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)

**FIFTH QUARTERLY RESULTS ANNOUNCEMENT
FOR THE FIFTEEN MONTHS ENDED 30 SEPTEMBER 2013**

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 fifteen months ended 30 September 2013 together with comparative unaudited figures for the corresponding periods of 2012 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the fifteen and three months ended 30 September 2013

		For the fifteen months ended 30 September		**For the three months ended 30 September**		For the twelve months ended 30 June
		2013	2012	**2013**	2012	2012
		HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	*HK$'000*
	Notes	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	(Audited)
Continuing operations						
Turnover	*3*	**44,071**	108,850	**4,191**	8,670	100,180
Cost of sales		**(13,577)**	(11,538)	**(3,006)**	(2,142)	(9,396)
Gross profit		**30,494**	97,312	**1,185**	6,528	90,784
Other income and gains, net		**10,060**	3,185	**583**	5	3,180
Change in fair value of convertible notes		**–**	702	**–**	–	702
Gain on contingent consideration		**29,463**	33,972	**8,666**	–	33,972
Gain on settlement of contingent consideration payable		**–**	183,415	**–**	–	183,415
Selling and marketing costs		**(5,377)**	(2,662)	**(1,968)**	(921)	(1,741)
Administrative and other expenses		**(110,241)**	(122,102)	**(19,586)**	(9,613)	(112,489)
Impairment loss on intangible assets		**–**	(109,316)	**–**	–	(109,316)
Impairment loss recognised in respect of goodwill		**–**	(541,458)	**–**	–	(541,458)
Loss on early redemption of convertible notes		**–**	(1,596)	**–**	–	(1,596)
Share of loss of an associate		**(455)**	–	**–**	–	–
Finance costs		**(6,411)**	(1,315)	**(3,570)**	(10)	(1,305)
Loss before tax		**(52,467)**	(459,863)	**(14,690)**	(4,011)	(455,852)
Income tax credit (expense)	*4*	**2,302**	34,584	**1,968**	(1,046)	35,630
Loss for the period from continuing operations		**(50,165)**	(425,279)	**(12,722)**	(5,057)	(420,222)
Discontinued operations						
Profit/(loss) for the period from discontinued operations	*8*	**333**	(11,044)	**–**	(147)	(10,897)
Loss for the period		**(49,832)**	(436,323)	**(12,722)**	(5,204)	(431,119)

CONDENSED CONSOLIDATED INCOME STATEMENT

For the fifteen and three months ended 30 September 2013

	Note	**For the fifteen months ended 30 September**		**For the three months ended 30 September**		For the twelve months ended 30 June
		2013	2012	**2013**	2012	2012
		HK cents	*HK cents*	***HK cents***	*HK cents*	*HK cents*
		(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	(Audited)
Earnings/(loss) per share:	*6*					
From continuing and discontinued operations						
Basic		**(1.97)**	(21.46)	**(0.23)**	(0.29)	(21.49)
Diluted		**N/A**	N/A	**N/A**	N/A	N/A
From continuing operations						
Basic		**(1.98)**	(20.96)	**(0.23)**	(0.28)	(20.98)
Diluted		**N/A**	N/A	**N/A**	N/A	N/A
From discontinued operations						
Basic		**0.01**	(0.50)	**–**	(0.01)	(0.51)
Diluted		**N/A**	N/A	**N/A**	N/A	N/A

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the fifteen and three months ended 30 September 2013

