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)

INTERIM RESULTS ANNOUNCEMENT
FOR THE THREE MONTHS AND SIX MONTHS ENDED 31 DECEMBER 2012

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement, for which the directors of Neo Telemedia Limited (the "Directors") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to Neo Telemedia Limited. 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 herein or this announcement misleading.*

UNAUDITED RESULTS

The board of directors (the "Board") of Neo Telemedia Limited (the "Company") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") for the three months and six months ended 31 December 2012 together with comparative unaudited figures for the corresponding periods of 2011 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and six months ended 31 December 2012

	Notes	For the six months ended 31 December 2012 HK$'000 (Unaudited)	For the six months ended 31 December 2011 HK$'000 (Unaudited)	For the three months ended 31 December 2012 HK$'000 (Unaudited)	For the three months ended 31 December 2011 HK$'000 (Unaudited)
Continuing operations					
Turnover	*4*	**35,336**	45,378	**26,666**	15,292
Cost of sales		**(5,343)**	(4,185)	**(3,201)**	(2,626)
Gross profit		**29,993**	41,193	**23,465**	12,666
Other income and gains	*5*	**2,764**	2,451	**2,759**	1,855
Selling and marketing costs		**(938)**	(11,566)	**(17)**	(10,145)
Administrative and other expense		**(26,733)**	(21,342)	**(16,629)**	(16,112)
Finance costs	*7*	**–**	(2,204)	**–**	(2,197)
Profit (loss) before tax	*8*	**5,086**	8,532	**9,578**	(13,933)
Income tax expense	*9*	**(3,379)**	(13,864)	**(2,333)**	(7,814)
Profit (loss) for the period from continuing operations		**1,707**	(5,332)	**7,245**	(21,747)
Discontinued operations					
Profit (loss) for the period from discontinued operations, net of income tax	*16*	**333**	(140)	**–**	(37)
Profit (loss) for the period		**2,040**	(5,472)	**7,245**	(21,784)
Other comprehensive (expense) income:					
Exchange differences on translation of financial statements of foreign operations		**(366)**	517	**(367)**	496
Total comprehensive income (expense) for the period		**1,674**	(4,955)	**6,878**	(21,288)
Profit (loss) for the period attributable to:					
Owners of the Company					
Profit (loss) for the period from continuing operations		**1,215**	(13,204)	**8,284**	(20,777)
Profit (loss) for the period from discontinued operations		**333**	(140)	**–**	(37)
Profit (loss) for the period attributable to owners of the Company		**1,548**	(13,344)	**8,284**	(20,814)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME *(continued)*

	Notes	For the six months ended 31 December		For the three months ended 31 December	
		2012	2011	**2012**	2011
		HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Non-controlling interests					
Profit (loss) for the period from continuing operations		**492**	7,872	**(1,039)**	(970)
Profit for the period from discontinued operations		**–**	–	**–**	–
Profit (loss) for the period attributable to non-controlling interests		**492**	7,872	**(1,039)**	(970)
Profit (loss) for the period		**2,040**	(5,472)	**7,245**	(21,784)
Total comprehensive income (expense) attributable to:					
Owners of the Company		**1,283**	(12,827)	**8,018**	(20,318)
Non-controlling interests		**391**	7,872	**(1,140)**	(970)
		1,674	(4,955)	**6,878**	(21,288)
		HK cents	*HK cents*	***HK cents***	*HK cents*
Earnings (loss) per share	*11*				
From continuing and discontinued operations					
Basic		**0.07**	(0.66)	**0.36**	(1.00)
Diluted		**0.07**	N/A	**0.35**	N/A
From continuing operations					
Basic		**0.05**	(0.65)	**0.36**	(0.99)
Diluted		**0.05**	N/A	**0.35**	N/A

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2012

	Notes	31 December 2012 HK$'000 (Unaudited)	30 June 2012 HK$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	*12*	**16,214**	26,244
Goodwill	*13*	**351,528**	351,528
Intangible assets	*14*	**53,491**	62,282
		421,233	440,054
CURRENT ASSETS			
Trade receivables	*15*	**59,017**	80,098
Prepayments, deposits and other receivables		**98,464**	94,273
Loan and loan interest receivables		**90,053**	56,349
Cash and cash equivalents		**9,559**	7,671
		257,093	238,391
Assets classified as held for sale		**–**	15,874
		257,093	254,265
CURRENT LIABILITIES			
Trade payables	*17*	**8,068**	7,854
Other payables and accruals		**14,968**	21,702
Deposits received		**7,363**	7,378
Receipt in advances		**489**	21,180
Tax liabilities		**12,330**	7,506
		43,218	65,620
Liabilities associated with assets classified as held for sale		**–**	7,874
		43,218	73,494
NET CURRENT ASSETS		**213,875**	180,771
TOTAL ASSETS LESS CURRENT LIABILITIES		**635,108**	620,825
NON-CURRENT LIABILITY			
Deferred tax liabilities	*18*	**7,781**	9,772
NET ASSETS		**627,327**	611,053

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

	Notes	31 December 2012 HK$'000 (Unaudited)	30 June 2012 HK$'000 (Audited)
CAPITAL AND RESERVES			
Share capital	*19*	**232,692**	232,692
Reserves		**339,492**	323,764
Equity attributable to owners of the Company		**572,184**	556,456
Non-controlling interests		**55,143**	54,597
TOTAL EQUITY		**627,327**	611,053

