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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)

**DISCLOSEABLE TRANSACTION –
FINANCE LEASE ARRANGEMENT**

FINANCE LEASE ARRANGEMENT

On 21 June 2021, Shanghai Yunting (an indirect non-wholly owned subsidiary of the Company) entered into the Finance Lease Arrangement with the Lessor pursuant to which the Lessor agreed to purchase the Leased Assets from Shanghai Yunting for a total consideration of RMB47,500,000 (equivalent to approximately HK\$57,142,500), which would then be leased back to Shanghai Yunting for a term of five years. The legal ownership of the Leased Assets will be vested in the Lessor throughout the lease term. Upon the end of the lease term, provided that Shanghai Yunting has fulfilled all of its obligations under the Finance Lease Arrangement, the Lessor shall transfer the legal ownership of the Leased Assets to Shanghai Yunting at a nominal consideration of RMB1,000 (equivalent to approximately HK\$1,203).

GEM LISTING RULES IMPLICATIONS

Since the Previous Finance Lease Arrangement A, the Previous Finance Lease Arrangement B and the Finance Lease Arrangement were entered into with the Lessor within 12 months, the transactions contemplated under the Finance Lease Arrangement shall be aggregated with the transactions under the Previous Finance Lease Arrangement A and 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 the Arrangements on an aggregate basis exceeds 5% but is less than 25%, the Finance Lease Arrangement constitutes a discloseable transaction of the Company under the GEM Listing Rules.

Shareholders and potential investors of the Company should be aware that the Finance Lease Arrangement is subject to a number of conditions being satisfied, and consequently the Finance Lease Arrangement 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.

INTRODUCTION

Reference is made to the announcements of the Company dated 21 September 2020 and 23 September 2020 in relation to the Previous Finance Lease Arrangement A and the announcement of the Company dated 30 October 2020 in relation to the Previous Finance Lease Arrangement B.

The Board hereby announces that on 21 June 2021, Shanghai Yunting (an indirect non-wholly owned subsidiary of the Company) entered into the Finance Lease Agreement with the Lessor pursuant to which the Lessor agreed to purchase the Leased Assets from Shanghai Yunting for a total consideration of RMB47,500,000 (equivalent to approximately HK\$57,142,500), which would then be leased back to Shanghai Yunting for a term of five years.

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

Date: 21 June 2020

Parties:

- (1) the Lessor. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, the Lessor was principally engaged in the provision of finance leasing services. The Lessor was owned as to (i) 80.6936% by China Jianyin Investment Limited ("China Jianyin"), a company established in the PRC with limited liability and its ultimate holding company is China Investment Corporation which was owned by the government of the PRC; (ii) 14.2962% by Grand Leasing Holdings Limited, a company incorporated in the Cayman Islands with limited liability and is ultimately owned by The Carlyle Group which was an American multinational private equity, alternative asset management and financial services corporation; (iii) 4.9813% 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) 0.0289% by JIC Technology Investment Company Limited, a company established in the PRC with limited liability and a wholly owned subsidiary of China Jianyin and the Lessor and its ultimate beneficial owners were Independent Third Parties; and
- (2) Shanghai Yunting, a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company which is principally engaged in the provision of data centre services.

Finance lease arrangement:	Pursuant to the Finance Lease Agreement, the Lessor agreed to purchase the Leased Assets from Shanghai Yunting for a total consideration of RMB47,500,000 (equivalent to approximately HK\$57,142,500), representing the principal amount under the Finance Lease Agreement and the Lessor agreed to lease back the Leased Assets to Shanghai Yunting for a term of five years.
Date of commencement of the lease:	The date on which the Lessor makes the first payment of consideration for the Leased Assets to Shanghai Yunting in accordance with the Finance Lease Agreement.
Period of the lease:	Five years from the date of commencement of the lease
Conditions precedent:	Subject to the fulfilment of certain conditions including, among other things, the Finance Lease Agreement and the Security Agreements having been duly executed and the Lessor having received the handling fee and security deposit payable pursuant to the Finance Lease Agreement, the Lessor shall pay to Shanghai Yunting the full amount of the consideration for the Leased Assets.
Lease payment:	<p>The lease payment under the Finance Lease Agreement B consists of (i) the finance lease principal amount of RMB47,500,000 (equivalent to approximately HK\$57,142,500); and (ii) the lease interest.</p> <p>Shanghai Yunting shall repay both the lease principal and the lease interest during the period of the lease monthly at an interest rate of 6% per annum.</p>
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 were determined based on arm's length negotiation between the Lessor and Shanghai Yunting with reference to the purchase price of the Lease Assets and the prevailing market interest rate of comparable equipment finance leases.
Lease handling fee:	Shanghai Yunting shall pay a one-off handling fee of 0.4% of the finance lease principal amount of RMB47,500,000 (equivalent to approximately HK\$57,142,500), i.e., RMB190,000 (equivalent to approximately HK\$228,570), to the Lessor.

Security deposit: Shanghai Yunting shall pay 6% of the finance lease principal amount of RMB47,500,000 (equivalent to approximately HK\$57,142,500), i.e., RMB2,850,000 (equivalent to approximately HK\$3,428,550), as security deposit to the Lessor before the Lessor pays the consideration for the Leased Assets to Shanghai Yunting. If there is default by Shanghai Yunting, the Lessor 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, Shanghai Yunting may use the security deposit to set off against the last payment(s) under the Finance Lease Agreement.

