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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)

MAJOR TRANSACTIONS –

- (I) FINANCE LEASE ARRANGEMENT A1 WITH LESSOR A**
- (II) FINANCE LEASE ARRANGEMENT A2 WITH LESSOR A**
- (III) FINANCE LEASE ARRANGEMENT B WITH LESSOR B**

MAJOR TRANSACTIONS

(I) FINANCE LEASE ARRANGEMENT A1 WITH LESSOR A

The Board hereby announces that on 30 October 2020, Guangzhou Yizi and Guangzhou Zituo (each an indirect non-wholly owned subsidiary of the Company), Lessor A and the Supplier entered into the Finance Lease Arrangement A1 pursuant to which Lessor A agreed to purchase the Leased Assets A1 from the Supplier at the request of Guangzhou Yizi and Guangzhou Zituo in an aggregate consideration of RMB94,750,800 (equivalent to approximately HK\$109,247,672) and Lessor A agreed to lease the Leased Assets A1 to Guangzhou Yizi and Guangzhou Zituo for a term from the date on which the Leased Assets A1 are delivered to Guangzhou Yizi and Guangzhou Zituo to six years after payment of the consideration for the Leased Assets A1 by Lessor A (or five years if the utilisation rate for the second phase of GZ Nanxiang IDC is more than 50% as at 31 December 2022). The legal ownership of the Leased Assets A1 will be vested in Lessor A throughout the lease term. Upon the end of the lease term, provided that Guangzhou Yizi and Guangzhou Zituo have fulfilled all of their obligations under the Finance Lease Arrangement A1, Lessor A shall transfer the legal ownership of the Leased Assets A1 to Guangzhou Yizi and Guangzhou Zituo at a nominal consideration of RMB1 (equivalent to approximately HK\$1).

(II) FINANCE LEASE ARRANGEMENT A2 WITH LESSOR A

On 30 October 2020, Guangzhou Yizi and Guangzhou Zituo entered into the Finance Lease Arrangement A2 with Lessor A pursuant to which Lessor A agreed to purchase Leased Assets A2 from Guangzhou Yizi and Guangzhou Zituo for a total consideration of RMB25,000,000 (equivalent to approximately HK\$28,825,000), which would then be leased back to Guangzhou Yizi and Guangzhou Zituo for a term of three years. The legal ownership of the Leased Assets A2 will be vested in Lessor A throughout the lease term. Upon the end of the lease term, provided that Guangzhou Yizi and Guangzhou Zituo have fulfilled all of their obligations under the Finance Lease Arrangement A2, Lessor A shall transfer the legal ownership of the Leased Assets A2 to Guangzhou Yizi and Guangzhou Zituo at a nominal consideration of RMB1 (equivalent to approximately HK\$1).

(III) FINANCE LEASE ARRANGEMENT B WITH LESSOR B

On 30 October 2020, Bluesea Cloud Data (an indirect wholly owned subsidiary of the Company) entered into the Finance Lease Arrangement B with Lessor B pursuant to which Lessor B agreed to purchase Leased Assets B from Bluesea Cloud Data for a total consideration of RMB81,500,000 (equivalent to approximately HK\$93,969,500), which would then be leased back to Bluesea Cloud Data for a term of five years. The legal ownership of the Leased Assets B will be vested in Lessor B throughout the lease term. Upon the end of the lease term, provided that Bluesea Cloud Data has fulfilled all of its obligations under the Finance Lease Arrangement B, Lessor B shall transfer the legal ownership of the Leased Assets B to Bluesea Cloud Data at a nominal consideration of RMB1,000 (equivalent to approximately HK\$1,153).

GEM LISTING RULES IMPLICATIONS

Since the Previous Finance Lease Arrangement A, the Finance Lease Arrangement A1 and the Finance Lease Arrangement A2 were entered into with Lessor A within 12 months, the transactions contemplated under the Finance Lease Arrangement A1 and Finance Lease Arrangement A2 shall be aggregated with the transactions under the Previous Finance Lease Arrangement A under Rule 19.22 of the GEM Listing Rules.

Since the Previous Finance Lease Arrangement B and the Finance Lease Arrangement B were entered into with Lessor B within 12 months, the transactions contemplated under the Finance Lease Arrangement B shall be aggregated with the transactions under the Previous Finance Lease Arrangement B under Rule 19.22 of the GEM Listing Rules.

As the highest applicable percentage ratio for the Company as calculated under Rule 19.07 of the GEM Listing Rules in relation to each of the Arrangements on aggregate basis exceeds 25%, the Arrangements constitute major transactions of the Company under the GEM Listing Rules.

THE EGM AND DESPATCH OF CIRCULAR

The EGM will be convened for the purpose of considering and, if thought fit, approving, among other things, the Arrangements.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder has a material interest in the Arrangements. As such, no Shareholder is required to abstain from voting at the EGM in respect of the resolutions approving the Arrangements.

A circular containing, among other things, details of the Arrangements and the transactions contemplated thereunder and other information as required under the GEM Listing Rules, is expected to be despatched to the Shareholders on or before 27 November 2020 so as to allow sufficient time for the Company to prepare the relevant information for inclusion in the circular.

Shareholders and potential investors of the Company should be aware that the Arrangements are subject to a number of conditions being satisfied, and consequently the Arrangements may or may not proceed. Accordingly, Shareholders and potential investors are advised to exercise caution when they deal or contemplate dealing in the Shares or other securities (if any) of the Company.

(I) FINANCE LEASE ARRANGEMENT A1 WITH LESSOR A

Reference is made to the announcement of the Company dated 20 December 2019 in relation to the Previous Finance Lease Arrangement A.