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2012

	Attributable to owners of the Company										
	Share capital *HK$'000*	**Share premium** *HK$'000*	**Share options reserve** *HK$'000*	**Capital and other reserve** *HK$'000* (Restated) *(Note 3)*	**Translation reserve** *HK$'000*	**Statutory reserve** *HK$'000*	**Warrant reserve** *HK$'000*	**Accumulated losses** *HK$'000*	**Total** *HK$'000*	**Non-controlling interests** *HK$'000*	**Total** *HK$'000*
At 1 July 2011 (Audited)	193,282	828,355	38,331	17,590	27	–	–	(214,711)	862,874	22,453	885,327
(Loss) profit for the period	–	–	–	–	–	–	–	(13,344)	(13,344)	7,872	(5,472)
Exchange differences on translation of financial statements of foreign operations	–	–	–	–	517	–	–	–	517	–	517
Other comprehensive income for the period	–	–	–	–	517	–	–	–	517	–	517
Total comprehensive income (expense) for the period (Unaudited)	–	–	–	–	517	–	–	(13,344)	(12,827)	7,872	(4,955)
Issue of shares in relation to the acquisition of subsidiaries	6,875	26,124	–	–	–	–	–	–	32,999	–	32,999
Placing of shares	27,000	52,780	–	–	–	–	–	–	79,780	–	79,780
At 31 December 2011 (Unaudited)	227,157	907,259	38,331	17,590	544	–	–	(228,055)	962,826	30,325	993,151
At 1 July 2012 (Audited)	232,692	943,621	33,187	17,590	983	7,375	–	(678,992)	556,456	54,597	611,053
Profit for the period	–	–	–	–	–	–	–	1,548	1,548	492	2,040
Exchange differences on translation of financial statements of foreign operations	–	–	–	–	(265)	–	–	–	(265)	(101)	(366)
Other comprehensive expense for the period	–	–	–	–	(265)	–	–	–	(265)	(101)	(366)
Total comprehensive (expense) income for the period (Unaudited)	–	–	–	–	(265)	–	–	1,548	1,283	391	1,674
Transfer	–	–	–	–	–	1,489	–	(1,644)	(155)	155	–
Transfer upon disposal of subsidiaries	–	–	–	(17,590)	–	–	–	17,590	–	–	–
Lapse of share options	–	–	(996)	–	–	–	–	996	–	–	–
Issue of warrants *(Note 21)*	–	–	–	–	–	–	14,600	–	14,600	–	14,600
At 31 December 2012 (Unaudited)	232,692	943,621	32,191	–	718	8,864	14,600	(660,502)	572,184	55,143	627,327

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended 31 December 2012

	For the six months ended 31 December	
	2012	2011
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
NET CASH INFLOW FROM OPERATING ACTIVITIES	**16,025**	67,664
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	**(29,215)**	(128,370)
NET CASH INFLOW FROM FINANCING ACTIVITIES	**14,600**	52,778
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**1,410**	(7,928)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**7,671**	12,202
Effect on foreign exchanges rate changes	**478**	518
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**9,559**	4,792
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		
Bank balances and cash	**9,559**	4,155
Bank balances and cash classified as assets held for sale	**–**	637
	9,559	4,792

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the three months and six months ended 31 December 2012

1. GENERAL INFORMATION

Neo Telemedia Limited (the "Company") (together with its subsidiaries, collectively referred to as the "Group") is incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The address of the registered office and principal place of business of the Company are Unit 1303, 13/F., York House, The Landmark, 15 Queen's Road Central, Hong Kong.

The condensed interim financial statements are presented in Hong Kong dollars ("HK$"). Other than those subsidiaries established in the People's Republic of China (the "PRC") whose functional currency is Renminbi ("RMB"), the functional currency of the Company and its subsidiaries are HK$. The reason for selecting HK$ as its presentation currency is that the Company is a public company listed on the GEM, where most of the investors are located in Hong Kong.

The principal activity of the Company is investment holding and the principal activities of its operating subsidiaries are engaged in the sale and distribution of telecommunication products, the design and production of traffic signboards, provision of cable and wireless broadband services and electronic media services in the PRC. The Group was also engaged in the production and sale of video and films, the licensing of video and copyrights/films rights and artiste management and these operations were disposed of during the six months ended 31 December 2012.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The condensed consolidated results have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants and the applicable the disclosure requirements of the GEM Listing Rules.

This condensed interim financial information should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 June 2012.

The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated interim financial statements are consistent with those adopted in preparing the annual audited financial statements for the year ended 30 June 2012 except for the adoption of new and revised Hong Kong Financial Reporting Standards ("HKFRS"), which also include HKASs and interpretations, amendments to standards and interpretations (collectively "New Standards") which are effective for accounting periods beginning on or after 1 July 2012 as set out below.

Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Assets

The adoption of the above New Standards has no material impact on the accounting policies of the Group and the methods of computation in the Groups' unaudited condensed consolidated interim financial statements.

3. PRIOR YEAR ADJUSTMENT

An error in the consolidated financial statements was identified by the directors of the Company subsequent to the issue of the consolidated financial statements for the year ended 30 June 2011. The adjustment represented correction of an error in relation to the incorrect classification of the contingent consideration for the acquisition of Ease Ray Limited (the "Ease Ray Acquisition").

Pursuant to the conditional agreement dated 3 June 2010 entered into between the Company and Mr. Chu Yip Wah (the "Ease Ray Vendor") in relation to the Ease Ray Acquisition (the "Ease Ray Agreement"), a maximum of 210,000,000 new shares (after the share consolidation effective from 30 June 2011), subject to the downward adjustment, to be issued by the Company to the Ease Ray Vendor as part of the contingent consideration of the Ease Ray Acquisition (the "Ease Ray Second Batch Consideration Shares"). The Company has recognised the fair value of the Ease Ray Second Batch Consideration Shares in "Capital and Other Reserve" as an equity in the consolidated financial statements during the year ended 30 June 2011. During the year ended 30 June 2012, the directors of the Company discovered that the numbers of the Ease Ray Second Batch Consideration Shares to be issued will vary depending on the audited results of Ease Ray Limited ("Ease Ray") and its subsidiaries (collectively referred to as the "Ease Ray Group") for the year ended 31 December 2011. Therefore according to HKFRS 3 "*Business Combination*", the fair value of the Ease Ray Second Batch Consideration Shares at the date of acquisition shall be classified as financial liability instead of equity and the directors have made such correction in the year ended 30 June 2012 as follows:

	30 June 2011	**Adjustment**	**30 June 2011**
	HK$'000	*HK$'000*	*HK$'000*
	(As originally stated)		(As restated)
CURRENT LIABILITIES			
Contingent consideration payable	–	220,500	220,500
Total effect on liability	–	220,500	220,500

	30 June 2011	**Adjustment**	**30 June 2011**
	HK$'000	*HK$'000*	*HK$'000*
	(As originally stated)		(As restated)
CAPITAL AND RESERVES			
Capital and other reserve	238,090	(220,500)	17,590
Total effect on equity	238,090	(220,500)	17,590

The effect of error described above has no effect on the consolidated profit for the year ended 30 June 2011 and consolidated statement of financial position at 30 June 2010.

