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)

FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2015

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.

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This announcement, for which the directors (the "Directors") of Neo Telemedia Limited (the "Company") 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 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 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") announces the unaudited condensed consolidated results of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") for the three months ended 31 March 2015 together with comparative unaudited figures for the corresponding period of 2014 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		For the three months ended 31 March	
		2015	2014
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
Turnover	*3*	**2,412**	9,763
Cost of sales		**(4,424)**	(3,264)
Gross (loss)/profit		**(2,012)**	6,499
Other income		**539**	1,178
Selling and marketing expenses		**(999)**	(577)
Administrative and other expenses		**(11,834)**	(19,126)
Finance costs		**(5,666)**	(6,157)
Loss before income tax		**(19,972)**	(18,183)
Income tax credit	*4*	**1,134**	1,337
Loss for the period		**(18,838)**	(16,846)
Attributable to:			
Owners of the Company		**(14,344)**	(13,337)
Non-controlling interests		**(4,494)**	(3,509)
Loss per share	*6*		
– basic *(in HK cent)*		**(0.52)**	(0.52)
– diluted *(in HK cent)*		**N/A**	N/A

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	For the three months ended 31 March	
	2015	2014
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Loss for the period	**(18,838)**	(16,846)
Other comprehensive income:		
Items that may be subsequently reclassified to profit or loss:		
Exchange difference arising on translation of foreign operations	**477**	(2,066)
Total comprehensive expense for the period	**(18,361)**	(18,912)
Attributable to:		
Owners of the Company	**(13,961)**	(15,157)
Non-controlling interests	**(4,400)**	(3,755)

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. GENERAL INFORMATION

Neo Telemedia Limited (the "Company") (together with its subsidiaries, collectively referred to as the "Group") was 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 registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands, and the principal place of business of the Company in Hong Kong is located at Unit 1504, Harcourt House, 39 Gloucester Road, Wanchai, 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 sale of telecommunication products and services and provision of transmedia advertising services 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, certain new or revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants that are mandatorily effective for the current period. The application of the above new or revised 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 31 December 2014.

The unaudited condensed consolidated financial statements for the three months ended 31 March 2015 have not been audited or reviewed by the Company's auditors, but have been reviewed by the audit committee of the Company.

De-consolidation

Due to i) the non-cooperation of the key management of CERNET Wifi Technology (Beijing) Company Limited ("CERNET Wifi"), and ii) the non-cooperation of the holder of the CERNET Wifi's non-controlling interests who owned the brand name and network of CERNET, which CERNET Wifi had used for its operations pursuant to an asset leasehold agreement, the Company had been unable to both i) access the complete sets of books and records together with the supporting documents of CERNET Wifi and ii) maintain and operate the business of CERNET Wifi's properly. As such, the directors of the Company consider that the Company has lost its control over CERNET Wifi. As a result, CERNET Wifi had been de-consolidated from the consolidated financial statements of the Group from 1 January 2014. However, the de-consolidation of CERNET Wifi from the beginning of the year was not in compliance with the requirements of Hong Kong Financial Reporting Standard 10 "Consolidated Financial Statements".

The comparative figures of the unaudited condensed consolidated results have not been restated and the previous results of CERNET Wifi for the period from 1 January to 31 March 2014 were included in the comparative figure, based on the unaudited management information received.

3. TURNOVER

The Group was principally engaged in (i) sale of telecommunication products and services; and (ii) provision of transmedia advertising services during the three months ended 31 March 2015. An analysis of turnover is as follows:

	For the three months ended 31 March	
	2015	2014
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
Sale of telecommunication products and services	**2,401**	9,331
Transmedia advertising services	**11**	432
	2,412	9,763

4. INCOME TAX CREDIT

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 resolved not to declare any dividend for the three months ended 31 March 2015 (2014: Nil).

6. LOSS PER SHARE

(a) Basic loss per share

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

	For the three months ended 31 March	
	2015	2014
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
Loss attributable to owners of the Company	**(14,344)**	(13,337)

	For the three months ended 31 March	
	2015	2014
	(unaudited)	(unaudited)
Weighted average number of ordinary shares at the end of period	**2,754,920,793**	2,554,920,793

(b) Diluted loss per share

No diluted loss per share has been presented for the period ended 31 March 2015 as no dilutive event existed during this period.