The Board hereby announces that on 30 October 2020, Guangzhou Yizi and Guangzhou Zituo (each an indirect non-wholly owned subsidiary of the Company), Lessor A and the Supplier entered into the Finance Lease Arrangement A1 pursuant to which Lessor A agreed to purchase the Leased Assets A1 from the Supplier at the request of Guangzhou Yizi and Guangzhou Zituo in an aggregate consideration of RMB94,750,800 (equivalent to approximately HK\$109,247,672) and Lessor A agreed to lease the Leased Assets A1 to Guangzhou Yizi and Guangzhou Zituo for a term from the date on which the Leased Assets A1 are delivered to Guangzhou Yizi and Guangzhou Zituo to six years after payment of the consideration for the Leased Assets A1 by Lessor A (or five years if the utilisation rate for the second phase of GZ Nanxiang IDC is more than 50% as at 31 December 2022).

(A) The Sale and Purchase Agreement

The principal terms of the Sale and Purchase Agreement are set out as follows:

Date: 30 October 2020

- Parties:**
- (1) Lessor A. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, Lessor A was principally engaged in the provision of finance leasing services and was owned as to (i) 35% by Guangdong Utrust Investment Holdings Company Limited* (廣東粵財投資控股有限公司), a company established in the PRC with limited liability which was wholly owned by the People's Government of Guangdong Province; (ii) 35% by Mingyang Smart Energy Group Limited* (明陽智慧能源集團股份有限公司), a company established in the PRC with limited liability which was listed on the Shanghai Stock Exchange (stock code: 601615); and (iii) 30% by China Railway Signal & Communication Corporation Limited* (中國鐵路通信信號股份有限公司), a company established in the PRC with limited liability which was listed on the Shanghai Stock Exchange (stock code: 688009) and the Stock Exchange (stock code: 3969), and Lessor A and the ultimate beneficial owners of Lessor A were Independent Third Parties;
 - (2) the Supplier. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, the Supplier was principally engaged in the sale of equipment and the ultimate beneficial owners of the Supplier were MA Xiuxia* (馬秀霞) and LAO Yingxiong* (勞英雄), and the Supplier and its ultimate beneficial owner(s) were Independent Third Parties;

- (3) Guangzhou Yizi, a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company which was principally engaged in the operation of Internet data centre. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, Guangzhou Yizi was owned as to 90% by Guangzhou Zituo and 10% by Guangzhou Yin Te Information Technology Company Limited* (廣州市尹特資訊科技有限公司) which in turn was owned as to 84% by WANG Tao* (王濤) and 16% by WU Hui* (吳輝), and save for their shareholdings in Guangzhou Yizi, Guangzhou Yin Te Information Technology Company Limited* (廣州市尹特資訊科技有限公司), WANG Tao* (王濤) and WU Hui* (吳輝) were all Independent Third Parties; and
- (4) Guangzhou Zituo, a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company which was principally engaged in the provision of Internet data centre services. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, Guangzhou Zituo was owned as to 60% by Bluesea Mobile and 40% by Mr. Wang.

Subject assets: Lessor A agreed to purchase the Leased Assets A1 comprising data centre equipment from the Supplier at the request of Guangzhou Yizi and Guangzhou Zituo.

Conditions precedent: Lessor A shall pay the consideration subject to the following conditions precedent:

1. Lessor A having received the duly executed Finance Lease Agreement A1, the Sale and Purchase Agreement, and resolutions of the relevant internal approval of Guangzhou Yizi and Guangzhou Zituo (including the approval by the Board and the Shareholders), a copy of this announcement and such other documents as required by Lessor A;

2. Lessor A having received the duly executed Security Documents A, the relevant internal approval of the parties which provide security under the Security Documents A, and documentary evidence of registration documents of the Security Documents A (if registration is required);
3. Lessor A having received the request of payment of the consideration from the Supplier, Guangzhou Yizi and Guangzhou Zituo;
4. Lessor A having received its internal approval for payment of the consideration;
5. there not having any material adverse change to the Supplier, Guangzhou Yizi, Guangzhou Zituo, the parties which provide security under the Security Documents A, and the Leased Assets A1;
6. the representations and warranties by the Supplier, Guangzhou Yizi and Guangzhou Zituo under the Sale and Purchase Agreement being true and accurate and not misleading in material respect;
7. there not having any material change in the taxation policies, financial policies and regulatory measures in the PRC and the cost of financing not having increased significantly when Lessor A makes payment; and
8. any conditions which Lessor A considers necessary.

Payment of consideration: Lessor A shall pay to the Supplier the consideration, being RMB94,750,800 (equivalent to approximately HK\$109,247,672) within ten business days after the fulfilment of the above conditions by bank transfer.

Basis of determination of the consideration: The consideration of the Leased Assets A1 was determined based on arm's length negotiation among Lessor A, the Supplier, Guangzhou Yizi and Guangzhou Zituo with reference to the prevailing market price of the Leased Assets A1.

Warranty period In case of any defects or malfunction of the Leased Assets A1 within 12 months from the date on which the Leased Assets A1 are delivered to and checked by Guangzhou Yizi and Guangzhou Zituo, the Supplier shall repair the Leased Assets A1 free of charge.

Completion The Leased Assets A1 shall be delivered to Guangzhou Yizi and Guangzhou Zituo by batches, with the first batch being not later than 31 December 2020 and all remaining Leased Assets A1 not later than 31 May 2021.

Termination If the Sale and Purchase Agreement is not completed or the lease under the Finance Lease Agreement A1 does not commence by 31 May 2021:–

- (i) if the lease under the Finance Lease Agreement A1 has not commenced, Lessor A shall have the right to terminate the Finance Lease Agreement A1 immediately and Guangzhou Yizi and Guangzhou Zituo shall repay all monies paid by Lessor A pursuant to the Sale and Purchase Agreement and the Finance Lease Agreement A1 and pay compensation (being the consideration multiplied by the number of days which Guangzhou Yizi and Guangzhou Zituo have used the Leased Assets A1 and 0.05%); and
- (ii) if the lease under the Finance Lease Agreement A1 has commenced, Guangzhou Yizi and Guangzhou Zituo shall compensate all the unpaid lease payment and all other payments which Lessor A is entitled to.