4. TURNOVER

Turnover represents the net amounts received and receivable for goods sold or services provided by the Group to outside customers, less returns and discounts and sales related taxes.

An analysis of the Group's turnover for the period, from continuing operations, is as follows:

	For the six months ended 31 December		For the three months ended 31 December	
	2012	2011	**2012**	2011
Continuing operations:	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Traffic signboard advertising income	**13,133**	43,268	**4,986**	14,344
Sales of telecommunication products and provision of cable and wireless broadband services	**22,203**	2,110	**21,680**	948
	35,336	45,378	**26,666**	15,292

5. OTHER INCOME AND GAINS

An analysis of the Group's other income and gains for the period, from continuing operations, is as follows:

	For the six months ended 31 December		For the three months ended 31 December	
	2012	2011	**2012**	2011
Continuing operations:	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Exchange gain, net	**–**	542	**–**	–
Bank interest income	**1**	7	**1**	–
Loan interest income	**2,701**	–	**2,701**	–
Gain on disposal of property, plant and equipment	**56**	–	**56**	–
Sundry income	**6**	1,902	**1**	1,855
	2,764	2,451	**2,759**	1,855

6. SEGMENT INFORMATION

Information reported to the board of directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. This is also the basis upon which the Group is organised and managed.

6. SEGMENT INFORMATION *(continued)*

Specifically, the Group's reportable and operating segments from continuing operations under HKFRS 8 are as follows:

– Sales of telecommunication products and provision of cable and wireless broadband services
– Traffic signboard advertising

The operating segments regarding the film exhibition, film rights licensing and sub-licensing and artiste management were disposed of during the six month ended 31 December 2012. The segment information reported below does not include any amounts for these discontinued operations, which are disclosed in Note 16.

(a) Segment revenues and results

The following is an analysis of the Group's turnover and results from continuing operations by reportable and operating segment:

Continuing operations

	Sales of telecommunication products and provision of cable and wireless broadband services For the six months ended 31 December		Traffic signboard advertising For the six months ended 31 December		Consolidated For the six months ended 31 December	
	2012	2011	**2012**	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
Turnover	**22,203**	2,110	**13,133**	43,268	**35,336**	45,378
Segment results	**17,429**	(1,738)	**(6,239)**	24,495	**11,190**	22,757
Bank interest income					**1**	7
Loan interest income					**2,701**	–
Unallocated corporate income					**56**	2,444
Unallocated corporate expenses					**(8,862)**	(14,472)
Finance costs					**–**	(2,204)
Profit before tax					**5,086**	8,532
Income tax expense					**(3,379)**	(13,864)
Profit (loss) for the period					**1,707**	(5,332)

6. SEGMENT INFORMATION *(continued)*

(b) Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities from continuing operations by reportable segment:

Continuing operations

	Sales of telecommunication products and provision of cable and wireless broadband services		**Traffic signboard advertising**		**Consolidated**	
	31 December 2012	30 June 2012	**31 December 2012**	30 June 2012	**31 December 2012**	30 June 2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)
Segment assets	**116,025**	39,883	**472,412**	569,213	**588,437**	609,096
Unallocated corporate assets					**89,889**	69,349
Total segment assets					**678,326**	678,445
Assets relating to discontinued operations					**–**	15,874
Consolidated assets					**678,326**	694,319
Segment liabilities	**11,743**	31,594	**28,614**	27,173	**40,357**	58,767
Unallocated corporate liabilities					**10,642**	16,625
Total segment liabilities					**50,999**	75,392
Liabilities relating to discontinued operations					**–**	7,874
Consolidated liabilities					**50,999**	83,266

7. FINANCE COSTS

Continuing operations:	For the six months ended 31 December 2012 HK$'000 (Unaudited)	2011 HK$'000 (Unaudited)	For the three months ended 31 December 2012 HK$'000 (Unaudited)	2011 HK$'000 (Unaudited)
Interest on obligations under finance leases	–	5	–	3
Effective interest charged on convertible notes payable	–	2,000	–	2,000
Others	–	199	–	194
	–	2,204	–	2,197

8. PROFIT (LOSS) BEFORE TAX

Continuing operations

Profit (loss) before tax is stated after charging:

	For the six months ended 31 December 2012 HK$'000 (Unaudited)	2011 HK$'000 (Unaudited)	For the three months ended 31 December 2012 HK$'000 (Unaudited)	2011 HK$'000 (Unaudited)
Depreciation of property, plant and equipment	3,919	1,719	1,960	859
Amortisation of intangible assets	7,966	8,039	3,983	4,019
Auditor's remuneration	237	679	237	–
Minimum lease payments under operating lease in respect of rental premises	2,587	3,978	1,294	1,989
Write-off of property, plant and equipment	5,884	–	5,884	–
Staff costs	4,151	3,491	2,076	1,745

9. INCOME TAX EXPENSE

Continuing operations:	For the six months ended 31 December 2012 HK$'000 (Unaudited)	2011 HK$'000 (Unaudited)	For the three months ended 31 December 2012 HK$'000 (Unaudited)	2011 HK$'000 (Unaudited)
Current tax:				
– Hong Kong Profits Tax	–	–	–	–
– PRC Enterprise Income Tax	5,370	11,276	4,324	6,520
Deferred tax: *(Note 18)*				
– Current period	(1,991)	2,588	(1,991)	1,294
	3,379	13,864	2,333	7,814

(a) Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both periods. Hong Kong Profits Tax has not been provided for in the unaudited condensed consolidated financial statements as the Group has no assessable profits arising in Hong Kong for both periods.

(b) Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries are 25% from 1 January 2008 onwards.

(c) Pursuant to the relevant laws and regulations in the PRC, a subsidiary of the Company, being qualified as a new and high technology enterprise, is eligible for a preferential Enterprise Income Tax rate of 15% for the six months ended 31 December 2012.

(d) Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

10. DIVIDEND

The Directors do not recommend the payment of any dividend for the six months ended 31 December 2012 (six months ended 31 December 2011: Nil).