	For the fifteen months ended 30 September		For the three months ended 30 September		For the twelve months ended 30 June
	2013	2012	**2013**	2012	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	(Audited)
Loss for the period	**(49,832)**	(436,323)	**(12,722)**	(5,204)	(431,119)
Other comprehensive income:					
Items that may be subsequently reclassified to profit or loss:					
Exchange differences on translation of foreign operations	**1,936**	2,170	**(1,493)**	1	2,169
Total comprehensive expense for the period	**(47,896)**	(434,153)	**(14,215)**	(5,203)	(428,950)
Loss for the period attributable to:					
Owners of the Company:					
Loss for the period from continuing operations	**(47,098)**	(460,844)	**(5,869)**	(6,588)	(454,256)
Profit/(loss) for the period from discontinued operations	**333**	(11,044)	**–**	(147)	(10,897)
Loss for the period attributable to owners of the Company	**(46,765)**	(471,888)	**(5,869)**	(6,735)	(465,153)
Non-controlling interests:					
(Loss) profit for the period from continuing operations	**(3,067)**	35,565	**(6,853)**	1,531	34,034
Profit for the period from discontinued operations	**–**	–	**–**	–	–
(Loss) profit for the period attributable to non-controlling interest	**(3,067)**	35,565	**(6,853)**	1,531	34,034
Loss for the period	**(49,832)**	(436,323)	**(12,722)**	(5,204)	(431,119)
Total comprehensive (expense)/income attributable to:					
Owners of the Company	**(46,099)**	(470,931)	**(7,311)**	(6,734)	(464,197)
Non-controlling interests	**(1,797)**	36,778	**(6,904)**	1,531	35,247
	(47,896)	(434,153)	**(14,215)**	(5,203)	(428,950)

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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 consolidated 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 the provision of network and satellite telecommunication services and transmedia advertising services, and the sale of telecommunication products in the PRC.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements of the Company have been prepared in accordance with the disclosure requirements of the Rules Governing the Listing of Securities on GEM. The unaudited condensed consolidated financial statements have been prepared under the historical cost convention.

In the current period, the Group has applied, for the first time, a number of new standards, amendments and interpretations ("New HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants, which are either effective for accounting periods beginning on or after 1 July 2012. The adoption of the new HKFRSs has had no material effect on the Group's financial statements.

The accounting policies used in the preparation of the unaudited condensed consolidated financial statements have been consistently applied by the Group and are consistent with those used in preparing the Company's annual audited financial statements for the year ended 30 June 2012.

The unaudited condensed consolidated financial statements for the fifteen months ended 30 September 2013 have not been audited or reviewed by the Company's auditors, but have been reviewed by the audit committee of the Company.

3. TURNOVER

The Group was principally engaged in (i) provision of network and satellite telecommunication services and sale of telecommunication products; and (ii) provision of transmedia advertising services during the three months and fifteen months ended 30 September 2013. An analysis of turnover for both continuing and discontinued operations is as follows:

	For the fifteen months ended 30 September		For the three months ended 30 September		For the twelve months ended 30 June
	2013	2012	**2013**	2012	2012
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)	(Audited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	*HK$'000*
Continuing operations					
Network and satellite telecommunication services and sale of telecommunication products	**28,521**	9,631	**3,981**	523	9,108
Transmedia advertising services	**15,550**	99,219	**210**	8,147	91,072
	44,071	108,850	**4,191**	8,670	100,180
Discontinued operations					
Film exhibition and film rights licensing and sub-licensing fee income	**15**	2,365	**–**	15	2,350
Income from artiste management	**–**	296	**–**	–	296
	15	2,661	**–**	15	2,646

4. INCOME TAX EXPENSE

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit 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.

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.

A subsidiary of the Company is qualified as a high-tech enterprise in accordance with the Guidelines for the Accreditation of High-tech Enterprises（高新技術企業認定管理工作指引）and is entitled to a preferential tax rate of 15%.

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

5. DIVIDEND

The Directors do not recommend the payment of any dividend for the fifteen months ended 30 September 2013 (2012: Nil).

6. (LOSS) EARNINGS PER SHARE

(a) Basic (loss) earnings per share

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

	For the fifteen months ended 30 September		For the three months ended 30 September		For the twelve months ended 30 June
	2013	2012	**2013**	2012	2012
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)	(audited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	*HK$'000*
(Loss) profit attributable to owners of the Company – continuing operations	**(47,098)**	(460,844)	**(5,869)**	(6,588)	(454,256)
Profit (loss) attributable to owners of the Company – discontinued operations	**333**	(11,044)	**–**	(147)	(10,897)
(Loss) profit attributable to owners of the Company	**(46,765)**	(471,888)	**(5,869)**	(6,735)	(465,153)

