons for and benefits of the Acquisition” below. The Directors consider that the Consideration for the Acquisition is fair and reasonable and in the interests of the Group and of the Shareholders as a whole.

The Consideration and the Capital Contribution are expected to be funded by the internal resources of the Group.

5. Conditions precedent

Completion is conditional upon the satisfaction or waiver (as the case may be) of the following conditions:

- (A) all necessary consents and approvals (including those from the relevant government, regulatory bodies, authorities or third parties) in relation to the transactions contemplated under the Agreement having been obtained by the parties to the Agreement;
- (B) the Purchaser having completed and being fully or substantially satisfied with the result of the due diligence review on the Target Company;
- (C) the Purchaser having obtained and being satisfied with a legal opinion issued by a PRC lawyer confirming, inter alia, that the legal status, operation and business of the Target Company and all necessary licences, authorisations, approvals or consents from the PRC government, authorities and regulatory bodies have been obtained;
- (D) all warranties given by the parties to the Agreement shall remain true and accurate in all material respect and not misleading;
- (E) all financial lease agreements with the related parties of the JV Shareholder having been terminated and the related funds having been received by the Target Company; and
- (F) the registration of the transfer of the Sale Interest by the relevant regulatory body in the PRC having been completed.

The Purchaser may waive any of the conditions precedents except those set out in (A), (C), (E) and (F) above. If the above conditions precedent have not been fulfilled on or before 30 September 2017 (or such other date as may be agreed between the parties to the Agreement in writing), the Agreement will lapse and become null and void and the parties will be released from all obligations hereunder.

6. Completion

Completion of the Acquisition will take place within 5 Business Days after the fulfilment (or waiver, as the case may be) of all the above conditions precedent or such other date as the parties to the Agreement shall agree in writing.

Upon Completion, the Purchaser shall have the right to nominate the majority of the directors of the Target Company. The board of directors of the Target Company shall consist of three (3) directors, two (2) of which shall be nominated by the Purchaser and one (1) of which shall be nominated by the JV Shareholder. On the aforesaid basis, it is expected that the Target Company will become an indirect non-wholly owned subsidiary of the Company and the financial information of the Target Company will be consolidated into the consolidated financial statements of the Company upon Completion.

INFORMATION ON THE VENDOR, THE JV SHAREHOLDER AND THE TARGET COMPANY

Information on the Vendor

To the best knowledge, information and belief of the Directors and after making all reasonable enquiries, the Vendor and its ultimate beneficial owners are Independent Third Parties. The Vendor is a company incorporated in Hong Kong with limited liability and is principally engaged in investment holding. Upon completion of the Agreement, the Vendor will cease to be a shareholder of the Target Company.

Information on the JV Shareholder

To the best knowledge, information and belief of the Directors and after making all reasonable enquiries, the JV Shareholder and its ultimate beneficial owners are Independent Third Parties. The JV Shareholder is a company established in the PRC and is principally engaged in the real estate related business. Certain directors of the Vendor are also the directors of the JV Shareholder.

Information on the Target Company

The Target Company is a company established in the PRC and is owned as to 50% by the Vendor and as to 50% by the JV Shareholder as at the date of the Agreement. Based on the information available to the Company, the Target Company is a limited liability company established under the laws of the PRC in 2015. The Target Company is principally engaged in financial leasing business; leasing business; purchase of leased property in and outside the PRC; maintenance of assets underlying the leases and disposal of the residual value of assets underlying the leases; lease transaction consultancy and security services; and other commercial factoring business related to the principal business of the company. As at the date of this announcement, the Target Company has no subsidiary.

The registered capital of the Target Company is RMB200,000,000, which shall be contributed by the shareholders according to their respective equity interest in the Target Company, and as to 50% (equivalent to RMB100,000,000) by the Purchaser upon Completion and as to 50% by the JV Shareholder. All capital contribution shall be contributed in cash.

