

# Shenzhen Liantronics Co. Ltd

## Announcement on the 5%stock acquisition of Air Media Group Co. Ltd

The Company and all members of the Board of Directors ensure that the information disclosed here is true, accurate and complete with no false records, misleading statements or any omissions of materials.

### 1. Project Summery

On April 7th 2015, Shenzhen Liantronics Co. Ltd (Liantronics) signed a Share Transfer Agreement with Beijing Shengshi Lianhe Advertising Co. Ltd (Shengshi Lianhe). 5% equity of Air Media Group Co. Ltd (Air Media) will be transferred to Liantronics for RMB 150 million. Upon the completion of the transfer, Liantronics will possess 5% of the stock right of Air Media.

The transaction is neither a related transaction, nor does it constitute a major asset reorganization. Hence it doesn't need to be submitted to the company's shareholders' meeting for consideration.

### 2. Basic Information of the Counterparty

Company name: Beijing Shengshi Lianhe Advertising CO. Ltd.

Address: 1-0363 First Floor, Building 22, Xuan Wu Men Dong Da Jie, Xuan Wu Qu, Beijing

Business Type: Limited Liability Company

Legal Representative: GUO Man

Registered Capital: RMB 1million

Founding Date: March 12<sup>th</sup> 2001

Licence Valid: From March 12<sup>th</sup> 2001 to March 11 2021.

### 3. Acquisition Target Company Basic Information

#### 3.1. Basic Information

Company name: Air Media Group Co. Ltd

Add: Room 707 Huabin International Mansion No. 8 Yongan Li, Jianguomen Outer Street, Chaoyang District, Beijing

Business Type: Other Limited Liability Company

Legal Representative: GUO Man

Register Capital: RMB 50 million

Paid-in Capital: RMB 50 million

Founding Date: 22<sup>nd</sup> November 2005

License Valid : 22<sup>nd</sup> November 2005 to 21<sup>st</sup> November 2035

Scope of business: cartoons, television, feature films production and distribution.

No right to product political news or other radio and television programs of similar topics (valid till 19<sup>th</sup> Jan 2014); second type of information services in value-added telecommunications services (limited to internet information services), which do not include news, publication, education, medical and health care, pharmaceuticals and medical devices, but include electronic bulletin services (valid till 21<sup>st</sup> December 2017). Adverts design, production, agency and publishing; advertising information; sales of daily necessities, textiles, garments, cosmetics, health products, watches, glasses, box, bags, food products, jewellery, hardware, electric apparatus, photographic equipment, electronic products, computers and ancillary equipment, furniture, handicrafts, stationery, sports goods, import and export, information consultation etc.

Once receive the licence, should go to the Department of Commerce for the record.

### 3.2. Main Services

#### 3.2.1 Electronic media advertising

##### *3.2.1.1 LED media*

The largest electronic media super large LED screen in the main airports security areas across the country. LED media attracts broad public attention through clear screen, strong visual impact with flexible broadcast format. Security is the area all passengers must pass through.

##### *3.2.1.2 Independent Digital Media*

Broadcast media: LCD High Definition Screen (large size)

Position: departure lounge、security screener、airport lounge、arrival

##### *3.2.1.3 Cabinet Type Digital Media*

Broadcast media: LCD High Definition Screen (small screen)

Position: departure lounge、security screener、airport lounge、arrival

##### *3.2.1.4 Airport TV media*

Media format: LCD TV Screen in the airport

Position : departure lounge 、 security screener 、 airport lounge 、 arrival and baggage claim area

Broadcast format: Programme and commercial play together

#### 3.2.2 Conventional Media Advertising

Mainly located in the check-in hall and luggage claim area, mainly in the format of totems and light box.

## 4. The main content of the investment agreement

### I. The parties of the agreement and interpretation

Party A: Beijing Shengshi Lianhe Advertising Co. Ltd i.e. the transferor

Party B: Shenzhen Liantronics Co. Ltd

Party C: Air Media Advertising Group Co. Ltd

Each party: generally refereeing to all parties: A, B, and C

One party: referring to any party: A, B, or C

This transaction: Referring to the 5% stock transferred to Party C from Party B according to this agreement.

