

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 TRANSACTION
AMENDMENTS IN RELATION TO LEASE AND OPERATION AGREEMENT

AMENDMENTS TO THE LEASE AND OPERATION AGREEMENT

The Board announces that on 25 April 2013 (after trading hours), the Company and Spacecom entered into the Amendment Agreement, pursuant to which the Company and Spacecom agreed to, among other things, amend and supplement the terms of the Lease and Operation Agreement to the effect that the Company has conditionally agreed to purchase and Spacecom has conditionally agreed to sell the Ka-Beam of the Satellite for an aggregate consideration of US\$70,000,000, which shall be payable by the Company to Spacecom in cash.

IMPLICATIONS OF GEM LISTING RULES

Taking into account of the revision to the terms and conditions resulting from the entering into of the Amendment Agreement between the Company and Spacecom, the transactions contemplated under the Agreement continue to constitute a major transaction for the Company under the GEM Listing Rules and is subject to the reporting, announcement and shareholders' approval requirements under the GEM Listing Rules.

Reference is made to the Announcement in relation to, among other things, the entering into of the Lease and Operation Agreement. Capitalised terms used herein shall have the same meanings as those defined in the Announcement unless otherwise stated.

The Board announces that on 25 April 2013 (after trading hours), the Company and Spacecom entered into the Amendment Agreement, pursuant to which the Company and Spacecom agreed to, among other things, amend and supplement the terms of the Lease and Operation Agreement.

The principal terms of the Amendment Agreement, which amend and supplement certain terms of the Lease and Operation Agreement, are set out as follows:

THE AMENDMENT AGREEMENT

Date : 25 April 2013

Parties:

Vendor : Space-Communication Ltd

Purchaser : 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.

Assets to be acquired

Spacecom is the owner and operator of various satellites, and intends to launch and operate the satellite known as AMOS-4 on or before the Long Stop Date. AMOS-4 is planned to have beams covering, inter alia, territories in Asia.

Pursuant to the Amendment Agreement, subject to the successful launch and beginning of commercial operation of AMOS-4 on or before 31 July 2014 and subject to the terms and conditions of the Agreement and for the Term of the Agreement, Spacecom shall sell to the Company and the Company shall purchase from Spacecom 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; (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; and (iv) shall be entitled to make a commercial re-branding of AMOS-4, including, without limitation, renaming.

Consideration

In consideration of the sale by Spacecom to the Company 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 Agreement, the Company shall pay Spacecom the total consideration of US\$70,000,000 (seventy million US dollars) (inclusive all insurance fees, satellite operation fee but exclusive of all applicable taxes). The Consideration was arrived at after arm's length negotiations between the parties to the Amendment Agreement and was determined after taking into account of the prevailing selling price of similar satellite.

The Consideration shall be satisfied in the following manners:

- (a) Refundable Down Payment of US\$5,000,000 (exclusive of all applicable taxes) shall be paid in cash by the Company no later than 5 (five) Business Days following the fulfillment of all conditions set forth in the Agreement. Save that Spacecom fails to commence AMOS-4 commercial operation by 31 July 2014 or the Agreement is terminated by the Company under the terms of the Agreement, the Down Payment is not reimbursable;
- (b) an amount of US\$15,000,000 (exclusive of all applicable taxes) shall be paid in cash by the Company following the fulfillment of all conditions set forth in the Agreement, no later than 5 (five) days following the successful launch of AMOS-4;
- (c) the remaining US\$50,000,000 (exclusive of all applicable taxes) shall be paid in cash by the Company no later than 5 (five) Business Days following the successful completion of the in-orbit tests of the Satellite and Spacecom's notification to the Company that the transfer of title on the Ka-Beam from Spacecom to the Company is prepared for completion.

Duration and Term of the Agreement

The Agreement shall enter into force on the signing by both parties, and shall terminate in accordance with the terms of the Agreement or upon expiry of the Term of the Agreement. The completion of the Agreement is conditioned upon the following:

- (a) approval from all necessary regulator and authorities of the transaction contemplated in the Agreement;
- (b) due diligence with respect to the transaction contemplated hereunder;
- (c) approval of the Agreement and the transaction contemplated thereunder by the Shareholders at its extraordinary general meeting of the Company; and
- (d) approval by Spacecom's board of directors for the Agreement and the transaction contemplated thereunder.

If such approvals shall not be obtained by 15 June 2013, the Agreement shall terminate forthwith and both Spacecom and the Company shall not incur any liability with respect to such termination.