(B) The Finance Lease Agreement A1

The principal terms of the Finance Lease Agreement A1 are set out as follows:

Date: 30 October 2020

Parties:

- (1) Lessor A;
- (2) Guangzhou Yizi; and
- (3) Guangzhou Zituo.

Subject assets for lease: The Leased Assets A1

Date of commencement of the lease: The date on which all the Leased Assets A1 are delivered to Guangzhou Yizi and Guangzhou Zituo which shall not be later than 31 May 2021

Period of the lease: From the date on which the Leased Assets A1 are delivered to Guangzhou Yizi and Guangzhou Zituo to six years after payment of the consideration for the Leased Assets A1 by Lessor A (or five years if the utilisation rate for the second phase of GZ Nanxiang IDC is more than 50% as at 31 December 2022)

Conditions precedent: Lessor A shall pay the full amount of the consideration for the Leased Assets A1 after all the below conditions have been satisfied:

1. Lessor A having received the duly executed Finance Lease Agreement A1 and the related documents;
2. Guangzhou Yizi and Guangzhou Zituo and the parties which provide security under the Security Documents A having delivered to Lessor A the resolutions of the relevant internal approval (including approval by the Board and the Shareholders), a copy of this announcement, and such other documents as required by Lessor A;
3. Lessor A having received documentary evidence of registration of the Security Documents A (if registration is required);
4. Lessor A having received the letter of acceptance of the lease under the Finance Lease Agreement A1 from Guangzhou Yizi and Guangzhou Zituo;
5. Lessor A having duly completed registration of the Leased Assets A1 in the People's Bank of China Credit Reference Centre movable property financing unified registration system* (中國人民銀行徵信中心動產融資統一登記公示系統);
6. there having no material adverse change in Guangzhou Yizi, Guangzhou Zituo, parties which provide security under the Security Documents A and the Leased Assets A1;
7. the representations and warranties by Guangzhou Yizi and Guangzhou Zituo under the Finance Lease Agreement A1 being true and accurate and not misleading in material respect;

8. there not having any material change in the taxation policies, financial policies and regulatory measures in the PRC and the cost of financing not having increased significantly when the Lessor A makes payment; and
9. any conditions which Lessor A considers necessary.

Lease payment: The lease payment under the Finance Lease Agreement A1 consists of (i) the finance lease principal amount of RMB94,750,800 (equivalent to approximately HK\$109,247,672); (ii) the pre-lease interest; and (iii) the lease interest.

Pre-lease interest Guangzhou Yizi and Guangzhou Zituo shall pay pre-lease interest monthly during the pre-lease period, being the period from the date on which Lessor A makes the first payment of consideration for the Leased Assets A1 to the Supplier to the date of commencement of the lease. The pre-lease interest shall be calculated as follows:

Pre-lease interest = RMB75,000,000 (equivalent to approximately HK\$86,475,000) x the Lease Interest Rate (as defined below) x the actual number of days of the pre-lease period/360

Lease interest Guangzhou Yizi and Guangzhou Zituo shall pay the lease interest during the term of the lease monthly at an interest rate (“**Lease Interest Rate**”) being calculated at a floating rate and would be adjusted with reference to the benchmark interest rate for RMB loans with a maturity for more than five years as promulgated by the National Inter-bank Funding Center* (全國銀行間同業拆借中心) from time to time (the “**Benchmark Interest Rate**”) plus a premium of 1.35%.

The parties agreed that the initial Lease Interest Rate shall be determined based on the Benchmark Interest Rate on 20 August 2020, being 4.65% per annum, and the initial Lease Interest Rate for the Finance Lease Arrangement A1 shall be 6% per annum.

No adjustment will be made from the commencement of the lease to 31 December of the same year. Afterwards, the Lease Interest Rate shall be adjusted on 1 January of each year during the term of the lease based on the Benchmark Interest Rate as at 20 December (or the next business day if it is holiday) of the preceding year.

Basis of determination of the lease payment: The total lease payment was determined based on arm's length negotiation between Lessor A, Guangzhou Yizi and Guangzhou Zituo with reference to the prevailing market price of the Leased Assets A1 and the prevailing market interest rate of comparable equipment finance leases.

Buy-back of the Leased Assets A1: The legal ownership of the Leased Assets A1 will be vested in Lessor A throughout the lease term. Upon the end of the lease term, provided that Guangzhou Yizi and Guangzhou Zituo have fulfilled all of their obligations under the Finance Lease Arrangement A1, Lessor A shall transfer the legal ownership of the Leased Assets A1 to Guangzhou Yizi and Guangzhou Zituo at a nominal consideration of RMB1 (equivalent to approximately HK\$1).

(II) FINANCE LEASE ARRANGEMENT A2 WITH LESSOR A

Further, on 30 October 2020, Guangzhou Yizi and Guangzhou Zituo entered into the Finance Lease Arrangement A2 with Lessor A pursuant to which Lessor A agreed to purchase Leased Assets A2 from Guangzhou Yizi and Guangzhou Zituo for a total consideration of RMB25,000,000 (equivalent to approximately HK\$28,825,000), which would then be leased back to Guangzhou Yizi and Guangzhou Zituo for a term of three years.

The principal terms of the Finance Lease Arrangement A2 are set out as follows:

Date: 30 October 2020

Parties:

- (1) Lessor A;
- (2) Guangzhou Yizi; and
- (3) Guangzhou Zituo.