	For the fifteen months ended 30 September		For the three months ended 30 September		For the twelve months ended 30 June
	2013	2012	**2013**	2012	2012
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)	(audited)
Issued ordinary shares at the beginning of period	**2,326,920,793**	1,932,820,000	**2,445,920,000**	2,326,920,793	1,932,820,000
Effect of issuance of consideration shares	**46,350,109**	86,032,016	**–**	–	75,044,853
Effect of issuance of placing shares	**11,448,578**	179,803,493	**56,869,565**	–	157,131,147
Weighted average number of ordinary shares at the end of period	**2,384,719,480**	2,198,655,509	**2,502,789,565**	2,326,920,793	2,164,996,000

(b) Diluted loss per share

No diluted loss per share has been presented for the periods ended 30 September 2013 as no dilutive event existed during these periods.

7. SHARE CAPITAL AND RESERVES

	Attributable to owners of the Company											
	Issued capital *HK$'000*	Share premium *HK$'000*	Share options reserve *HK$'000*	Convertible notes reserve *HK$'000*	Capital and other reserves *HK$'000*	Exchange fluctuation reserve *HK$'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 year	–	–	–	–	–	–	–	–	(471,888)	(471,888)	35,565	(436,323)
Other comprehensive income:												
Exchange differences on translation of foreign operations	–	–	–	–	–	957	–	–	–	957	1,213	2,170
Total comprehensive income/(expense) for the year	–	–	–	–	–	957	–	–	(471,888)	(470,931)	36,778	(434,153)
Transfer	–	–	–	–	–	–	7,375	–	(4,272)	3,103	(3,103)	–
Acquisitions of subsidiaries	12,410	62,486	–	–	–	–	–	–	–	74,896	–	74,896
Share options lapsed	–	–	(5,144)	–	–	–	–	–	5,144	–	–	–
Placing of shares	27,000	52,780	–	–	–	–	–	–	–	79,780	–	79,780
At 30 September 2012 (unaudited)	232,692	943,621	33,187	–	17,590	984	7,375	–	(685,727)	549,722	56,128	605,850
At 1 July 2012 (audited)	232,692	943,621	33,187	–	17,590	983	7,375	–	(678,992)	556,456	54,597	611,053
Loss for the period			–	–	–	–	–	–	(46,765)	(46,765)	(3,067)	(49,832)
Other comprehensive income:												
Exchange difference on translation of foreign operations	–	–	–	–	–	666	–	–	–	666	1,270	1,936
Total comprehensive income/(expense) for the period	–	–	–	–	–	666	–	–	(46,765)	(46,099)	(1,797)	(47,896)
Transfer	–	–	–	–	–	–	1,710	–	(1,710)	–	–	–
Disposal of subsidiaries	–	–	–	–	(17,590)	–	–	–	17,590	–	–	–
Acquisitions of subsidiaries	11,900	55,930	–	2,327	–	–	–	–	–	70,157	284,665	354,822
Share options lapsed	–	–	(16,593)	–	–	–	–	–	16,593	–	–	–
Equity-settled share-based arrangements	–	–	30,489	–	–	–	–	–	–	30,489	–	30,489
Issue of unlisted warrants	–	–	–	–	–	–	–	14,600	–	14,600	–	14,600
Placing of shares	10,900	24,480	–	–	–	–	–	–	–	35,380	–	35,380
At 30 September 2013 (unaudited)	255,492	1,024,031	47,083	2,327	–	1,649	9,085	14,600	(693,284)	(660,983)	337,465	998,448

8. 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 fifteen months ended 30 September		**For the three months ended 30 September**		For the twelve months ended 30 June
	2013	2012	**2013**	2012	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	(Audited)
Loss for the period	**(147)**	(3,902)	**–**	(147)	(3,755)
Impairment loss recognised in respect of assets held for sale	**–**	(7,142)	**–**	–	(7,142)
Profit on disposal of film exhibition, film rights licensing and sub-licensing and artiste management operations	**480**	–	**–**	–	–
	333	(11,044)	**–**	(147)	(10,897)