Subject to and following the successful launch and beginning of commercial operation by the Company of its Ka-Beam Satellite, the Company shall have the right to sell the AMOS-4 Ka-Beam back to Spacecom, upon one year in advance written notice to Spacecom. In such event, Spacecom shall buy the Ka-Beam from the Company in exchange for reimbursement to the Company of the proportionate portion of the Consideration paid by the Company for the period following the early termination date. For the purpose of reimbursement, the parties to the Agreement shall assume that the operational lifetime of AMOS-4 is 15 (fifteen) years.

Transfer of Title on the Ka-Beam

The parties to the Agreement acknowledged that Spacecom has raised funds from certain bonds holders in respect of AMOS-4. At as the date of the Amendment Agreement, AMOS-4 is pledged for the benefit of the bonds holders in accordance with the AMOS-4 pledge terms.

Subject to the consummation of the following terms and no later than 10 (ten) Business Days following 31 December 2014:

- (a) the Agreement has not been early terminated for any reason;
- (b) the fulfillment of all conditions within the timeframe set forth therein; and
- (c) receipt by Spacecom from the Company of the Consideration in full,

then the parties to the Agreement shall sign the relevant transfer document to transfer the title on the Ka-Beam from Spacecom to the Company.

In the event that the title on the Ka-Beam has not been transferred from Spacecom to the Company, for reasons not related to the Company, until 10 (ten) Business Days following 31 December 2014, then the Company may terminate the Agreement by providing a fourteen (14) days advance written notice to Spacecom. In such event, Spacecom shall reimburse the Company the Consideration paid and received by Spacecom.

The Company's title on the Ka-Beam shall automatically expire upon the Termination Date or upon any early termination of the Agreement and following any reimbursement due by Spacecom to the Company under the Agreement (if applicable), and Spacecom shall automatically restore its title on the Ka-Beam on the Termination Date or upon any early termination of the Agreement and the fulfillment of Spacecom's reimbursement obligations towards the Company under the Agreement.

Save for the amendments under the Amendment Agreement as disclosed above, all other principal terms and conditions under the Lease and Operation Agreement remain unchanged.

The Directors considers the purchase of the entire Ka-Beam of AMOS-4 enables the Company to capture the high growth opportunity in the value-added telecommunication services and is complementary to the existing business of its operating subsidiaries. The Directors consider that the transactions contemplated under the Amendment Agreement are on normal commercial terms and the terms of the Amendment Agreement are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

IMPLICATIONS OF GEM LISTING RULES

Taking into account of the revision to the terms and conditions of the Lease and Operation Agreement resulting from the entering into of the Amendment Agreement between the Company and Spacecom, the transactions contemplated under the Agreement continue to constitute a major transaction for the Company under the GEM Listing Rules and is subject to the reporting, announcement and shareholders' approval requirements under the GEM Listing Rules.

A circular containing, among others, further details of the Agreement and the transactions contemplated thereunder, a notice convening the extraordinary general meeting of the Company and other information required to be disclosed under the GEM Listing Rules will be dispatched to the Shareholders on or before 31 May 2013 as additional time is required to prepare and finalise the information to be included in the circular.

DEFINITIONS

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

“Acquisition”	means the proposed acquisition of the Ka-Beam by the Company from Spacecom pursuant to the Agreement
“Agreement”	means the Lease and Operation Agreement as amended by the Amendment Agreement, and renamed as the Sale and Operation Agreement
“Amendment Agreement”	means the amendment agreement dated 25 April 2013 entered into between the Spacecom and the Company to amend and supplement certain terms of the Lease and Operation Agreement
“Announcement”	means the announcement of the Company dated 15 April 2013 in relation to Lease and Operation Agreement
“Consideration”	the total consideration of US\$70,000,000 payable by the Company under the Agreement
“Ka-Beam”	means the segment of Ka-band on the Satellite, consisting of four (4) transponders of 216 MHz each, sold to the Company having the technical characteristics described in the satellite technical specifications
“Lease and Operation Agreement”	means the lease and operation agreement dated 15 April 2013 and entered into between the Spacecom as lessor and the Company as lessee, details of which were set out in the Announcement

“Term of the Agreement” means the period whereby the Company shall be entitled to use the Ka-Beam, being a period from the Commencement Date to the Termination Date

“Termination Date” means the termination date of the Agreement, being the end of the operational life of the Satellite in the 65° E geostationary orbital slot, as reasonably determined by Spacecom and it is estimated that the Term of the Agreement as 15 (fifteen) years from the Commencement Date

By order of the Board
Neo Telemedia Limited
LI Hongrong
Chairman

Hong Kong, 25 April 2013

As at the date hereof, the Board comprises four executive directors namely Mr. LI Hongrong (Chairman), Mr. Theo EDE, Mr. HU Yangjun and Mr. ZHANG Xinyu (Chief Executive Officer); and three independent non-executive directors, namely Mr. LAM Kin Kau, Mark, Professor SONG Junde and Professor CHEN Lujun.

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.