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Neo Telemedia Limited

中國新電信集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8167)

FURTHER INFORMATION IN RELATION TO THE IMPAIRMENT LOSS ON GOODWILL AND INTANGIBLE ASSETS

Reference is made to the annual report of the Company for the eighteen months ended 31 December 2013 (the “**Annual Report**”). Capitalised terms used herein shall have the same meanings as those defined in the Annual Report unless otherwise stated.

Further to the publication of the Annual Report, the Directors would like to provide further information as an addition to the Review and Analysis of the business segment of Transmedia Advertising Services in the Annual Report.

As disclosed in the Annual Report, the recoverable amount of Transmedia Advertising Services cash-generating unit is determined based on value-in-use calculation. Such calculation is based on i) the profit forecast approved by the management covering a five-year period and ii) a discount rate of 19.23% (2012: 19.97%) per annum which reflects current market assessments of the time value of money and the credit risk specific to the cash generating unit.

Given the factors disclosed in the Annual Report, which adversely affected the financial performance of Ease Ray Group, including i) temporary uninstallation of traffic lights located in Xiamen and Nanchang due to road expansion and subway construction, ii) the policy implemented by the municipal government of Shangrao to rectify the local over-advertised market and iii) fierce competition in the outdoor advertising industry and the worsening economic situation in the PRC. The Company’s management has revised the figures, particularly revenue, adopted in the five-year profit forecast of Ease Ray Group. For the year ended 30 June 2012, a compound average growth rate (“**CAGR**”) of revenue of approximately 24.14% was adopted for the five-year profit forecast used for the value-in-use calculation while for the eighteen months ended 31 December 2013, a CAGR of revenue of approximately 0.74% was adopted.

Other than the aforesaid revision, key assumptions and valuation method have substantially remained the same for the value-in-use calculation as at 30 June 2012 and 31 December 2013.

By Order of the Board
Neo Telemedia Limited
CHEUNG Sing Tai
Chairman

Hong Kong, 30 April 2014

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. CHEUNG Sing Tai (Chairman and Chief Executive Officer), Mr. ZHANG Xinyu and Mr. LIAN Xin, and three independent non-executive Directors, namely Mr. LEUNG Ka Wo, Ms. LU Zhuo and Mr. CHOU Jianzhong.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the Growth Enterprise Market website at www.hkgem.com for at least seven days from the date of its posting and on the website of the Company at www.neo-telemedia.com.