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 fifteen months ended 30 September		**For the three months ended 30 September**		For the twelve months ended 30 June
	2013	2012	**2013**	2012	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	(Audited)
Turnover	**15**	2,661	**–**	15	2,646
Loss from operating activities	**(144)**	(3,939)	**–**	(144)	(3,795)
Finance costs	**(3)**	(3)	**–**	(3)	–
Loss before tax	**(147)**	(3,942)	**–**	(147)	(3,795)
Income tax credit	**–**	40	**–**	–	40
Loss for the period	**(147)**	(3,902)	**–**	(147)	(3,755)

9. Subsequent event

On 31 October 2013, the Company and Space-Communication Ltd. ("Spacecom") entered into a lease agreement, pursuant to which Spacecom agreed to lease the segment of Ka-Band of a satellite known as AMOS-4 for a leasing fee of US$3,000,000 for one year from the later date of either: 1) 1 January 2014; or 2) the successful completion of the in-orbit tests of AMOS-4 and the beginning by Spacecom of the commercial operation of AMOS-4, provided that the commencement date shall not be later than 31 July 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

For the fifteen months ended 30 September 2013, the Group recorded a turnover of approximately HK$44,071,000 (2012: HK$108,850,000) from continuing operations, representing a decrease of approximately HK$64,779,000 or 59.5% as compared to the corresponding period in last year. The Group recorded a loss attributable to owners of the Company of approximately HK$46,765,000 for the fifteen months ended 30 September 2013 (2012: HK$471,888,000), representing a decrease of approximately HK$425,123,000 or 90.1% as compared to the corresponding period in last year. The decrease in loss was mainly attributable to the absence of impairment loss on intangible assets and goodwill recognised for the fifteen months ended 30 September 2013 as compared to the corresponding period in 2012.

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

During the period under review, Ease Ray Group's revenue has significantly decreased as compared to the corresponding period in 2012. It was mainly attributable to: 1) 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; 2) the policy implemented by the municipal government of Shangrao to rectify the local overadvertised market, which has adversely affected our business; 3) maintenance due to the aging of traffic lights, there was no revenue generated from these traffic lights until the maintenance work is completed; and 4) fierce competition in the outdoor advertising industry and the worsening economic situation in the PRC.

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

Smart Long Group

During the period under review, the performance of Smart Long Group improved significantly as compared to the corresponding period in 2012. 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 source 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 platform and application, as well as its related services, such as installation and training. However, Smart Long Group did not generate similar revenue from the sale of the above-mentioned equipment and its related services during the fifth quarter ended 30 September 2013.

Hughes China Group

On 5 April 2013, the Group completed the acquisition of HCH Investments Limited and its subsidiaries (collectively referred to as "Hughes China Group"), which are engaged in the development of Internet technology and satellite communication technology as well as trading in satellite communication system devices. Revenue contributed to the Group upon the completion of the acquisition represents sale of the above-mentioned hardware and its related services.

CERNET Wifi Group

On 24 April 2013, the Group completed the acquisition of Galaxy Palace Group Limited ("Galaxy Palace") and its subsidiaries (collectively referred to as "CERNET Wifi Group"), which are principally engaged in the provision of personal broadband access services for China education and research network of the China Ministry of Education ("CERNET"), including the construction and operation of individual broadband access network, the development of Internet content and the provision of value-added telecommunication services in all higher educational institutions that are connected to CERNET ("CERNET services"). Pursuant to asset leasehold and cooperation contracts entered into between CERNET Wifi Group and 賽爾網絡有限公司 (CERNET Company Limited*) ("CCL"), CERNET Wifi Group is entitled to the economic benefits generated by the assets owned by CCL in relation to CERNET services. Revenue contributed to the Group upon the completion of the acquisition represents CERNET Wifi Group's entitlement of income in relation to CERNET services.

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

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. While it is unlikely to increase the number of traffic lights shortly, the management will continue to develop new customers and carry out maintenance work on the aged traffic lights so as to maintain their normal operation.

In the meantime, in view of the fierce competition in the outdoor advertising industry in the PRC, the management will explore potential outdoor advertising media other than traffic lights to diversify the source of revenue.

Smart Long Group

While 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, the management will seek other source of revenue.

