

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)

DISCLOSEABLE TRANSACTION – FINANCE LEASE ARRANGEMENT

FINANCE LEASE ARRANGEMENT

The Board hereby announces that on 25 January 2022, Bluesea Data (an indirect wholly owned subsidiary of the Company), the Lessor and the Supplier entered into the Finance Lease Arrangement pursuant to which the Lessor agreed to purchase the Equipment from the Supplier at the request of Bluesea Data in an aggregate consideration of RMB300,000,650 (equivalent to approximately HK\$368,101,000) and the Lessor agreed to lease the Equipment to Bluesea Data for a term of 60 months from the date on which the Equipment are delivered to Bluesea Data.

GEM LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio for the Company as calculated under Rule 19.07 of the GEM Listing Rules in relation to the Finance Lease Arrangement exceeds 5% but is less than 25%, the Finance Lease Arrangement constitutes a discloseable transaction for the Company under the GEM Listing Rules and is subject to the reporting and announcement requirements.

INTRODUCTION

The Board hereby announces that on 25 January 2022, Bluesea Data (an indirect wholly owned subsidiary of the Company), the Lessor and the Supplier entered into the Finance Lease Arrangement pursuant to which the Lessor agreed to purchase the Equipment from the Supplier at the request of Bluesea Data in an aggregate consideration of RMB300,000,650 (equivalent to approximately HK\$368,101,000) and the Lessor agreed to lease the Equipment to Bluesea Data for a term of 60 months from the date on which the Equipment are delivered to Bluesea Data.

(A) The Sale and Purchase Agreement

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

Date: 25 January 2022

- Parties:**
- (1) the Lessor. To the knowledge of the Directors, as at the date of this announcement, the Lessor 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 the Lessor and the ultimate beneficial owners of the Lessor were Independent Third Parties; and
 - (2) the Supplier. To the knowledge of the Directors, 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 阮鏡軒 (RUAN Jingxuan*) and 何滿林 (HE Manlin*). The Supplier and its ultimate beneficial owners were Independent Third Parties; and
 - (3) Bluesea Data, a company established in the PRC with limited liability and an indirect wholly owned subsidiary of the Company which is principally engaged in the operation of Internet data centre.

Subject assets: The Lessor agreed to purchase the Equipment comprising data centre equipment from the Supplier at the request of Bluesea Data.

- Payment of consideration:** Subject to the fulfilment of certain conditions including, among other things, the Sale and Purchase Agreement, the Finance Lease Agreement and the Security Agreements having been duly executed, the Lessor shall pay to the Supplier the full amount of the consideration, being RMB300,000,650 (equivalent to approximately HK\$368,101,000), within ten business days after the fulfilment of the above conditions.
- Basis of consideration:** The consideration of the Equipment was determined based on arm's length negotiation among the Lessor, the Supplier and Bluesea Data with reference to the prevailing market price of the Equipment.
- Warranty period:** In case of any defects or malfunction of the Equipment within 12 months from the date on which the Equipment are delivered to and checked by Bluesea Data, the Supplier shall repair the Equipment free of charge.
- Completion:** The Equipment shall be delivered to Bluesea Data by batches, with the first batch being not later than 30 June 2022 and all remaining Equipment not later than 31 January 2023.
- Termination:** If the Sale and Purchase Agreement is not completed or the lease under the Finance Lease Agreement does not commence by 31 January 2023:–
- (i) if the lease under the Finance Lease Agreement has not commenced, the Lessor shall have the right to terminate the Finance Lease Agreement immediately and Bluesea Data shall repay all monies paid by the Lessor pursuant to the Sale and Purchase Agreement and the Finance Lease Agreement and pay compensation (being the consideration multiplied by the number of days which Bluesea Data has used the Equipment and 0.05%); and
 - (ii) if the lease under the Finance Lease Agreement has commenced, Bluesea Data shall compensate all the unpaid lease payment and all other payments which the Lessor is entitled to.

(B) The Finance Lease Agreement

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

Date:	25 January 2022
Parties:	(1) Bluesea Data; and (2) the Lessor.
Subject asset for lease:	The Equipment
Date of commencement of the lease:	The date on which all the Equipment are delivered to Bluesea Data which shall not be later than 31 January 2023
Period of the lease:	60 months from the date of commencement of the lease
Conditions precedent:	Subject to the fulfilment of certain conditions including, among other things, the Sale and Purchase Agreement, the Finance Lease Agreement and the Security Agreements having been duly executed, the Lessor shall pay to the Supplier the full amount of the consideration of the Equipment in accordance to the Sale and Purchase Agreement.
Lease payment:	The lease payment under the Finance Lease Agreement consists of (i) the finance lease principal amount of RMB300,000,650 (equivalent to approximately HK\$368,101,000); (ii) the pre-lease interest; and (iii) the lease interest.
Pre-lease interest:	Bluesea Data shall pay pre-lease interest quarterly during the pre-lease period, being the period from the date on which the Lessor makes the first payment of consideration for the Equipment to the Supplier to the date of commencement of the lease. The pre-lease interest shall be calculated as follows: Pre-lease interest = the actual amount paid by the Lessor for the Equipment x the Lease Interest Rate (as defined below) x the actual number of days of the pre-lease period/360

Lease interest:

Blueseas Data shall pay the lease interest during the term of the lease quarterly 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 全國銀行間同業拆借中心 (National Inter-bank Funding Center*) from time to time (the “**Benchmark Interest Rate**”) plus a premium of 1.6%.