11. EARNINGS (LOSS) PER SHARE

From continuing and discontinued operations

The calculation of the basic and diluted earnings (loss) per share attributable to owners of the Company for the period from continuing and discontinued operations is based on the following data:

	For the six months ended 31 December		**For the three months ended 31 December**	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Profit (loss) attributable to owners of the Company and profit (loss) for the purpose of basic and diluted earnings (loss) per share	**1,548**	(13,344)	**8,284**	(20,814)

11. EARNINGS (LOSS) PER SHARE *(continued)*

Number of shares	For the six months ended 31 December 2012 HK$'000 (Unaudited)	2011 HK$'000 (Unaudited)	For the three months ended 31 December 2012 HK$'000 (Unaudited)	2011 HK$'000 (Unaudited)
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	**2,326,920,793**	2,045,053,607	**2,326,920,793**	2,093,548,022
Effect of dilutive potential ordinary shares:				
Warrants	**11,605,907**	–	**23,211,814**	–
Weighted average number of ordinary shares for the purpose of diluted earnings (loss) per share	**2,338,526,700**	2,045,053,607	**2,350,132,607**	2,093,548,022

From continuing operations

The calculation of the basic and diluted earnings (loss) per share from continuing operations attributable to the owners of the Company is based on the following data:

	For the six months ended 31 December 2012 HK$'000 (Unaudited)	2011 HK$'000 (Unaudited)	For the three months ended 31 December 2012 HK$'000 (Unaudited)	2011 HK$'000 (Unaudited)
Profit (loss) for the period attributable to owners of the Company and profit (loss) for the purpose of basic and diluted earnings (loss) per share	**1,548**	(13,344)	**8,284**	(20,814)
Less: Profit (loss) for the period from discontinued operations	**333**	(140)	**–**	(37)
Profit (loss) for the purpose of basic and diluted earnings (loss) per share from continuing operations	**1,215**	(13,204)	**8,284**	(20,777)

The denominators used are the same as those detailed above for basic and diluted earnings (loss) per share from continuing and discontinued operations.

Note: The computation of diluted earnings per share does not assume the exercise of the outstanding share options as their exercise price is higher than the average market price of the shares for the six months and three months ended 31 December 2012.

No diluted loss per share has been presented for the period ended 31 December 2011 as the outstanding share options and the contingent consideration shares had an anti-dilutive effect on the basic loss per share for the six months and three months ended 31 December 2011.

11. EARNINGS (LOSS) PER SHARE *(continued)*

From discontinued operations

Basic earnings per share for the discontinued operations for the six months ended 31 December 2012 is HK0.02 cent (basic loss per share for the six months ended 31 December 2011: HK0.01 cent) and diluted earnings per share for the discontinued operations for the six months ended 31 December 2012 is HK0.02 cent (diluted loss per share for the six months ended 31 December 2011: N/A), based on the profit for the six months ended 31 December 2012 from the discontinued operations of approximately HK$333,000 (loss for the six months ended 31 December 2011: HK$140,000) and the denominators used are the same as those detailed above for both basic and diluted earnings (loss) per share from continuing and discontinued operations.

12. PROPERTY, PLANT AND EQUIPMENT

During the current interim period, the Group paid approximately HK$18,000 (for the year ended 30 June 2012: HK$1,755,000) for acquisition of property, plant and equipment.

During the current interim period, the Group disposed of certain property, plant and equipment with an aggregate carrying amount of approximately HK$204,000 (for the year ended 30 June 2012: HK$1,192,000) for cash proceeds of approximately HK$260,000 (for the year ended 30 June 2012: HK$1,635,000), resulting a gain on disposal of approximately HK$56,000 (for the year ended 30 June 2012: HK$443,000) and the Group wrote off certain property, plant and equipment with an aggregate carrying amount of approximately HK$5,884,000 (for the year ended 30 June 2012: HK$90,000).

13. GOODWILL

	HK$'000
Cost	
At 1 July 2011 (Audited)	764,275
Arising on acquisition of subsidiaries	134,606
At 30 June 2012 (Audited) and 31 December 2012 (Unaudited)	**898,881**
Accumulated impairment	
At 1 July 2011 (Audited)	5,895
Impairment loss recognised	541,458
At 30 June 2012 (Audited) and 31 December 2012 (Unaudited)	**547,353**
Carrying values	
At 31 December 2012 (Unaudited)	**351,528**
At 30 June 2012 (Audited)	351,528

14. INTANGIBLE ASSETS

Intangible asset represents wireless network platform and contracted and uncontracted customer relationship.

The wireless network platform is amortised over its estimated useful life of five (for the year ended 30 June 2012: five) years on a straight-line basis. The contracted and uncontracted customers relationships are amortised over its estimated useful life of four (for the year ended 30 June 2012: four) years on a straight-line basis.

15. TRADE RECEIVABLES

	31 December 2012	30 June 2012
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade receivables	**59,058**	80,139
Less: accumulated allowance for doubtful debts	**(41)**	(41)
	59,017	80,098

The following is an aged analysis of trade receivables net of allowance for doubtful debts presented based on the invoice date at the end of the reporting period:

	31 December 2012	30 June 2012
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within 30 days	**6,166**	20,289
31 to 60 days	**18**	20,388
61 to 90 days	**12**	23,619
Over 90 days	**52,821**	15,802
	59,017	80,098

16. DISCONTINUED OPERATIONS

Pursuant to the Company's circular dated 13 July 2012, the Company entered into a sale agreement on 21 June 2012 with an independent third party (the "Purchaser") in respect of the disposal of 100% equity interests in Getbetter Enterprises Limited and its subsidiaries (collectively referred to as "Getbetter Group") and B&S Group Limited and its subsidiaries (collectively referred to as "B&S Group") at a consideration of HK$8,000,000, payable in cash (the "Disposal").

The principal activities of Getbetter Group and B&S Group (collectively referred to as the "Disposal Group") are the production and sales of videos and films, the licensing of video and copyrights / films rights and artiste management. The Disposal was effected in order to generate cash flows for the expansion of the Group's other businesses. The Disposal was completed on 28 September 2012, on which date control of the Disposal Group were passed to the Purchaser.

