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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)

**SUBSCRIPTION FOR NEW SHARES
UNDER GENERAL MANDATE**

THE SUBSCRIPTION

On 15 March 2014, the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Subscriber conditionally agreed to subscribe for and the Company conditionally agreed to issue an aggregate of 500,000,000 Subscription Shares at a price of HK\$0.20 per Subscription Share.

The Subscription Price represents (i) a discount of approximately 14.53% to the closing price of HK\$0.234 per Share as quoted on the Stock Exchange on the Last Trading Day; and (ii) a discount of approximately 18.03 % to the average closing price of approximately HK\$0.244 per Share as quoted on Stock Exchange for the last five trading days immediately prior to the date of the Subscription Agreement.

The Subscription Shares of 500,000,000 represent approximately 19.57% of the existing issued share capital of the Company as at the date of this announcement and approximately 16.37% of the issued share capital of the Company as enlarged by the Subscription Shares. The Subscription Shares will be issued under the General Mandate.

Completion of the Subscription is conditional upon, among other things, the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Subscription Shares.

INTRODUCTION

On 15 March 2014, the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Subscriber conditionally agreed to subscribe for and the Company conditionally agreed to issue an aggregate of 500,000,000 Subscription Shares at a price of HK\$0.20 per Subscription Share.

SUBSCRIPTION AGREEMENT

The Subscription Agreement

Date

15 March 2014

Parties

- (a) The Company
- (b) Radiant Castle Investment Fund Limited

To the best of the Directors' knowledge, information and belief, having made all reasonable enquires, the Subscriber and its beneficial owner(s) are Independent Third Parties and the Subscriber is a mutual fund and principally engaged in investment.

Subscription Shares

The Subscription Shares in an aggregate of 500,000,000 new Shares represent approximately 19.57% of the existing issued share capital of the Company as at the date of this announcement and approximately 16.37% of the issued share capital of the Company as enlarged by the Subscription Shares. The aggregate nominal value of the Subscription Shares is HK\$50,000,000.

Ranking of Subscription Shares

The Subscription Shares, when issued and fully paid, will rank pari passu among themselves and with Shares in issue on the date of issue and allotment of the Subscription Shares.

Subscription Price

The Subscription Price of HK\$0.20 per Subscription Share represents:

- (i) a discount of approximately 14.53% to the closing price of HK\$0.234 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (ii) a discount of approximately 18.03 % to the average closing price of HK\$0.244 per Share as quoted on the Stock Exchange for the last five trading days immediately prior to the date of the Subscription Agreement.

The aggregate Subscription Price of approximately HK\$100 million will payable in cash by the Subscriber upon completion of the Subscription Agreement.

The Subscription Price was arrived at after arm's length negotiations between the Company and the Subscriber with reference to the recent market price of the Shares. The Board considers that the Subscription Price and the terms of the Subscription Agreement are fair and reasonable, on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

Condition of the Subscription

Completion of the Subscription is conditional upon the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Subscription Shares.

In the event that the above condition is not fulfilled on or before 4 April 2014 (or such other day as the Company and the Subscriber may agree), the rights and obligations of the Subscriber and the Company in respect of the Subscription shall forthwith terminate and cease to have any effect.

Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of the listing of and permission to deal in the Subscription Shares.

Completion of the Subscription

Completion of the Subscription shall take place within five Business Days after fulfillment of the above condition (or such other date as the Company and the Subscriber may agree).

General Mandate to issue the Subscription Shares

The Subscription Shares will be issued under the General Mandate granted to the Directors pursuant to a resolution passed by the Shareholders at the EGM. Under the General Mandate, the Company is authorized to allot and otherwise deal with new Shares of up to 20% of the issued share capital of the Company as at the date of the aforesaid general meeting, which amounts to 510,984,158 new Shares. As at the date of this announcement, the Company has not allotted and issued any Shares under the General Mandate and the Subscription Shares to be allotted and issued will utilize as to approximately 97.8% of the General Mandate.

REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS

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 Board considers that the Subscription will further strengthen the capital base and financial position of the Company for the Group's future business developments. The gross proceeds from the Subscription are estimated to be approximately HK\$100 million and the net proceeds are estimated to be approximately HK\$99.9 million (representing a net Subscription Price of approximately HK\$0.1998 per Subscription Share). The Company intends to apply the net proceeds from the Subscription for repayment of loan and general working capital of the Group.

The Board is of the view that the Subscription Agreement is entered into upon normal commercial terms following arm's length negotiations between the Company and the Subscriber and that the terms of the Subscription Agreement are fair and reasonable and the Subscription is in the interests of the Company and the Shareholders as a whole.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has conducted the following fund raising activity in the past twelve months immediately before the date of this announcement.

Date of initial announcement	Fund raising activities	Net proceeds (approximately)	Intended use of proceeds	Actual use of proceeds
25 July 2013	Placing of 109,000,000 new Shares under the general mandate of the Company	HK\$35.3 million	General working capital of the Group	Used as intended

Save as disclosed above, the Company has not conducted any fund raising activity in the past twelve months immediately before the date of this announcement.

EFFECTS ON SHAREHOLDING STRUCTURE

The existing shareholding structure of the Company as at the date of this announcement (as extracted from the disclosure of interests filed in the website of the Stock Exchange by the relevant Shareholders and the latest available public information) and the shareholding structure of the Company immediately after completion of the Subscriptions are as follows:

	As at the date this announcement		Immediately upon completion of the Subscription (Note 2)	
	No. of Shares	Approximate %	No. of Shares	Approximate %
Shareholders				
LIE Haiquan	361,482,000	14.15	361,482,000	11.83
Winner Mind Investment Limited (Note 1)	<u>208,708,000</u>	<u>8.17</u>	<u>208,708,000</u>	<u>6.83</u>
Sub-total	570,190,000	22.32	570,190,000	18.66
The Subscriber	–	–	500,000,000	16.37
Other Public Shareholders	<u>1,984,730,793</u>	<u>77.68</u>	<u>1,984,730,793</u>	<u>64.97</u>
Total	<u><u>2,554,920,793</u></u>	<u><u>100.00</u></u>	<u><u>3,054,920,793</u></u>	<u><u>100.00</u></u>

Notes:

- (1) These shares are held by Winner Mind Investment Limited, a company incorporated in the British Virgin Islands, which is wholly-owned by Mr. LIE Haiquan. Thus, Mr. LIE Haiquan is deemed to be interested in the Shares held by Winner Mind Investment Limited.
- (2) Assuming there is no change in the existing shareholding of the Company except for the issue of the Subscription Shares.

TERMS AND DEFINITIONS

“Board”	the board of Directors
“Business Day(s)”	means a day (excluding Saturday and Sunday) on which banks are open for general business in Hong Kong
“Company”	Neo Telemedia Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the GEM
“Completion”	the completion of the Subscription Agreement
“connected person(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Director(s)”	director(s) of the board of the Company
“EGM”	the extraordinary general meeting of the Company held on 17 October 2013
“GEM”	The Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM
“General Mandate”	the mandate granted to the Directors by the Shareholders at the EGM to allot, issue and deal with up to 20% of the then issued share capital of the Company as at the date of the EGM
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) and its(their) ultimate beneficial owner(s), if applicable, which is(are) independent of the Company and its connected persons
“Last Trading Day”	14 March 2014, being the last full trading day for the Shares prior to the issue of this announcement
“PRC”	The People’s Republic of China
“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Subscriber”	Radiant Castle Investment Fund Limited, a company incorporated in the Cayman Islands and a mutual fund
“Subscription Agreement”	the subscription agreement dated 15 March 2014 entered into between the Subscriber and the Company in relation to the Subscription
“Subscription Price”	HK\$0.20 per Subscription Share
“Subscription Share(s)”	500,000,000 new Shares to be issued under the Subscription Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

By order of the Board
Neo Telemedia Limited
Theo EDE
Executive Director

Hong Kong, 15 March 2014

As at the date hereof, the Board comprises four executive directors namely Mr. Theo EDE, Mr. ZHANG Xinyu; 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.