* *For identification purpose only*

Hughes China Group

The management expects the business relationship with Sichuan branch of one of the three major telecommunication operators in the PRC ("Sichuan Telecom") will start generating significant results by the end of this financial year. Although it took a significant amount of time for Sichuan Telecom to integrate Hughes China services into their existing terrestrial based service to be branded as "天地星" service, all Sichuan Telecom sales offices will be able to market and take orders for this service. We anticipate major orders from Sichuan Telecom for village broadband project, cellular backhaul and enterprise customers.

In addition, we are working on a project in Inner Mongolia to begin providing broadband services, including distributing movies to students in colleges, highs schools and primary schools. This project will evolve into providing broadband services to each remote household such as Mongolian yurt. We are in the process of introducing Ka band satellite coverage to Inner Mongolia for eventually reaching millions of households. Ka band resource is required to reduce cost of providing such services.

CERNET Wifi Group

CERNET Wifi Group currently has 27 projects, network of which are mostly wired. For new projects, wireless infrastructure will be set up in order to avoid significant investment and increase the mobility of the users' equipment. In the meantime, we will link up the existing projects into a unified authentication campus network which will bring in e-commerce business opportunities to the Group. CERNET Wifi Group is currently applying for an ISP license in the PRC, which will enable it to become an Internet service provider in the PRC. It is also applying for an ICP license from the Ministry of Culture in the PRC, which will enable it to become an Internet content provider in the PRC.

Overall

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, particularly the telecommunication sector, and will make good use of what the Group has invested to maximize shareholders' return.

The Directors are currently working on a number of projects that the Group may develop through the platforms of Ease Ray Group and Smart Long Group. The Directors anticipate to have a concrete plan on these projects during the remaining period of the year ending 31 December 2013. In the meantime, the Directors will continue to evaluate the impact of the above-mentioned on the profitability of both Ease Ray Group and Smart Long Group.

The Directors expect the newly acquired Hughes China Group and CERNET Wifi Group will create a synergy effect amongst themselves as well as with the Group's existing business.

Share Capital

As at 1 July 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.

Pursuant to the terms of the agreement dated 7 January 2013 entered into between the Company and Oberlin Asia Inc. ("Oberlin"), an independent third party, in relation to the acquisition of the entire issued share capital of HCH Investments Limited ("HCH"), the Company issued 119,000,000 ordinary shares on 5 April 2013 as partial payment of the acquisition consideration. The fair value of the ordinary shares issued was determined by the available published price of HK$0.57 each at the completion date of the acquisition on 5 April 2013.

Pursuant to the terms of the agreement dated 25 July 2013 entered into between the Company and an independent third party in relation to the placing of a maximum of 109,000,000 ordinary shares at HK$0.33 per share (the "Placing"), 109,000,000 ordinary shares were placed at HK$0.33 per share to one placee who is independent of the Company and its connected persons (as defined under the GEM Listing Rules) on 13 August 2013.

As at 30 September 2013, 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$255,492,000 divided into 2,554,920,793 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).

Use of Net Proceeds from the Issues of Unlisted Warrants and the Placing

The Company successfully completed the Issues of Warrants (A), Warrants and the Placing (B) on 5 December 2012, 21 December 2012 and 13 August 2013 respectively, raising an aggregate net proceeds (after deduction of the related expenses) of approximately HK$49,900,000. The Company has utilised the net proceeds in the manner consistent with that disclosed in its announcements dated 5 November 2012, 3 December 2012 and 25 July 2013, i.e. as general working capital of the Group.

Significant Investments

On 15 April 2013, 25 April 2013 and 31 October 2013, the Company and Space-Communication Ltd. ("Spacecom") entered into an agreement and amendments thereto, pursuant to which the Company has conditionally agreed to purchase and Spacecom has conditionally agreed to sell the Ka-Beam of a satellite named AMOS-4 for an aggregate consideration of US$65 million (equivalent to approximately HK$507 million), which shall be payable by the Company to Spacecom in cash.

For details of the above proposed investments, please refer to the Company's announcements dated 15 April 2013, 25 April 2013 and 31 October 2013.