The profit (loss) for the period from discontinued operations for film exhibition, film rights licensing and sub-licensing and artiste management is analysed as follows:

	For the six months ended 31 December		**For the three months ended 31 December**	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Loss for the period	**(147)**	(140)	**–**	(37)
Profit on disposal of film exhibition, film rights licensing and sub-licensing and artiste management operations *(Note 20)*	**480**	–	**–**	–
	333	(140)	**–**	(37)

The results of the film exhibition, film rights licensing and sub-licensing and artiste management, which have been included in the unaudited condensed consolidated statement of comprehensive income, were as follows:

	For the six months ended 31 December		**For the three months ended 31 December**	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Turnover	**15**	719	**–**	190
Loss from operating activities	**(144)**	(137)	**–**	(36)
Finance costs	**(3)**	(3)	**–**	(1)
Loss before tax	**(147)**	(140)	**–**	(37)
Income tax expense	**–**	–	**–**	–
Loss for the period	**(147)**	(140)	**–**	(37)

The carrying amounts of the assets and liabilities of Disposal Group at the date of the Disposal are disclosed in Note 20.

17. TRADE PAYABLES

	31 December 2012	30 June 2012
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade payables	**8,068**	7,854

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	31 December 2012	30 June 2012
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within 30 days	**–**	–
31 to 60 days	**486**	–
61 to 90 days	**2**	–
Over 90 days	**7,580**	7,854
	8,068	7,854

18. DEFERRED TAX LIABILITIES

Details of the deferred tax liabilities recognised and movements thereon during the current period are as follows:

	Intangible assets
	HK$'000
At 1 July 2011 (Audited)	45,705
Acquisition of Smart Long Limited and its subsidiaries	7,951
Credited to consolidated statement of comprehensive income	(43,884)
At 30 June 2012 (Audited)	9,772
Credited to condensed consolidated statement of comprehensive income	(1,991)
At 31 December 2012 (Unaudited)	**7,781**

19. SHARE CAPITAL

	Par value per share *HK$*	Number of shares	Amount *HK$'000*
Authorised:			
At 1 July 2011, 30 June 2012 (Audited) and 31 December 2012 (Unaudited)	0.1	4,000,000,000	400,000
Issued and fully paid:			
At 1 July 2011 (Audited)	0.1	1,932,820,000	193,282
Issue shares in relation to the Ease Ray Acquisition *(Note a)*	0.1	55,350,793	5,535
Issue shares in relation to the acquisition of Smart Long Limited *(Note b)*	0.1	68,750,000	6,875
Placing of shares *(Note c)*	0.1	270,000,000	27,000
At 30 June 2012,1 July 2012 (Audited) and 31 December 2012 (Unaudited)	0.1	2,326,920,793	232,692

Notes:

(a) Pursuant to the announcements of the Company dated 14 June 2010, 25 March 2011 and 29 April 2011 and the circular of the Company dated 8 March 2011, the acquisition of the entire issued share capital of Ease Ray was completed on 29 April 2011. According to the sale and purchase agreement dated 3 June 2010 and the Company's announcement dated 5 May 2011, the first batch consideration shares of 3,900,000,000 ordinary shares of par value of HK$0.10 each were issued by the Company to the Ease Ray Vendor and parties nominated by the Ease Ray Vendor at HK$0.105 each which represent the published price of the shares of the Company on 5 May 2011.

On 10 May 2012, the Ease Ray Second Batch Consideration Shares of 55,350,793 ordinary shares in relation to the Ease Ray Acquisition were issued by the Company at the published price of the shares of the Company of HK$0.67 each.

(b) Pursuant to the announcements of the Company dated 4 August 2010, 31 December 2010, 29 April 2011 and 30 June 2011 and the circular of the Company dated 8 March 2011, the acquisition of the entire issued share capital of Smart Long Limited was completed on 1 July 2011. On 7 July 2011, 68,750,000 ordinary shares of par value of HK$0.10 each were issued as consideration shares at the published price of the shares of the Company of par value of HK$0.55 each.

19. SHARE CAPITAL *(continued)*

(c) Pursuant to the placing agreement entered into with Kingston Securities Limited dated 22 November 2011, the Company placed 270,000,000 new ordinary shares of par value of HK$0.10 each at HK$0.30 per share to independent third parties. Net proceeds from such issue amounted to approximately HK$79,780,000 (after deducting the placement expenses of approximately HK$1,220,000), out of which approximately HK$27,000,000 and HK$52,780,000 were recorded in share capital and share premium respectively. The placing was completed on 30 November 2011.

20. DISPOSAL OF SUBSIDIARIES

On 28 September 2012, the Group completed the disposal of the Disposal Group. The net liabilities of Disposal Group at the date of disposal were as follows:

	28 September 2012		
	B&S Group	**Getbetter Group**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
	(Unaudited)	(Unaudited)	(Unaudited)
Analysis of assets and liabilities over which control was lost:			
Film rights, films in progress and film royalty deposits	–	1,827	1,827
Trade receivables	–	5	5
Prepayments, deposit and other receivables	–	20,249	20,249
Amounts due from Getbetter Group	925	–	925
Cash and cash equivalents	5	450	455
Trade payables	(70)	(1)	(71)
Other payables and accruals	(470)	(1,950)	(2,420)
Deposit received	(1,262)	(4,121)	(5,383)
Amounts due to the Group	(45,799)	(91,369)	(137,168)
Amounts due to B&S Group	–	(925)	(925)
Net liabilities disposed of	(46,671)	(75,835)	(122,506)
Profit on disposal of subsidiaries:			
Cash consideration received and receivable			8,000
Impairment loss recognised during the year ended 30 June 2012			7,142
Waiver of loans granted to the Group			(137,168)
Net liabilities disposed of			122,506
Profit on disposal			480
Net cash inflow arising on disposal:			
Cash consideration			8,000
Less: cash and cash equivalents disposed of			(455)
			7,545

21. WARRANTS

On 5 November 2012, the Company entered into warrant subscription agreements with six independent third parties ("Group A Subscribers"), pursuant to which the Company agreed to issue and Group A Subscribers agreed to subscribe for an aggregate of 200,000,000 unlisted warrants at an issue price of HK$0.01 per warrant ("Warrants (A)"). Each of Warrants (A) carries the right to subscribe for one new share of the Company at the initial exercise price of HK$0.54 per share (subject to adjustment) during a period of two years commencing from (and inclusive of) 5 December 2012, the date of issue of Warrants (A).