Buy-back of the Leased Assets: The legal ownership of the Leased Assets will be vested in the Lessor throughout the lease term. Upon the end of the lease term, provided that Shanghai Yunting has fulfilled all of its obligations under the Finance Lease Arrangement, the Lessor shall transfer the legal ownership of the Leased Assets to Shanghai Yunting at a nominal consideration of RMB1,000 (equivalent to approximately HK\$1,203).

The Security Documents

To secure the obligations of Shanghai Yunting under the Finance Lease Arrangement, on 21 June 2020, Shanghai Yunting, Guangzhou Zituo, Dr. Lie, Mr. Wang and Ms. Tao entered into the following Security Documents:

The Guarantee Agreements: Each of Guangzhou Zituo, Dr. Lie, Mr. Wang and Ms. Tao entered into the Guarantee Agreements in favour of the Lessor pursuant to which each of them shall provide guarantee to secure the obligations of Shanghai Yunting under the Finance Lease Agreement.

The Accounts Receivable Pledge Agreement: As security for the obligations of Shanghai Yunting under the Finance Lease Agreement, Shanghai Yunting entered into the Accounts Receivables Pledge Agreement in favour of the Lessor to pledge the Accounts Receivable.

The Equity Interest Pledge Agreement: Guangzhou Zituo entered into the Equity Interest Pledge Agreement to pledge the Pledged Equity Interest to the Lessor as security for the obligations of Shanghai Yunting under the Finance Lease Arrangement.

REASONS FOR THE ARRANGEMENT

The Group is principally engaged in provision of data centre services and trading of telecommunication products.

The Directors are of the view that under the Finance Lease Arrangement, the Group will obtain financial resources to support its business activities. The Directors consider that the Finance Lease Arrangement is entered into after arm's length negotiation between the Lessor and the Group and the terms therein are on normal commercial terms and the Finance Lease Arrangement is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

GEM LISTING RULES IMPLICATIONS

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As the highest applicable percentage ratio for the Company as calculated under Rule 19.07 of the GEM Listing Rules in relation to the Arrangements on an aggregate basis exceeds 5% but is less than 25%, the Finance Lease Arrangement constitutes a discloseable transaction of the Company under the GEM Listing Rules.

Shareholders and potential investors of the Company should be aware that the Finance Lease Arrangement is subject to a number of conditions being satisfied, and consequently the Finance Lease Arrangement 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.

DEFINITIONS

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

“Accounts Receivable”	the accounts receivables of Shanghai Yunting in the amount of RMB55,333,000 (equivalent to approximately HK\$66,565,600)
“Accounts Receivable Pledge Agreement”	the accounts receivables pledge agreement between Shanghai Yunting and the Lessor dated 21 June 2021
“Arrangements”	collectively, the transactions contemplated under the Previous Finance Lease Arrangement A, the Previous Finance Lease Arrangement B and the Finance Lease Arrangement

“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
“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
“Equity Interest Pledge Agreement”	the equity interest pledge agreement between the Lessor and Guangzhou Zituo dated 21 June 2021
“Finance Lease Agreement”	the finance lease agreement between the Lessor and Shanghai Yunting dated 21 June 2021 pursuant to which the Lessor agreed to purchase the Leased Assets from Shanghai Yunting for a total consideration of RMB47,500,000 (equivalent to approximately HK\$57,142,500), which would then be leased back to Shanghai Yunting for a term of five years
“Finance Lease Arrangement”	the finance lease arrangement contemplated under the Finance Lease Agreement
“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 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 Agreements”	collectively, the Guarantee Agreement (Dr. Lie), the Guarantee Agreement (Guangzhou Zituo) and the Guarantee Agreement (Mr. Wang and Ms. Tao)

“Guarantee Agreement (Dr. Lie)”	the guarantee agreement between the Lessor and Dr. Lie dated 21 June 2021
“Guarantee Agreement (Guangzhou Zituo)”	the guarantee agreement between the Lessor and Guangzhou Zituo dated 21 June 2021
“Guarantee Agreement (Mr. Wang and Ms. Tao)”	the guarantee agreement between the Lessor and Mr. Wang and Ms. Tao dated 21 June 2021
“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”	the assets comprising data centre equipment for leasing to Shanghai Yunting under the Finance Lease Arrangement
“Lessor”	JIC Leasing Company Limited, a company established in the PRC with limited liability
“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
“Ms. Tao”	Ms. TAO Huiqin* (陶慧勤), spouse of Mr. Wang
“Pledged Equity Interest”	100% equity interest in Shanghai Yunting 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 Cloud Data and the Lessor dated 21 September 2020 pursuant to which the Lessor A 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 announcement of the Company dated 21 September 2020

“Previous Finance Lease Arrangement B”	the finance lease arrangement between Bluesea Cloud Data and the Lessor dated 30 October 2020 pursuant to which the Lessor 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 announcement of the Company dated 30 October 2020
“RMB”	Renminbi, the lawful currency of the PRC
“Security Documents”	collectively, the Guarantee Agreements, the Accounts Receivable Pledge Agreement and the Equity Interest Pledge Agreement
“Shanghai Yunting”	Shanghai Yunting Information Technology Company Limited* (上海耘汀信息科技有限公司), a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company
“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
“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
“%”	per cent

By order of the Board
Neo Telemedia Limited
Dr. LIE Haiquan
Chairman

Hong Kong, 21 June 2021

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\$1.203. 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.