Financial Information on the Target Company

Set out below is the unaudited financial information of the Target Company for the period from the date of incorporation to 31 December 2015 and the year ended 31 December 2016:

Target Company		
	From the date of incorporation to 31 December 2015	Year ended 31 December 2016
	<i>Approximately RMB '000</i>	<i>Approximately RMB '000</i>
Revenue	-	-
Loss before taxation	(46)	(192)
Loss after taxation	(46)	(192)
As at 31 December		
Total assets	50,020	312,969
Total liabilities	66	213,207
Net assets	49,954	99,762

REASONS FOR AND BENEFITS OF THE ACQUISITION

The principal activity of the Company is investment holding and the principal activities of its operating subsidiaries are sale of telecommunication products and services and operation of Internet finance platform business. The Purchaser is a company incorporated in Hong Kong with limited liability. The Purchaser is an investment holding company.

The Company has been actively seeking investment opportunities to broaden the scope of business. With the recent trends and development in financial leasing related business in the PRC, the Directors believe the Acquisition provides an opportunity for the Company to diversify the Group's investments and tap into potential of this segment.

Based on the above, the Directors (including the independent non-executive Directors) consider that the Acquisition is in line with the business plan of the Company and in the interests of the Company and the Shareholders as a whole and that the terms of the Agreement are fair and reasonable.

GENERAL

As the relevant percentage ratios under the GEM Listing Rules in respect of the Acquisition exceed 5% but are less than 25%, the Acquisition constitutes a disclosable transaction of the Company and is subject to the announcement requirement under the GEM Listing Rules.

DEFINITION

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Acquisition”	the proposed acquisition of the Sale Interest by the Purchaser from the Vendor pursuant to the Agreement
“Agreement”	the agreement dated 21 July 2017 entered into among the Purchaser, the Vendor, the JV Shareholder and the Target Company in relation to the Acquisition
“Board”	board of Directors
“Capital Contribution”	the additional amount of RMB100,000,000 (equivalent to approximately HK\$115,400,000) to be contributed by the Purchaser after Completion
“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 Agreement
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Consideration”	the total consideration of RMB1.00 (or equivalent to approximately HK\$1.15) payable by the Purchaser to the Vendor under the Agreement
“Director(s)”	the director(s) of the Company
“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
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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)
“JV Shareholder”	廣州市雍樺園物業發展有限公司 (Guangzhou Yonghuayuan Property Development Co., Ltd.*), an Independent Third Party
“PRC”	The People’s Republic of China which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Purchaser”	Blueseas Financial Leasing Company Limited 蔚海金融租賃有限公司, a company incorporated in Hong Kong with limited liability and is an indirect wholly owned subsidiary of the Company
“Sale Interest”	50% equity interest in the capital of the Target Company as at the date of the Agreement and at Completion
“Share(s)”	ordinary share(s) of nominal value of HK\$0.10 each in the issued share capital of the Company
“Shareholder(s)”	Shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	上海圓金融資租賃有限公司 (Shanghai Yuanjin Financial Leasing Co., Ltd.*), a company established under the laws of the PRC and is owned as to 50% by the Vendor and as to 50% by the JV Shareholder as at the date of the Agreement
“Vendor”	Gold Triumph Holdings Limited 茂勝控股有限公司, a company incorporated in Hong Kong with limited liability and an Independent Third Party
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“RMB” Renminbi, the lawful currency of the PRC

“%” per cent.

For illustration only, amounts in RMB have been translated into HK\$ at the exchange rate of RMB1 = HK\$1.154.

By order of the Board
Neo Telemedia Limited
CHEUNG SING TAI
Deputy Chairman

Hong Kong, 21 July 2017

As at the date of this announcement, the Board comprises five executive Directors, namely Mr. CHEUNG Sing Tai (Deputy Chairman and Chief Executive Officer), Mr. ZHANG Xinyu, Mr. XU Gang, Mr. TAO Wei and Mr. ZHANG Bo, one non-executive Director, namely Dr. LIE Haiquan (Chairman), and three independent non-executive Directors, namely Mr. ZHANG Zihua, 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.

**for identification purpose only*