On 3 December 2012, the Company entered into warrant subscription agreements with another six independent third parties ("Group B Subscribers"), pursuant to which the Company agreed to issue and Group B Subscribers agreed to subscribe for an aggregate of 254,000,000 unlisted warrants at an issue price of HK$0.05 per warrant ("Warrants (B)"). Each of Warrants (B) carries the right to subscribe for one new share of the Company at the initial exercise price of HK$0.59 per share (subject to adjustment) during a period of two years commencing from (and inclusive of) 21 December 2012, the date of issue of Warrants (B).

Net proceeds from these issue amounted to approximately HK$14,600,000 (after deducting the related expenses approximately of HK$100,000) were recorded in warrant reserve.

During the six months ended 31 December 2012, no warrants were exercised.

22. EVENTS AFTER THE REPORTING PERIOD

(i) On 7 January 2013, the Company entered into an agreement with Oberlin Asia Inc. ("Oberlin") pursuant to which Oberlin conditionally agreed to sell to the Company the entire issued share capital of HCH Investments Limited, at a total consideration of HK$273,000,000.

The consideration will be paid in cash of HK$27,320,000 and by issuance of 119 million consideration shares at HK$0.72 each at an aggregate value of HK$85,680,000 and a three-year, 7% convertible note in the principal amount of HK$160 million with a conversion price of HK$2.5 per conversion share.

(ii) On 25 January 2013, the Company entered into an agreement with Lucky Smile Enterprises Limited ("Lucky Smile") pursuant to which Lucky Smile conditionally agreed to sell to the Company the entire issued share capital of Galaxy Palace Group Limited, at an initial consideration of approximately HK$69,617,000, subject to adjustments, but in any event subject to a maximum aggregate consideration of HK$194,400,000.

The initial consideration will be paid in cash and the remaining balance of the maximum aggregate consideration will be paid by issuance of a maximum of 173,310,000 consideration shares at HK$0.72 each at a maximum aggregate value of approximately HK$124,783,000.

MANAGEMENT DISCUSSION AND ANALYSIS

For the six months ended 31 December 2012, the Group recorded a turnover of approximately HK$35,336,000 (six months ended 31 December 2011: HK$45,378,000) from continuing operations, representing a decrease of approximately HK$10,042,000 or 22.1% as compared to the same period of last year. The Group recorded a profit attributable to owners of the Company of approximately HK$1,548,000 for the six months ended 31 December 2012, in contrast to a loss of approximately HK$13,344,000 for the corresponding period in last year. The decrease in turnover was mainly because: 1) approximately 1,000 traffic lights in aggregate located in Xiamen and Nanchang have been temporarily uninstalled due to road expansion and subway construction carried out by the municipal governments; and 2) the number of advertising agents that the Group has co-operated with has dropped from three to one during the period due to fierce competition and the worsening economy of the PRC. The Company's turnaround was mainly attributable to the improving performance of Smart Long Group.

Design and production of traffic signboards and provision of electronic media services

During the period under review, Ease Ray Group continued to contribute revenue and operating profit to the Group. However, due to road expansion and subway construction carried out by the municipal governments of Xiamen and Nanchang, our pedestrian traffic lights located in the two cities are required to be temporarily uninstalled. In addition, due to fierce competition in the outdoor advertising industry and the worsening economic situation in the PRC, the number of advertising agents which co-operated with us has dropped from three to one.

Sales of telecommunication products and provision of cable and wireless broadband services

During the period under review, the performance of Smart Long Group improved significantly. It was mainly attributable to the increase in revenue generated from sale and installation of network platform and the related after-sale services.

Sale of HTS filtering solutions, the main source of revenue of Smart Long Group, has been adversely affected by the supply shortage of HTS filters and the change in procurement policy of the major telecommunication operators in the PRC. In order to diversify the sources of revenue, the management of Smart Long Group has developed the sale of other telecommunication products, such as e-commerce network platform and mobile Internet network, as well as its related services, such as installation and training. This has significantly improved the performance of Smart Long Group.

Discontinued operations

On 21 June 2012, the Company entered into a sale agreement with an independent third party in respect of the disposal of the business of film exhibition and film rights licensing and sub-licensing and artiste management for a consideration of HK$8,000,000 (the "Disposal"). The Disposal was completed on 28 September 2012.

PROSPECTS

The venturing into the telecommunication and outdoor advertising media sectors in the PRC has been an important move of the Group to benefit from these fast growing sectors. Although the Group encountered challenges to survive this harsh economic environment, the Directors are optimistic in the overall economy of the PRC and will continue to seek investment opportunities.

For Ease Ray Group, the management will continue to monitor the progress of road expansion and subway construction in Xiamen and Nanchang and work with the municipal governments for a timetable of resuming our services.

For Smart Long Group, the management will continue to work with the supplier of HTS filters and also the major telecommunication operators in the PRC for the sale of HTS filtering solutions. In the meantime, the management will continue to seek other sources of revenue.

During the period under review, the Company entered into agreements with two independent third parties (the "Counterparties") in relation to acquisitions of two separate groups which are engaged in the business of broadband satellite communication services and personal broadband access services in educational institutions respectively. Details of these acquisitions are disclosed under the heading "Material Acquisitions of Subsidiaries and Associated Companies".

In addition, on 29 October 2012, the Company entered into a letter of intent with an independent third party (the "Vendor"), pursuant to which the Company intends to acquire from the Vendor the entire issued shares of a company to be incorporated by the Vendor as its wholly-owned subsidiary (the "Target Company"), which will directly and wholly own the Vendor's five existing subsidiaries in the PRC (the "PRC Subsidiaries") upon completion of a corporate restructuring (the Target Company and the PRC Subsidiaries collectively referred as the "Target Group") (the "Possible Acquisition").

The Target Group owns a self-developed carrier level cloud computing management system, and possesses the relevant experience, technology and network systems for provision of Internet video services and other online content services.