Subject assets: The Leased Assets A2 comprising data centre equipment

Finance lease arrangement: Pursuant to the Finance Lease Arrangement A2, Lessor A agreed to purchase the Leased Assets A2 from Guangzhou Yizi and Guangzhou Zituo for a total consideration of RMB25,000,000 (equivalent to approximately HK\$28,825,000), representing the principal amount under the Finance Lease Arrangement A2 and Lessor A agreed to lease back the Leased Assets A2 to Guangzhou Yizi and Guangzhou Zituo.

Period of the lease: three years from the date of commencement of the lease under the Finance Lease Arrangement A2

Conditions precedent: Lessor A shall pay to Guangzhou Yizi and Guangzhou Zituo the full amount of the consideration for the Leased Assets A2 after all the below conditions have been satisfied:

1. Lessor A having received the duly executed Finance Lease Agreement A2 and the Security Documents A and such agreement and documents having come into effect;
2. Lessor A having received documentary evidence of registration of the Security Documents A (if registration is required);
3. Lessor A having received the documents of title of the Leased Assets A2;
4. Lessor A having received copies of the government approval documents in relation to the use of the Leased Assets A2;
5. if required, Guangzhou Yizi and Guangzhou Zituo having purchased sufficient insurance for the Leased Assets A2 with Lessor A as the sole beneficiary and Lessor A having received the original copies of such insurance;
6. Lessor A having received the letter of acceptance of the Leased Assets A2 under the Finance Lease Agreement A2 from Guangzhou Yizi and Guangzhou Zituo;
7. Lessor A having received the request for payment containing the bank accounts information for payment to Guangzhou Yizi and Guangzhou Zituo;
8. Lessor A having received resolutions of the approval of the Finance Lease Arrangement A2 by the relevant administrative authorities (if necessary) and the relevant internal approval of Guangzhou Yizi and Guangzhou Zituo (including but not limited to the approval by the Board and the Shareholders);
9. Lessor A having received resolutions of the approval of the Security Documents A by the relevant administrative authorities (if necessary) and relevant internal approval of the parties which provide security under the Security Documents A;

10. up to the date on which Lessor A makes the first payment of consideration of the Leased Assets A2, there not having any breach of any agreements (or such breach having been rectified) which were entered into by Lessor A, Guangzhou Yizi and Guangzhou Zituo; and
11. there not having any material change in the taxation policies, financial policies and regulatory measures in the PRC and the cost of financing not having increased significantly when the Lessor A makes payment.

Lease payment: The lease payment under the Finance Lease Agreement A2 consists of (i) the finance lease principal amount of RMB25,000,000 (equivalent to approximately HK\$28,825,000); and (ii) the lease interest.

Lease interest: Guangzhou Yizi and Guangzhou Zituo shall pay the lease interest during the term of the lease monthly at the Lease Interest Rate.

The parties agreed that the initial Lease Interest Rate shall be determined based on the Benchmark Interest Rate on 20 August 2020, being 4.65% per annum, and the initial Lease Interest Rate for the Finance Lease Arrangement A2 shall be 6% per annum.

No adjustment will be made from the commencement of the lease to 31 December of the same year. Afterwards, the Lease Interest Rate shall be adjusted on 1 January of each year during the term of the lease based on the Benchmark Interest Rate as at 20 December (or the next business day if it is holiday) of the preceding year.

Basis of determination of the consideration and the lease payment The consideration and the lease payment of the Leased Assets A2 were determined based on arm's length negotiation between Lessor A, Guangzhou Yizi and Guangzhou Zituo with reference to the net book value of the Leased Assets A2 and the prevailing market interest rate of comparable equipment finance leases.

Buy-back of the Leased Assets A2: The legal ownership of the Leased Assets A2 will be vested in Lessor A throughout the lease term. Upon the end of the lease term, provided that Guangzhou Yizi and Guangzhou Zituo have fulfilled all of their obligations under the Finance Lease Arrangement A2, Lessor A shall transfer the legal ownership of the Leased Assets A2 to Guangzhou Yizi and Guangzhou Zituo at a nominal consideration of RMB1 (equivalent to approximately HK\$1).

The Security Documents A

To secure the obligations of Guangzhou Yizi and Guangzhou Zituo under the Finance Lease Arrangement A1 and the Finance Lease Arrangement A2, on 30 October 2020, Guangzhou Yizi, Guangzhou Zituo, Bluesea Mobile, Mr. Wang and Dr. Lie entered into the following Security Documents A:

The Guarantee Agreements A: Each of Bluesea Mobile, Mr. Wang and Dr. Lie entered into the Guarantee Agreements in favour of Lessor A pursuant to which each of them shall provide guarantee to secure the obligations of Guangzhou Yizi and Guangzhou Zituo under the Finance Lease Arrangement A1 and Finance Lease Arrangement A2.

The Accounts Receivable Pledge Agreements A: As security for the obligations of Guangzhou Yizi and Guangzhou Zituo under the Finance Lease Arrangement A1 and Finance Lease Arrangement A2, (i) Guangzhou Yizi entered into the Accounts Receivable Pledge Agreement A (Guangzhou Yizi) in favour of Lessor A to pledge the Accounts Receivable (Guangzhou Yizi); and (ii) Guangzhou Zituo entered into the Accounts Receivable Pledge Agreement A (Guangzhou Zituo) in favour of Lessor A to pledge the Accounts Receivable (Guangzhou Zituo).

The Equity Interest Pledge Agreement A: Guangzhou Zituo entered into the Equity Interest Pledge Agreement A to pledge the Pledged Equity Interest to Lessor A as security for the obligations of Guangzhou Yizi and Guangzhou Zituo under the Finance Lease Arrangement A1 and the Finance Lease Arrangement A2.