Save as disclosed above, there were no significant investments made by the Group during the fifteen months ended 30 September 2013.

Material Acquisitions of Subsidiaries and Associated Companies

Hughes China Group

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

HCH, together with its subsidiaries and associated company, is principally engaged in development of Internet technology and satellite communication technology as well as trading in satellite communication system devices.

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, for 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.

CERNET Wifi Group is principally engaged in the provision of CERNET services. CERNET Wifi Group has entered into asset leasehold and cooperation contracts with CCL pursuant to which CERNET Wifi Group is entitled to the economic benefits generated by the assets owned by CCL in relation to CERNET services.

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

The acquisitions of Hughes China Group and CERNET Wifi Group were completed on 5 April 2013 and 24 April 2013 respectively.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SECURITIES

As at 30 September 2013, 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

Share options

Name of Director	Capacity	Number of options held	Number of underlying shares	Approximate percentage of shareholding
Mr. Theo EDE	Beneficial owner	10,000,000	10,000,000	0.39%
Mr. HU Yangjun	Beneficial owner	15,000,000	15,000,000	0.59%
Mr. ZHANG Xinyu	Beneficial owner	20,000,000	20,000,000	0.78%
Mr. LAM Kin Kau, Mark	Beneficial owner	2,000,000	2,000,000	0.08%
Professor SONG Junde	Beneficial owner	2,000,000	2,000,000	0.08%

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. Particulars of the share options under the Old Scheme and their movements during the fifteen months ended 30 September 2013 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 30 September 2013**
Directors								
Mr. HU Yangjun	8/4/2011	8/4/2011 – 7/4/2021	1.07	15,000,000	–	–	–	15,000,000
Subtotal				15,000,000	–	–	–	15,000,000
Employees and others								
In aggregate	8/4/2011	8/4/2011 – 7/4/2021	1.07	85,000,000	–	–	50,000,000	35,000,000
Subtotal				85,000,000	–	–	50,000,000	35,000,000
Total				100,000,000	–	–	50,000,000	50,000,000

Particulars of the share options under the New Scheme and their movements during the fifteen months ended 30 September 2013 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 30 September 2013**
Directors								
Mr. Theo EDE	3/4/2013	3/4/2013 – 2/4/2018	0.628	–	10,000,000	–	–	10,000,000
Mr. ZHANG Xinyu	3/4/2013	3/4/2013 – 2/4/2018	0.628	–	20,000,000	–	–	20,000,000
Mr. LAM Kin Kau, Mark	3/4/2013	3/4/2013 – 2/4/2018	0.628	–	2,000,000	–	–	2,000,000
Professor SONG Junde	3/4/2013	3/4/2013 – 2/4/2018	0.628	–	2,000,000	–	–	2,000,000
Subtotal				–	34,000,000	–	–	34,000,000
Employees and others								
In aggregate	3/4/2013	3/4/2013 – 2/4/2018	0.628	–	60,000,000	–	–	60,000,000
In aggregate	16/5/2013	16/5/2013 – 15/5/2018	0.628	–	20,000,000	–	–	20,000,000
Subtotal				–	80,000,000	–	–	80,000,000
Total				–	114,000,000	–	–	114,000,000

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

So far is known to any Director, as at 30 September 2013, 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	361,482,000 Shares	14.15%
	Interest in controlled corporation *(Note)*	120,708,000 Shares	4.72%
	Total	482,190,000 Shares	18.87%

Note: 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 120,708,000 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 did 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 fifteen months ended 30 September 2013.

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 fifteen months ended 30 September 2013.

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 fifteen months ended 30 September 2013.

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 fifteen months ended 30 September 2013 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
Jih Chyi LEU
Chairman

Hong Kong, 14 November 2013

As at the date hereof, the Board comprises five executive Directors, namely Theo EDE, HU Yangjun, ZHANG Xinyu (Chief Executive Officer), CHEUNG Sing Tai and LIAN Xin; and three independent non-executive Directors, namely Dr. Jih Chyi LEU (Chairman), LAM Kin Kau, Mark and Professor SONG Junde.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (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.