On 7 February 2013, the Company entered into a supplemental letter of intent with the Vendor to extend the exclusivity period for an additional 90 days to provide more time for both parties to work towards entering into a formal agreement.

The Directors expect these acquisitions will create a synergy effect amongst themselves as well as with the Group's existing business.

Share Capital

As at 1 July 2012 and 31 December 2012, the authorised share capital of the Company was HK$400,000,000 divided into 4,000,000,000 shares of HK$0.10 each and the issued share capital of the Company was approximately HK$232,692,000 divided into 2,326,920,793 shares of HK$0.10 each.

Issues of Unlisted Warrants

On 5 November 2012, the Company entered into warrant subscription agreements with six independent third parties ("Group A Subscribers"), pursuant to which the Company agreed to issue and Group A Subscribers agreed to subscribe for an aggregate of 200,000,000 unlisted warrants at an issue price of HK$0.01 per warrant ("Warrants (A)"). Each of Warrants (A) carries the right to subscribe for one new share of the Company at the initial exercise price of HK$0.54 per share (subject to adjustment) during a period of two years commencing from (and inclusive of) 5 December 2012, the date of issue of Warrants (A).

On 3 December 2012, the Company entered into warrant subscription agreements with another six independent third parties ("Group B Subscribers"), pursuant to which the Company agreed to issue and Group B Subscribers agreed to subscribe for an aggregate of 254,000,000 unlisted warrants at an issue price of HK$0.05 per warrant ("Warrants (B)"). Each of Warrants (B) carries the right to subscribe for one new share of the Company at the initial exercise price of HK$0.59 per Share (subject to adjustment) during a period of two years commencing from (and inclusive of) 21 December 2012, the date of issue of Warrants (B).

Financial Position

During the period under review, the Group generally financed its operations with internally generated resources and the net proceeds from the issues of unlisted warrants. As at 31 December 2012, the Group did not have any interest-bearing borrowings (30 June 2012: Nil).

As at 31 December 2012, the Group had current assets of approximately HK$257,093,000 (30 June 2012: HK$254,265,000), including cash and cash equivalents of approximately HK$9,559,000 (30 June 2012: HK$7,671,000), and trade receivables, prepayments, deposits, other receivables and loan and loan interest receivables of approximately HK$247,534,000 (30 June 2012: HK$230,720,000); and current liabilities of approximately HK$43,218,000 (30 June 2012: HK$73,494,000). The Group's current ratio had increased from approximately 3.5 times as at 30 June 2012 to approximately 5.9 times as at 31 December 2012.

The Group had total assets of approximately HK$678,326,000 (30 June 2012: HK$694,319,000) and total liabilities of approximately HK$50,999,000 (30 June 2012: HK$83,266,000), representing a gearing ratio (expressed as total liabilities to total assets) of approximately 7.5% as at 31 December 2012 (30 June 2012: 12.0%).

The Group's turnover for the six months ended 31 December 2012 amounted to approximately HK$35,336,000 (six months ended 31 December 2011: HK$45,378,000).

Charges on the Group's Assets

There were no material charges on the Group's assets as at 31 December 2012.

Foreign Exchange Exposure and Treasury Policies

Most of the Group's cash balances and income are either denominated in Renminbi and Hong Kong dollars. In view of the stability of the exchange rates of Renminbi and Hong Kong dollars, no hedging or other alternatives have been implemented. As at 31 December 2012, the Group did not have any outstanding hedging instruments.

Use of Net Proceeds from the Issues of Unlisted Warrants

The Company successfully completed the Issues of Warrants (A) and Warrants (B) on 5 December 2012 and 21 December 2012 respectively, raising an aggregate net proceeds (after deduction of the related expenses) of approximately HK$14,600,000. The Company has utilised the net proceeds in the manner consistent with that disclosed in its announcements dated 5 November 2012 and 3 December 2012, i.e. as general working capital of the Group.

Employees Information

As at 31 December 2012, the Group had 43 employees. Salaries and benefits of the Group's employees were kept at a market level and employees were rewarded on a performance-related basis. Remuneration is reviewed annually. Staff benefits include contribution to mandatory contribution fund, discretionary bonus and share options. During the six months ended 31 December 2012, no share options were granted to employees of the Group.

Significant Investments

There were no significant investments made by the Group during the six months ended 31 December 2012.

Material Acquisitions of Subsidiaries and Associated Companies

Hughes China Group

On 7 January 2013, the Company entered into an agreement with Oberlin Asia Inc. ("Oberlin") pursuant to which Oberlin conditionally agreed to sell to the Company the entire issued share capital of HCH Investments Limited ("HCH") at a total consideration of HK$273,000,000.

HCH, together with its subsidiaries and associated company (collectively referred to as "Hughes China Group"), is principally engaged in satellite communication business in the PRC, Hong Kong, Macau and Taiwan and provide broadband satellite communication services to enterprises, telecommunication carriers and civil government customers.

For details of the acquisition of HCH, please refer to the Company's announcement dated 7 January 2013.

Cernet Wifi Group

On 25 January 2013, the Company entered into an agreement with Lucky Smile Enterprises Limited ("Lucky Smile") pursuant to which Lucky Smile conditionally agreed to sell to the Company the entire issued share capital of Galaxy Palace Group Limited ("Galaxy Palace"), at an initial consideration of approximately HK$69,617,000, subject to adjustments, but in any event subject to a maximum aggregate consideration of HK$194,400,000.

Galaxy Palace, together with its subsidiaries (collectively referred to as "Cernet Wifi Group"), is principally engaged in computer, software and associated equipment sales, technology development, transfer, consultancy and computer system services. CERNET Wifi Group has entered into asset leasehold and cooperation contracts with 賽爾網絡有限公司 (CERNET Company Limited*) ("CERNET") pursuant to which CERNET Wifi Group is entitled to the economic benefits generated by the assets owned by CERNET in relation to the personal broadband access services connecting the higher educational institutions in the PRC and the related internet content and value-added telecommunication services.

For details of the acquisition of Galaxy Palace, please refer to the Company's announcement dated 25 January 2013.