(III) FINANCE LEASE ARRANGEMENT B WITH LESSOR B

References are made to the announcements of the Company dated 21 September 2020 and 23 September 2020 in relation to the Previous Finance Lease Arrangement B.

The Board hereby announces that on 30 October 2020, Bluesea Cloud Data (an indirect wholly owned subsidiary of the Company) entered into the Finance Lease Agreement B with Lessor B pursuant to which Lessor B agreed to purchase the Leased Assets B from Bluesea Cloud Data for a total consideration of RMB81,500,000 (equivalent to approximately HK\$93,969,500), which would then be leased back to Bluesea Cloud Data for a term of five years.

The principal terms of the Finance Lease Agreement B are set out as follows:

Date: 30 October 2020

Parties:

- (1) Lessor B. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, Lessor B was principally engaged in the provision of finance leasing services. Lessor B was owned as to (i) 74.9625% by China Jianyin Investment Limited ("China Jianyin"), a company established in the PRC with limited liability and its ultimate holding company was China Investment Corporation which was owned by the government of the PRC; (ii) 18.54% by Grand Leasing Holdings Limited, a company incorporated in the Cayman Islands with limited liability and was ultimately owned by The Carlyle Group which was an American multinational private equity, alternative asset management and financial services corporation; (iii) 6.46% by Main Star Investment Limited, a company incorporated in Hong Kong with limited liability and its ultimate holding company was China Merchants China Direct Investments Limited which was listed on the Stock Exchange (stock code: 133); and (iv) 0.0375% by JIC Technology Investment Company Limited, a company established in the PRC with limited liability and was wholly owned subsidiary of China Jianyin and Lessor B and its ultimate beneficial owners were Independent Third Parties; and
- (2) Bluesea Cloud Data, a company established in the PRC with limited liability and an indirect wholly owned subsidiary of the Company which was principally engaged in the operation of Internet data centre.

Finance lease arrangement: Pursuant to the Finance Lease Agreement B, Lessor B agreed to purchase the Leased Assets B from Bluesea Cloud Data for a total consideration of RMB81,500,000 (equivalent to approximately HK\$93,969,500), representing the principal amount under the Finance Lease Agreement B and Lessor B agreed to lease back the Leased Assets B to Bluesea Cloud Data for a term of five years.

Date of commencement of the lease: The date on which the Lessor B makes the first payment of consideration for the Leased Assets B to Bluesea Cloud Data in accordance with the Finance Lease Agreement B.

Period of the lease: Five years from the date of commencement of the lease

Conditions precedent: Lessor B shall pay the consideration to Bluesea Cloud Data subject to the following conditions precedent:

1. Lessor B having received the confirmation of the transfer of the Leased Assets B and the request for payment from Bluesea Cloud Data;
2. Lessor B having received the security deposit and the handling fee from Bluesea Cloud Data;
3. Lessor B having received the documents evidencing the ownership of the Leased Assets B by Bluesea Cloud Data;
4. Lessor B having received resolutions of all necessary internal and external approval of Bluesea Cloud Data (including the approval by the Board and the Shareholders) in relation to the Finance Lease Arrangement B;
5. Lessor B having received resolutions of all necessary internal and external approval by the parties which provide security under the Security Documents B in relation to the Security Documents B;
6. Lessor B having received the registration documents of the Security Documents B (if registration is required by law);
7. Lessor B having received the insurance on the Leased Assets B which has been entered into in accordance with the terms of the Finance Lease Agreement B, and the beneficiary of the insurance having been changed to Lessor B;
8. Lessor B having received the list of assets of Dr. Lie signed by him;
9. Bluesea Mobile and Bluesea Cloud Data having entered into the data centre services agreement which stipulates that Bluesea Mobile shall, after deduction of necessary electricity charges and maintenance fees, pay rental fees of GZ Lotus Hill IDC to Bluesea Cloud Data;
10. the Leased Assets B having been moved from Bluesea Mobile to Bluesea Cloud Data;
11. Lessor B having received the bank confirmation showing the amount due by Bluesea Mobile to the bank;

12. the Accounts Receivable Pledge Agreements B and the accounts control agreement in relation to the bank accounts for receiving the receivable under the Accounts Receivable (Blueseas Mobile) and Accounts Receivable (Blueseas Cloud Data) having been entered into;
13. Lessor B having received the valuation report regarding the Leased Assets B; and
14. such other conditions which Lessor B considers necessary.

Lease payment and lease interest:

The lease payment under the Finance Lease Agreement B consists of (i) the finance lease principal amount of RMB81,500,000 (equivalent to approximately HK\$93,969,500); and (ii) the lease interest.

Blueseas Cloud Data shall repay both the lease principal and the lease interest during the period of the lease quarterly at a fixed interest rate of 6.0325% per annum.

Basis of determination of the consideration, lease payment, interest rate and other fees and expenses

The consideration, lease payment, interest rate and other fees and expenses of the Leased Assets B were determined based on arm's length negotiation between Lessor B and Bluesea Cloud Data with reference to the valuation of the Lease Assets B carried out by an independent valuer and the prevailing market interest rate of comparable equipment finance leases.

Lease handling fee:

Blueseas Cloud Data shall pay a one-off handling fee of 1.571% of the finance lease principal amount of RMB81,500,000 (equivalent to approximately HK\$93,969,500), i.e. RMB1,280,365 (equivalent to approximately HK\$1,476,261), to the Lessor B.

Security deposit:

Blueseas Cloud Data shall pay 6% of the finance lease principal amount of RMB81,500,000 (equivalent to approximately HK\$93,969,500), i.e. RMB4,890,000 (equivalent to approximately HK\$5,638,170), as security deposit to Lessor B before Lessor B pays the consideration for the Leased Assets B to Bluesea Cloud Data. If there is default by Bluesea Cloud Data, Lessor B may deduct the principal and interest which falls due, the default interest and other cost arising from the default from the security deposit. If there is no default throughout the term of the lease, Bluesea Cloud Data may use the security deposit to set off against the last payment(s) under the Finance Lease Agreement B.