Target stock: referring to the 5% stock in possession of the transferor Party C.

## II. The Key Points of the Investment Agreement

1、 The Transfer price: The transfer price of Party C's 5% stock is RMB150,000,000;

2、 The Basis for pricing: is according to Party C's 100% stock right, which after the promised audit comes up to a net profit of RMB 200,000,000 in 2015. Party C's all shareholders equity values approximately RMN 3,000,000,000 in total.

3、 The Condition of Payment: Within ten days of signing this agreement, the decision making authorities of Party A, B, and C must review and pass the issue that Party A transfers the 5% stock in possession of Party C to Party B. The other shareholders of Party C shall give up the right of pre-emption. Should these conditions be not fully met or not exempt, Party A has the right to notice Party B in writing whether the transference of the equity still happens.

4、 Payment Time: 10 working days after the transfer of equity completes its business registration (that is, Party B becomes the official shareholder of Party C' 5% in the Industry and Commercial system), any overdue will incur payment of 1/1000 of the liquidated damages for the breach of contract. If Party B still doesn't complete the payment after 30 days, Party A has the right to terminate the transaction, in addition to default payment. Party B should cooperate with Party A to complete the formalities of stock repurchase and compensate Party A RMB10,000,000.

5、 The follow-up arrangement: Within 75 calendar days from the date of Party B's cash payment, Party C shareholders can choose to sell Party C's equity to a third party investors. However Party C must notify Party B promptly, and after 5 working days after the issuance of the notice Party A will pay Party B RMB150,000,000 to repurchase the 5% equity Party B bought from Party C, as well as

pay Party B 10% of the annual cost of the capital as the payment for the use of the funds, from the very next day when Party A receives the full amount of the transaction under this agreement until the day when the repurchase of the share is completed. 75 calendar days after Party B completes cash payment, Party A has no right to request redemption of Party C's 5% equity bought by Party B, unless Party B requests Party A's repurchase. Should such circumstance occurs, Party A must pay RMB150,000,000 to Party B within 5 working days receiving the notice for repurchasing Party C's 5% equity, as well as pay Part B 10% of the annual cost of the capital as the payment for the use of the funds, from the very next day when Party A receives the full amount of the transaction under this agreement until the repurchase of the share is completed.

Should the authorized decision maker of Party A or Party B regards this transaction null and void due to non-compliance with the decision-making process or other legal reasons, Party A must pay RMB150,000,000 to Party B within 5 working days receiving the notice for repurchasing Party C's 5% equity, as well as pay Part B 10% of the annual cost of the capital as the payment for the use of the funds, from the very next day when Party A receives the full amount of the transaction under this agreement until the repurchase of the share is completed.

6、 The effective condition: This agreement comes into effect on the date the legal representatives or authorized representatives from each party sign and seal, as well as obtaining transaction approval from each board of directors.

## 5. The Purpose of this Foreign Investment and the Impact and risks on the Company

The foreign investment through buying Air Media shares is in line with the company's overall strategy, and plays an important role in promoting business cooperation between the company and the Air Media, enhancing the market competitiveness of the company in outdoor advertising and improving the industrial chain layout of "Digital Outdoor Media Group".

According to the transaction arrangement, within 75 calendar days after the completion of the cash payment, Shengshi Lianhe can choose to sell Air Media's

equity to a third party investor, at the same time can buy back the 5% Air Media equity transferred in cash, and pay the company funds occupation fee. Hence, the company might subsequently face the 5% equity repurchase risk.

## 6. About Review Option

On April 7<sup>th</sup> 2015, the 27th meeting of the 3<sup>rd</sup> board of directors considered and adopted the Proposal On the Acquisition of 5% Equity of Air Media Group Co. Ltd.

The proposal has already been reviewed and passed by the board for its implementation, and does not need to be submitted to the shareholders' general meeting.

## 7. Reference Document

- 1、 The Decision of the 27<sup>th</sup> Meeting of the 3<sup>rd</sup> Board of Directors.
- 2、 Transfer Agreement on Purchasing 5% Equity of Air Media.

Notice is hereby given.

Shenzhen Liantronics Co. Ltd Board of Director April 7<sup>th</sup> 2015