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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 IN RELATION TO
LEASE AGREEMENT**

THE AGREEMENT

The Board is pleased to announce that on 31 October 2013 (after trading hours), the Company and Spacecom entered into the Lease Agreement, pursuant to which Spacecom agreed to lease the Ka-Beam of the Satellite during the Term for a leasing fee of US\$3,000,000.

IMPLICATIONS OF GEM LISTING RULES

As the applicable percentage ratios (as defined under the GEM Listing Rules) calculated under the GEM Listing Rules exceed 5% but are less than 25%, the Lease Agreement and the transaction contemplated thereunder constitute a discloseable transaction for the Company under the GEM Listing Rules and are therefore subject to the reporting and announcement requirements under the GEM Listing Rules.

THE LEASE AGREEMENT

Date : 31 October 2013

Parties:

Lessor : Space-Communication Ltd

Lessee : The Company

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

Lease of Ka-Beam

Spacecom is the owner and operator of various satellites, and has launched and intends to commence operation of the satellite known as AMOS-4 on or before 31 July 2014. AMOS-4 is planned to have beams covering, inter alia, territories in Asia.

Pursuant to the Lease Agreement, subject to the commencement of commercial operation of AMOS-4 on or before 31 July 2014 and subject to the terms and conditions of the Lease Agreement and for the Term of the Lease Agreement, Spacecom shall lease to the Company, on an exclusive and unfettered use basis, the entire Ka-Beam of AMOS-4, consisting of four (4) transponders of 216 MHz each, in accordance with the technical characteristics as set out in the satellite technical specifications.

The Company (i) shall be allocated with the full designated power for the Ka-Beam of the Satellite, as determined following the completion of the in-orbit tests of the Satellite; and (ii) shall have the right to use the Ka-Beam's frequencies at the geostationary orbital slot of 65° East in accordance with national and international applicable laws and regulations; and (iii) may utilize the Ka-Beam for the provision of the Permitted Services, provided that it has directly or indirectly acquired all necessary licenses or permits or authorizations required to provide the Permitted Services.

Leasing Fee

In consideration for the leasing by Spacecom to the Company, on an exclusive and unfettered basis to use the entire Ka-Beam of AMOS-4, consisting of four (4) transponders of 216 MHz each and for the operation of the Satellite granted by Spacecom, during the Term of the Lease Agreement, the Company shall pay Spacecom the total leasing fee of US\$3,000,000 (three million US dollars) by cash (inclusive all insurance fees, satellite operation fee but exclusive of all applicable taxes). The Leasing Fee was arrived at after arm's length negotiations between the parties to the Lease Agreement and was determined after taking into account of the initial development stage of the satellite business of the Company.

Save that Spacecom fails to commence AMOS-4 commercial operation by 31 July 2014 or fundamental breach of the Lease Agreement by Spacecom and the Lease Agreement is terminated, the Leasing Fee is not reimbursable.

Duration and Term of the Lease Agreement

The Lease Agreement shall come into force on the signing by both parties, which can only be terminated in accordance with the terms of the Lease Agreement or upon expiry of the Term of the Lease Agreement. During the Term of the Lease Agreement, the Company shall have the first right of refusal to extend the lease, upon expiration of the lease, for a further term of not less than one year before Spacecom is to lease Ka-beam of AMOS-4 to any third party for the same consideration and under all the same terms and conditions as a package offered by such third party.

Landing Rights

The Company shall obtain from the Chinese authorities landing rights for AMOS-4, which shall be valid during the entire lifetime of AMOS-4. The Company shall also obtain the Landing Rights Certificate.

Satellite Operation

- (a) Spacecom shall be responsible for the ongoing operation of the Satellite including monitoring of Satellite's performance during the Term of the Agreement.
- (b) Spacecom shall have the obligation to carry out all necessary operational, management and control activities concerning the Satellite and the Ka-Beam.

Transmission Planning and Frequency Allocation

- (a) The Company shall be responsible for ongoing frequency management, transmission planning and frequency to its clients using the Ka-Beam. The Company shall monitor the Ka-Beam transponders and any transmissions to the Ka-Beam.
- (b) The Company shall erect and operate, at its sole expense and liability, a ground station, network operation center and customer service center, which shall be active and operable during the Term of the Lease Agreement.
- (c) The Company and its clients shall transmit the Permitted Services through the Ka-Beam, provided that such transmission does not impair proper operation of the Satellite or any other satellite adjacent to the Satellite.

In-Orbit Insurance

Pursuant to the Lease Agreement, Spacecom shall:

- (a) obtain in-orbit insurance of customary standards in the industry for the Satellite during the Term of the Lease Agreement ("**In-Orbit Insurance**");
- (b) furnish the Company with copy of the In-Orbit Insurance within a reasonable time after the insurance policy is signed and stamped; and
- (c) pay the Company the proportionate amount of money received by Spacecom from the insurer under the In-Orbit Insurance in respect of the Ka-Beam in respect of the remaining period of the Term of the Lease Agreement.

Termination

Pursuant to the Lease Agreement, Spacecom may suspend or terminate the Lease Agreement before the Termination Date by providing a thirty (30) days advance written notice to the Company if:

- (a) the Company is insolvent, or is the subject of a bankruptcy order, or makes any arrangement or composition with or assignment for the benefit of its creditors, or is in the process of liquidation or debts reconstruction, or dissolution, or if a receiver or administrator is appointed over the Company assets, or;
- (b) any due payment or undisputed part thereof, or any interest due thereon, has not been received within a period of thirty (30) days from the due date for payment, or
- (c) there is a fundamental breach of the Agreement, which the Company fails to remedy within thirty (30) days after receipt of written notice to do so.