Buy-back of the Leased Assets B: The legal ownership of the Leased Assets B will be vested in Lessor B throughout the lease term. Upon the end of the lease term, provided that Bluesea Cloud Data has fulfilled all of its obligations under the Finance Lease Arrangement B, Lessor B shall transfer the legal ownership of the Leased Assets B to Bluesea Cloud Data at a nominal consideration of RMB1,000 (equivalent to approximately HK\$1,153).

The Security Documents B

To secure the obligations of Bluesea Cloud Data under the Finance Lease Arrangement B, on 30 October 2020, Bluesea Cloud Data, Bluesea Mobile and Dr. Lie entered into the following Security Documents B:

The Guarantee Agreements B: Each of Bluesea Mobile and Dr. Lie entered into the Guarantee Agreements B in favour of Lessor B pursuant to which each of them shall provide guarantee to secure the obligations of Bluesea Cloud Data under the Finance Lease Arrangement B.

The Accounts Receivable Pledge Agreements B: As security for the obligations of Bluesea Cloud Data under the Finance Lease Arrangement B, (i) Bluesea Cloud Data entered into the Accounts Receivable Pledge Agreement B (Bluesea Cloud Data) in favour of Lessor B to pledge the Accounts Receivable (Bluesea Cloud Data); and (ii) Bluesea Mobile entered into the Accounts Receivable Pledge Agreement B (Bluesea Mobile) in favour of Lessor B to pledge the Accounts Receivable (Bluesea Mobile).

REASONS FOR THE ARRANGEMENTS

The Group is principally engaged in sales of telecommunication products and services. The Group currently operates two Internet data centres in Guangzhou, namely GZ Lotus Hill IDC and GZ Nanxiang IDC. The Group is also in the process of building six Internet data centres in Heshan, Guangdong and expanding the capacity of GZ Nanxiang IDC, i.e. the second phase of GZ Nanxiang IDC.

With favourable policies and support from the Chinese government in developing digital economy, demand for Internet data centre has been continuously rising, which is driven by 5G, the Internet of Things, digital finance and industrial digitalisation.

The Directors are of the view that under the Arrangements, the Group will obtain financial resources to support its business activities and gain access to the leased assets which are required for the operation of the Group's Internet data centres. The Directors consider that the Arrangements were entered into after arm's length negotiation between each of Lessor A and Lessor B and the Group with reference to the prevailing market interest rate of comparable equipment finance leases and the terms therein are on normal commercial terms and the Arrangements are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

GEM LISTING RULES IMPLICATIONS

Since the Previous Finance Lease Arrangement A, the Finance Lease Arrangement A1 and the Finance Lease Arrangement A2 were entered into with Lessor A within 12 months, the transactions contemplated under the Finance Lease Arrangement A1 and the Finance Lease Arrangement A2 shall be aggregated with the transactions under the Previous Finance Lease Arrangement A under Rule 19.22 of the GEM Listing Rules.

Since the Previous Finance Lease Arrangement B and the Finance Lease Arrangement B was entered into with Lessor B within 12 months, the transactions contemplated under the Finance Lease Arrangement B shall be aggregated with the transactions under the Previous Finance Lease Arrangement B under Rule 19.22 of the GEM Listing Rules.

As the highest applicable percentage ratio for the Company as calculated under Rule 19.07 of the GEM Listing Rules in relation to each of the Arrangements on aggregate basis exceeds 25%, the Arrangements constitute major transactions of the Company under the GEM Listing Rules.

THE EGM AND DESPATCH OF CIRCULAR

The EGM will be convened for the purpose of considering and, if thought fit, approving, among other things, the Arrangements.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder has a material interest in the Arrangements. As such, no Shareholder is required to abstain from voting at the EGM in respect of the resolutions approving the Arrangements.

A circular containing, among other things, details of the Arrangements and the transactions contemplated thereunder and other information as required under the GEM Listing Rules, is expected to be despatched to the Shareholders on or before 27 November 2020 so as to allow sufficient time for the Company to prepare the relevant information for inclusion in the circular.

Shareholders and potential investors of the Company should be aware that the Arrangements are subject to a number of conditions being satisfied, and consequently the Arrangements may or may not proceed. Accordingly, Shareholders and potential investors are advised to exercise caution when they deal or contemplate dealing in the Shares or other securities (if any) of the Company.

CLARIFICATION TO ANNOUNCEMENT DATED 21 SEPTEMBER 2020

The Company would like to clarify that on page 5 of the announcement of the Company dated 21 September 2020 (the “**Announcement**”), the expression of “Blusea Cloud Data” shall have the meaning of “Guangzhou Blusea Cloud Data Company Limited* (廣州蔚海雲數據有限公司), a company established in the PRC with limited liability and an indirect wholly owned subsidiary of the Company” instead of “Guangdong Blusea Cloud Data Company Limited* (廣東蔚海雲數據有限公司), a company established in the PRC with limited liability and an indirect wholly owned subsidiary of the Company”.

Save for the aforesaid, all other information in the Announcement remains unchanged.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following respective meanings.