As of the date of this report, none of the above acquisitions has been completed.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SECURITIES

As at 31 December 2012, the interests or short positions of the Directors in the securities of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were notified to the Company and the Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, including interests or short positions which they were deemed or taken to have under such provisions of the SFO, or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules relating to securities transactions by directors, to be notified to the Company and the Stock Exchange, were as follows:

Long positions in the securities of the Company

(a) Ordinary share of HK$0.10 each of the Company

Name of Director	Capacity	Position	Number of shares held	Approximate percentage of shareholding
Mr. LI Hongrong	Interest of controlled corporation *(Note)*	Long	13,038,000	0.56%

Note: These Shares are held by Tread Up Investments Limited ("Tread Up"). The entire issued share capital of Tread Up was beneficially owned by Mr. LI Hongrong. Thus, he was deemed to be interested in the 13,038,000 Shares held by Tread Up pursuant to the SFO.

(b) Share options

Name of Director	Capacity	Number of options held	Number of underlying shares	Approximate percentage of shareholding
Mr. HU Yangjun	Beneficial owner	15,000,000	15,000,000	0.64%

Save as disclosed above, the Directors do not have any interests or short positions in the securities of the Company.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the heading "Share option scheme" below, at no time during the period under review was the Company, its holding Company or any of its subsidiaries a party to any arrangement to enable the Directors, their respective spouse or children under 18 years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SHARE OPTION SCHEMES

On 19 December 2012, the Company adopted a new share option scheme (the "New Scheme") as the share option scheme adopted on 22 July 2002 (the "Old Scheme") expired on 21 July 2012. The purpose of the share option schemes is to provide incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include Directors of the Company or any of its subsidiaries, independent non-executive Directors and employees of the Group, and suppliers of goods or services to the Group.

Upon the expiration of the Old Scheme, share options granted under the Old Scheme remained outstanding until they lapse in accordance with the terms of the Old Scheme. Particular of the share options under the Old Scheme and their movements during the six months ended 31 December 2012 are set out below:

				Number of share options				
Name of category of participant	**Date of grant**	**Exercise period**	**Exercise price per share**	**At 1 July 2012**	**Granted during the period**	**Exercised during the period**	**Lapsed during the period**	**At 31 December 2012**
Directors								
Mr. HU Yangjun	8/4/2011	8/4/2011 – 7/4/2021	1.07	15,000,000	–	–	–	15,000,000
Subtotal				30,000,000	–	–	–	30,000,000
Employees and others								
In aggregate	8/4/2011	8/4/2011 – 7/4/2021	1.07	85,000,000	–	–	3,000,000	82,000,000
Subtotal				85,000,000	–	–	3,000,000	82,000,000
Total				100,000,000	–	–	3,000,000	97,000,000

As at 31 December 2012, no share options had been granted under the New Scheme.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

So far is known to any Director, as at 31 December 2012, shareholders who had interests or short positions in the securities of the Company which would fall to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO, or who were deemed to be directly and indirectly interested in 5% or more of the issued share capital of the Company, or which were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

Long positions in the shares of the Company

Name	Nature of interests	Number of ordinary shares held	Approximate percentage of shareholding
LIE Haiquan	Beneficial owner	156,178,000 Shares	6.71%
	Interest in controlled corporation *(Note 1)*	6,796,000 Shares	0.29%
	Interest in controlled corporation *(Note 2)*	49,488,000 Shares	2.13%
	Total	212,462,000 Shares	9.13%

Notes:

1. These Shares are held by Ocean Peal Group Limited ("Ocean Peal") that was wholly-owned by Mr. LIE Haiquan. Thus, he was deemed to be interested in the 6,796,000 Shares held by Ocean Peal pursuant to the SFO.

2. These Shares are held by Winner Mind Investment Limited ("Winner Mind"), a company incorporated in the British Virgin Islands, which was wholly-owned by Mr. LIE Haiquan. Thus, he was deemed to be interested in the 49,488,000 Shares held by Winner Mind pursuant to the SFO.

Save as disclosed above and in "Directors' Interests and Short Positions in Securities", the Company had no notice of any interests and short positions to be recorded pursuant to Section 336 of the SFO.

CORPORATE GOVERNANCE PRACTICES

The Company has complied with the applicable code provisions of the Code on Corporate Governance Practices as set out in Appendix 15 of the GEM Listing Rules throughout the period under review except for the following deviations:

Under code provision A.4.1, non-executive directors should be appointed for specific term. There is no specific term of appointment of the non-executive Directors, however, they are subject to retirement by rotation in accordance with the articles of association of the Company and the Code on Corporate Governance Practices of the GEM Listing Rules. Accordingly the Company considers that sufficient measures have been taken to dealt with the requirement in respect of the appointment terms of non-executive Directors as required under the code provision.

Under the Code provision A.6.7, independent non-executive Directors and other non-executive Directors should attend general meetings and develop a balanced understanding of the views of shareholders. However, due to business engagements, two independent non-executive Directors could not attend the annual general meeting of the Company held on 19 December 2012.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the period under review, the Company continued to adopt a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company had also made specific enquiry of all Directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by the Directors during the six months ended 31 December 2012.

COMPETITION AND CONFLICT OF INTERESTS

None of the Directors, the management shareholders or substantial shareholders of the Company or any of their respective associates has engaged in any business that competes or may compete with the business of the Group or has any other conflict of interests with the Group during the six months ended 31 December 2012.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the six months ended 31 December 2012.

AUDIT COMMITTEE

The Company established an audit committee (the "Audit Committee") which comprises three independent non-executive Directors, with written terms of reference in compliance with Rules 5.28 and 5.33 of the GEM Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal controls system of the Group. The Audit Committee has reviewed the Company's unaudited financial statements for the six months ended 31 December 2012 and is of the opinion that such statements have complied with the applicable accounting standards and disclosure requirements.

By order of the Board
Neo Telemedia Limited
LI Hongrong
Chairman

Hong Kong, 8 February 2013

As at the date hereof, the Board comprises four executive Directors, namely LI Hongrong (Chairman), Theo EDE, HU Yangjun and ZHANG Xinyu (Chief Executive Officer); and three independent non-executive Directors, namely 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; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

This announcement will remain on the "Latest Company Announcements" page of the GEM website http://www.hkgem.com for at least seven days from the date of its posting.