The Company may terminate the Lease Agreement before the Termination date by providing a fourteen (14) days advance written notice to Spacecom if there is a fundamental breach of the Agreement, which the Spacecom fails to remedy within ten (10) days after receipt of written notice to do so. In such event, Spacecom shall reimburse the Company the proportionate amount of the total Leasing Fee paid and received by Spacecom.

INFORMATION OF THE LESSOR

Spacecom is a company organized and operating under the laws of the State of Israel, and is the owner and operator of various satellites, has launched and intends to operate the satellite known as AMOS-4. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Spacecom and its ultimate beneficial owner are Independent Third Parties.

REASONS FOR AND BENEFITS OF THE LEASE

The principal activity of the Company is investment holding and the principal activities of its operating subsidiaries are the provision of network and satellite telecommunication services and transmedia advertising services, and the sale of telecommunication products.

The Company considers the lease of the entire Ka-Beam of AMOS-4 at the Leasing Fee for the Term of the Lease Agreement enables the Company to capture the high growth opportunity in the value-added telecommunication services, which is complementary to the existing business of its operating subsidiaries. The frequency range of the KA wave band is generally 30/20GHz. KA wave band satellite communication system can provide a new means for conducting new businesses including high-speed satellite communications, Gigabit broadband transmission, high definition television (HDTV), satellite news gathering (SNG), very-small-aperture terminal (VSAT) business, direct-to-home (DTH) business, personal satellite communication business, etc. The Lease Agreement is not inter-conditional with or ancillary to the Sale and Operation Agreement with Spacecom as set out in the Company's announcements dated 15, 25 April 2013, 13 June 2013 and 30 July 2013. The Company has entered the Lease Agreement in disregard of whether the Sale and Operation Agreement can be completed or not. The Directors consider that the lease of the entire Ka-Beam of AMOS-4 is in line with the business plan and development of the Group and in the interests of the Company and the Shareholders as a whole and that the terms of the Agreement are fair and reasonable.

IMPLICATIONS OF GEM LISTING RULES

As the applicable percentage ratios (as defined under the GEM Listing Rules) calculated under the GEM Listing Rules exceed 5% but are less than 25%, the Lease Agreement and the transactions contemplated thereunder constitute a discloseable transaction for the Company under the GEM Listing Rules and is therefore subject to the reporting and announcement requirements under the GEM Listing Rules.

DEFINITIONS

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

“AMOS-4” or “Satellite”	means the satellite known as AMOS-4 (subject to its beginning of commercial operation on or before 31 July 2014) which was launched to the 65° East geostationary orbital slot on 31 August 2013
“Board”	means the board of Directors
“Business Day”	means any day on which the banks in China and in Israel are generally open for business
“Commencement Date”	means the commencement date of the Term of the Lease Agreement, being the later date of either (1) 1 January 2014; or (2) the successful completion of the in-orbit tests of the Satellite and the beginning by Spacecom of the commercial operation of the Satellite, provided that the commencement date shall not be later than 31 July 2014
“Company”	means Neo Telemedia Limited, a company incorporated in the Cayman Islands with limited liability, whose issued Shares are listed on GEM
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules and the word “connected” shall be construed accordingly
“Director(s)”	mean(s) the director(s) of the Company
“GEM”	means the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	means the Rules Governing the Listing of Securities on GEM
“Group”	means the Company and its subsidiaries
“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC

“Independent Third Party(ies)”	mean(s) party(ies) and its/(their) ultimate beneficial owner(s) who is/ are not connected with the Company and any director, chief executive or substantial shareholder of the Company and its subsidiaries or any of their respective associates
“Ka-Beam”	means the segment of Ka-band on the Satellite, consisting of four (4) transponders of 216 MHz each, leased to the Company having the technical characteristics described in the satellite technical specifications“
“Landing Rights Certificate”	means an original signed official document from the Chinese authorities granting the landing rights for AMOS-4.
“Lease Agreement”	means the lease and operation agreement dated 31 October 2013 and entered into between the Spacecom as lessor and the Company as lessee
“Leasing Fee”	means the lease consideration payable by the Company under the Lease Agreement
“Permitted Services”	means video, audio and data transmissions broadcasted by the Company and the Company’s clients in full compliance with any applicable law.
“PRC”	means the People’s Republic of China
“Share(s)”	mean(s) ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	mean(s) holder(s) of the issued Share(s)
“Spacecom”	means Space-Communication Ltd, a company organized and operating under the laws of the State of Israel, an Independent Third Party
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“Term of the Lease Agreement”	means the period of 1 year whereby the Spacecom shall lease the Company the Ka-Beam, on an exclusive and unfettered basis to use the KA-Beam, being a period of 1 year from the Commencement Date to the Termination Date.
“Termination Date”	means the termination date of the Lease Agreement, being 1 year after the Commencement Date

“US\$” means the United States dollar(s), the lawful currency of the United States of America

“%” means per cent.

By order of the Board
Neo Telemedia Limited
ZHANG Xinyu
Executive director

Hong Kong, 31 October 2013

As at the date hereof, the Board comprises five executive directors namely Mr. Theo EDE, Mr. HU Yangjun, Mr. ZHANG Xinyu (Chief Executive Officer), Mr. CHEUNG Sing Tai and Mr. LIAN Xin; and three independent non-executive directors, namely Dr. Jih Chyi LEU (Chairman), Mr. LAM Kin Kau, Mark and Professor SONG Junde.

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: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive; and (2) there are no other matters the omission of which would make any statement in this announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the GEM 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.