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| “Accounts Receivable (Blueseas Cloud Data)” | the accounts receivable of Blueseas Cloud Data in the amount of RMB95,016,609.2 (equivalent to approximately HK\$109,554,150) |
| “Accounts Receivable (Blueseas Mobile)” | the accounts receivable of Blueseas Mobile in the amount of RMB95,016,609.2 (equivalent to approximately HK\$109,554,150) |
| “Accounts Receivable (Guangzhou Yizi)” | the accounts receivable of Guangzhou Yizi in the amount of RMB277,931,477.24 (equivalent to approximately HK\$320,454,993) arising from the data centre services agreement signed with Guangzhou Zituo and all data centre services agreements to be signed in relation to GZ Nanxiang IDC |
| “Accounts Receivable (Guangzhou Zituo)” | the accounts receivable of Guangzhou Zituo in the amount of RMB277,931,477.24 (equivalent to approximately HK\$320,454,993) arising from the data centre services agreement signed with an Independent Third Party and all data centre services agreements to be signed in relation to GZ Nanxiang IDC |
| “Accounts Receivable Pledge Agreements A” | collectively, the Accounts Receivable Pledge Agreement A (Guangzhou Zituo) and Accounts Receivable Pledge Agreement A (Guangzhou Yizi) |
| “Accounts Receivable Pledge Agreement A (Guangzhou Yizi)” | the accounts receivable pledge agreement between Guangzhou Yizi and Lessor A dated 30 October 2020 |
| “Accounts Receivable Pledge Agreement A (Guangzhou Zituo)” | the accounts receivable pledge agreement between Guangzhou Zituo and Lessor A dated 30 October 2020 |
| “Accounts Receivable Pledge Agreements B” | collectively, the Accounts Receivable Pledge Agreement B (Blueseas Cloud Data) and Accounts Receivable Pledge Agreement B (Blueseas Mobile) |
| “Accounts Receivable Pledge Agreement B (Blueseas Cloud Data)” | the accounts receivable pledge agreement between Blueseas Cloud Data and Lessor B dated 30 October 2020 |
| “Accounts Receivable Pledge Agreement B (Blueseas Mobile)” | the accounts receivable pledge agreement between Blueseas Mobile and Lessor B dated 30 October 2020 |

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| “Arrangements” | collectively, the transactions contemplated under the Finance Lease Arrangement A1 and the Finance Lease Arrangement A2 (including the Security Documents A), and the Finance Lease Arrangement B (including the Security Documents B) |
| “Blueseas Cloud Data” | Guangzhou Blueseas Cloud Data Company Limited* (廣州蔚海雲數據有限公司), a company established in the PRC with limited liability and an indirect wholly owned subsidiary of the Company |
| “Blueseas Data” | Guangdong Blueseas Data Development Company Limited* (廣東蔚海數據發展有限公司), a company established in the PRC with limited liability and an indirect wholly owned subsidiary of the Company |
| “Blueseas Mobile” | Guangdong Blueseas Mobile Development Company Limited* (廣東蔚海移動發展有限公司), a company established in the PRC with limited liability and an indirect wholly owned subsidiary of the Company |
| “Board” | the board of Directors |
| “Company” | Neo Telemedia Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on GEM (stock code: 8167) |
| “connected person(s)” | has the meaning ascribed to it under the GEM Listing Rules |
| “Director(s)” | the director(s) of the Company |
| “Dr. Lie” | Dr. LIE Haiquan, an executive Director, the chairman of the Board and a Substantial Shareholder |
| “EGM” | the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving, among other things, the Arrangements |
| “Equity Interest Pledge Agreement A” | the equity interest pledge agreement between Lessor A and Guangzhou Zituo dated 30 October 2020 |
| “Finance Lease Agreement A1” | the finance lease agreement between Lessor A, Guangzhou Yizi and Guangzhou Zituo dated 30 October 2020, pursuant to which Lessor A agreed to purchase the Leased Assets A1 from the Supplier at the request of Guangzhou Yizi and Guangzhou Zituo in an aggregate consideration of RMB94,750,800 (equivalent to approximately HK\$109,247,672) and Lessor A agreed to lease the Leased Assets A1 to Guangzhou Yizi and Guangzhou Zituo for a term from the date on which the Leased Assets A1 are delivered to Guangzhou Yizi and Guangzhou Zituo to six years after payment of the consideration for the Leased Assets A1 by Lessor A (or five years if the utilisation rate for the second phase of GZ Nanxiang IDC is more than 50% as at 31 December 2022) |

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| “Finance Lease Agreement A2” | the finance lease agreement between Lessor A, Guangzhou Yizi and Guangzhou Zituo dated 30 October 2020 pursuant to which Lessor A agreed to purchase Leased Assets A2 from Guangzhou Yizi and Guangzhou Zituo for a total consideration of RMB25,000,000 (equivalent to approximately HK\$28,825,000), which would then be leased back to Guangzhou Yizi and Guangzhou Zituo for a term of three years |
| “Finance Lease Agreement B” | the finance lease agreement between Lessor B and Bluesea Cloud Data dated 30 October 2020 pursuant to which Lessor B agreed to purchase Leased Assets B from Bluesea Cloud Data for a total consideration of RMB81,500,000 (equivalent to approximately HK\$93,969,500), which would then be leased back to Bluesea Cloud Data for a term of five years |
| “Finance Lease Arrangement A1” | the finance lease arrangement contemplated under the Sale and Purchase Agreement and the Finance Lease Agreement A1 |
| “Finance Lease Arrangement A2” | the finance lease arrangement contemplated under the Finance Lease Agreement A2 |
| “Finance Lease Arrangement B” | the finance lease arrangement contemplated under the Finance Lease Agreement B |
| “GEM” | GEM operated by the Stock Exchange |
| “GEM Listing Rules” | Rules Governing the Listing of Securities on GEM |
| “Group” | the Company and its subsidiaries |
| “Guangzhou Yizi” | Guangzhou Yizi Internet Technology Co., Ltd.* (廣州市昇資互聯網科技有限公司), a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company |
| “Guangzhou Zituo” | Guangzhou Zituo Technology Company Limited* (廣州市資拓科技有限公司), a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company |
| “Guarantee Agreement A (Bluesea Mobile)” | the guarantee agreement between Lessor A and Bluesea Mobile dated 30 October 2020 |
| “Guarantee Agreement A (Dr. Lie)” | the guarantee agreement between Lessor A and Dr. Lie dated 30 October 2020 |
| “Guarantee Agreement A (Mr. Wang)” | the guarantee agreement between Lessor A and Mr. Wang dated 30 October 2020 |