The parties agreed that the initial Lease Interest Rate shall be determined based on the Benchmark Interest Rate on 20 January 2022, being 4.6% per annum, and the initial Lease Interest Rate for the Finance Lease Arrangement shall be 6.2% 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 the Lessor and Blueseas Data with reference to the prevailing market price of the Equipment and the prevailing market interest rate of comparable equipment finance leases.

Buy-back of the Equipment:

The legal ownership of the Equipment will be vested in the Lessor throughout the lease term. Upon the end of the lease term, provided that Blueseas Data has fulfilled all of its obligations under the Finance Lease Agreement, the Lessor shall transfer the legal ownership of the Equipment to Blueseas Data at a nominal consideration of RMB1 (equivalent to approximately HK\$1.227).

(C) The Security Agreements

On 25 January 2022, Bluesea Data, Bluesea Mobile (an indirect wholly owned subsidiary of the Company), Dr. Lie and Shenzhen Yuanhai entered into the following Security Agreements:–

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

The Assets Pledge Agreements: Each of Bluesea Data, Dr. Lie and Shenzhen Yuanhai entered into the Assets Pledge Agreements to pledge the Pledged Assets (Bluesea Data), the Pledged Assets (Shenzhen Yuanhai) and the Pledged Assets (Dr. Lie), respectively, to the Lessor as security for the obligations of Bluesea Data under the Finance Lease Agreement.

The Accounts Receivable Pledge Agreement: Bluesea Data entered into the Accounts Receivable Pledge Agreement to pledge the Pledged Accounts Receivable to the Lessor as security for the obligations of Bluesea Data under the Finance Lease Agreement.

REASONS FOR THE FINANCE LEASE ARRANGEMENT

The Group is principally engaged in the 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 and gain access to the Equipment which are required for the operation of the Group's data centre. 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

As the highest applicable percentage ratio for the Company as calculated under Rule 19.07 of the GEM Listing Rules in relation to the Finance Lease Arrangement exceeds 5% but is less than 25%, the Finance Lease Arrangement constitutes a discloseable transaction for the Company under the GEM Listing Rules and is subject to the reporting and announcement requirements.

DEFINITIONS

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

“Accounts Receivable Pledge Agreement”	the accounts receivable pledge agreement between the Lessor and Bluesea Data dated 25 January 2022
“Assets Pledge Agreement”	the assets pledge agreement between the Lessor and Bluesea Mobile dated 25 January 2022
“Bluesea Data”	廣東蔚海數據發展有限公司 (Guangdong Bluesea Data Development Company Limited*), a company established in the PRC with limited liability, an indirect wholly owned subsidiary of the Company
“Bluesea Mobile”	廣東蔚海移動發展有限公司 (Guangdong Bluesea Mobile Development Company Limited*), a company established in the PRC with limited liability, 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
“Consideration”	consideration for the purchase of the Equipment
“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
“Equipment”	the assets comprising data centre equipment to be purchased by the Lessor from the Supplier for leasing to Bluesea Data under the Finance Lease Agreement
“Finance Lease Agreement”	the finance lease agreement between the Lessor and Bluesea Data dated 25 January 2022
“Finance Lease Arrangement”	the finance lease arrangement contemplated under the Sale and Purchase Agreement and 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
“Guarantee Agreements”	collectively, the guarantee agreements between the Lessor and each of Bluesea Mobile and Dr. Lie dated 25 January 2022
“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
“Lessor”	廣東粵財金融租賃股份有限公司 (Guangdong Utrust Financial Leasing Company Limited*), a company established in the PRC with limited liability
“Pledged Accounts Receivable”	accounts receivable which are recognised from the operations of a data centre located in Heshan City, Jiangmen, Guangdong Province by Bluesea Cloud during the period of the lease under the Finance Lease Agreement
“Pledged Assets (Bluesea Data)”	two data centres and a maker centre located in Heshan City, Jiangmen, Guangdong Province owned by Bluesea Data
“Pledged Assets (Dr. Lie)”	certain properties owned by Dr. Lie
“Pledged Assets (Shenzhen Yuanhai)”	certain properties owned by Shenzhen Yuanhai
“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
“RMB”	Renminbi, the lawful currency of the PRC
“Security Agreements”	collectively, the Guarantee Agreements, the Assets Pledge Agreements and the Accounts Receivable Pledge Agreement
“Share(s)”	ordinary share(s) of HK\$0.1 each in the capital of the Company
“Shareholder(s)”	the holder(s) of Shares

“Shenzhen Yuanhai”	深圳市源海資產管理有限公司 (Shenzhen Yuanhai Asset Management Co., Ltd.*), a company established in the PRC with limited liability and wholly owned by Golden Ocean Assets Management Company Limited, a company incorporated in Hong Kong with limited liability and wholly owned by Dr. Lie
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the GEM Listing Rules
“Supplier”	廣州元天能源科技有限公司 (Guangzhou Yuantian Energy Technology Co., Ltd.), a company established in the PRC with limited liability
“%”	per cent

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

Hong Kong, 25 January 2022

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\$1.227. 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).*

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.