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| “Guarantee Agreements A” | collectively, the Guarantee Agreement A (Bluesea Mobile), the Guarantee Agreement A (Dr. Lie) and the Guarantee Agreement A (Mr. Wang) |
| “Guarantee Agreement B (Bluesea Mobile)” | the guarantee agreement between Lessor B and Bluesea Mobile dated 30 October 2020 |
| “Guarantee Agreement B (Dr. Lie)” | the guarantee agreement between Lessor B and Dr. Lie dated 30 October 2020 |
| “Guarantee Agreements B” | collectively, the Guarantee Agreement B (Bluesea Mobile) and Guarantee Agreement B (Dr. Lie) |
| “GZ Lotus Hill IDC” | the Group’s Guangzhou Lotus Hill Data Centre situated at Panyu district, Guangzhou, Guangdong Province, the PRC |
| “GZ Nanxiang IDC” | the Group’s Guangzhou (Nanxiang) Cloud Data Centre situated at Huangpu district, Guangzhou, Guangdong Province, the PRC |
| “HK\$” | Hong Kong Dollar, the lawful currency of Hong Kong |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Independent Third Party(ies)” | the independent third party(ies) who is/are, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, independent of and not connected with the Company and the connected person(s) (as defined in the GEM Listing Rules) of the Company |
| “Leased Assets A1” | the assets comprising data centre equipment to be purchased by Lessor A from the Supplier for leasing to Guangzhou Yizi and Guangzhou Zituo under the Finance Lease Arrangement A1 |
| “Leased Assets A2” | the assets comprising data centre equipment for leasing to Guangzhou Yizi and Guangzhou Zituo under the Finance Lease Arrangement A2 |
| “Leased Assets B” | the assets comprising data centre equipment for leasing to Bluesea Cloud Data under the Finance Lease Arrangement B |
| “Lessor A” | Guangdong Utrust Financial Leasing Company Limited* (廣東粵財金融租賃股份有限公司), a company established in the PRC with limited liability |
| “Lessor B” | JIC Leasing Company Limited, a company established in the PRC with limited liability |

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| “Mr. Wang” | Mr. WANG Kun* (王坤), a citizen of the PRC who is the legal representative, a director and a substantial shareholder of Guangzhou Zituo and the legal representative and a director of Guangzhou Yizi |
| “Pledged Equity Interest” | 90% equity interest in Guangzhou Yizi owned by Guangzhou Zituo, together with all dividends arising from the said equity interest |
| “PRC” | the People’s Republic of China, for the purpose of this announcement only, excludes Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan |
| “Previous Finance Lease Arrangement A” | the finance lease arrangement between Bluesea Data and Lessor A dated 20 December 2019 pursuant to which Lessor A agreed to purchase equipment from a supplier at the request of Bluesea Data and lease the equipment to Bluesea Data, details of which are stipulated in the announcement of the Company dated 20 December 2019 |
| “Previous Finance Lease Arrangement B” | the finance lease arrangement between Bluesea Cloud Data and Lessor B dated 21 September 2020 pursuant to which Lessor B agreed to purchase leased assets from Bluesea Cloud Data, which would then be leased back to Bluesea Cloud Data, details of which are stipulated in the announcements of the Company dated 21 September 2020 and 23 September 2020 |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Sale and Purchase Agreement” | the sale and purchase agreement between Lessor A, the Supplier, Guangzhou Yizi and Guangzhou Zituo dated 30 October 2020 pursuant to which Lessor A agreed to purchase the Leased Assets A1 from the Supplier at the request of Guangzhou Yizi and Guangzhou Zituo for a total consideration of RMB94,750,800 (equivalent to approximately HK\$109,247,672) |
| “Security Documents A” | collectively, the Guarantee Agreements A, the Accounts Receivable Pledge Agreements A and the Equity Interest Pledge Agreement A |
| “Security Documents B” | collectively, the Guarantee Agreements B and the Accounts Receivable Pledge Agreements B |
| “Share(s)” | ordinary share(s) of HK\$0.1 each in the capital of the Company |
| “Shareholder(s)” | the holder(s) of Shares |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |

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| “subsidiary(ies)” | has the meaning ascribed to it under the GEM Listing Rules |
| “Substantial Shareholder” | has the meaning ascribed to it under the GEM Listing Rules |
| “Supplier” | Highseas Communications Engineering (Hainan) Co., Ltd.* (海南四海行通信工程有限公司), a company established in the PRC with limited liability |
| “%” | per cent |

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

Hong Kong, 30 October 2020

As at the date of this announcement, the Board comprises four executive Directors, namely Dr. LIE Haiquan (Chairman), Mr. CHEUNG Sing Tai (Deputy Chairman and Chief Executive Officer), Mr. TAO Wei and Mr. WU Di, 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.

For the purpose of this announcement, all amounts denominated in RMB have been translated (for information only) into HK\$ using the exchange rate of RMB1.00:HK\$1.153. No representation is made that any amounts in RMB or HK\$ can be or could have been converted at the relevant dates at the above rates or any other rates or at all.

The English transliteration of the Chinese name(s) in this announcement, where indicated with “”, is included for information purpose only, and should not be regarded as the official English name(s) of such Chinese name(s).*

If there is any inconsistency in this announcement between the Chinese and English versions, the English version shall prevail.

This announcement will remain on the “Latest Listed Company Information” 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.