7. SHARE CAPITAL AND RESERVES

	Attributable to owners of the Company										
	Share capital *HK$'000*	**Share premium** *HK$'000*	**Share options reserve** *HK$'000*	**Warrant reserve** *HK$'000*	**Convertible notes reserve** *HK$'000*	**Translation reserve** *HK$'000*	**Statutory reserve** *HK$'000*	**Accumulated losses** *HK$'000*	**Sub-total** *HK$'000*	**Non-controlling interests** *HK$'000*	**Total** *HK$'000*
At 1 January 2014 (audited)	255,492	1,024,031	47,084	14,600	7,131	1,908	7,375	(960,545)	397,076	104,488	501,564
Loss for the period	–	–	–	–	–	–	–	(13,337)	(13,337)	(3,509)	(16,846)
Other comprehensive income:											
Exchange difference on translation of foreign operations	–	–	–	–	–	(1,820)	–	–	(1,820)	(246)	(2,066)
Total comprehensive expense for the period	–	–	–	–	–	(1,820)	–	(13,337)	(15,157)	(3,755)	(18,912)
Share options lapsed	–	–	(23,619)	–	–	–	–	23,619	–	–	–
At 31 March 2014 (unaudited)	255,492	1,024,031	23,465	14,600	7,131	88	7,375	(950,263)	381,919	100,733	482,652
At 1 January 2015 (audited)	275,492	1,043,755	20,657	–	7,131	1,060	7,375	(1,486,912)	(131,442)	28,373	(103,069)
Loss for the period	–	–	–	–	–	–	–	(14,344)	(14,344)	(4,494)	(18,838)
Other comprehensive income:											
Exchange difference on translation of foreign operations	–	–	–	–	–	383	–	–	383	94	477
Total comprehensive income/(expense) for the period	–	–	–	–	–	383	–	(14,344)	(13,961)	(4,400)	(18,361)
At 31 March 2015 (unaudited)	275,492	1,043,755	20,657	–	7,131	1,443	7,375	(1,501,256)	(145,403)	23,973	(121,430)

8. EVENTS AFTER THE REPORTING PERIOD

i) On 30 January 2015, NEO Mobile Holdings Limited ("NEO Mobile"), a wholly owned subsidiary of the Company, and an independent third party (the "Vendor") entered into an agreement regarding Guangdong Wei Hai Xiao Yuan Mobile Network Company Limited* (《關於廣東蔚海校園移動網絡有限公司的協議》) (the "Agreement"). Pursuant to the Agreement, the Vendor has conditionally agreed to execute and procure the execution of certain structured contracts (the "Structured Contracts") and NEO Mobile has conditionally agreed to procure the issuance and allotment of 303,000,000 ordinary shares of the Company to the Vendor at HK$0.33 per Share with the total subscription price of HK$99,990,000.

The execution of the Structured Contracts will enable the Group to capture high growth opportunity in the Wifi access services and enlarge its market share in the mobile internet industry in the PRC.

For details of the Agreement and the Structured Contracts, please refer to the Company's announcement dated 30 January 2015.

The transactions contemplated under the Agreement were completed on 1 April 2015.

ii) On 24 April 2015, 廣東蔚海科技發展有限公司 (Guangdong Weihai Technology Development Company Limited)* ("Guangdong Weihai Technology"), a wholly owned subsidiary of the Company, has entered into a joint venture agreement (the "JV agreement") with 山東浪潮雲海雲計算產業投資有限公司 (Shandong Inspur Cloud Computing Industry Investment Company Limited)* ("Inspur Cloud Computing") pursuant to which Guangdong Weihai Technology and Inspur Cloud Computing have agreed to establish a joint venture (the "JV Company") to mainly engage in the applications of cloud computing and e-commerce businesses. Pursuant to the JV agreement, the amount of registered share capital of the JV Company shall be RMB20,000,000 while Inspur Cloud Computing shall account for a capital contribution of RMB12,000,000 and Guangdong Weihai Technology shall account for a capital contribution of RMB8,000,000. Upon the completion of the capital contribution of the parties, the JV Company shall be owned as to 60% by Inspur Cloud Computing and 40% by Guangdong Weihai Technology.

As at the date of this announcement, the establishment of the JV Company has not been completed.

iii) On 5 May 2015, the Company entered into the warrant subscription agreements with nine independent third parties (the "Subscribers"), pursuant to which the Company agreed to issue and the Subscribers agreed to subscribe for an aggregate of 400,000,000 warrants at the issue price of HK$0.05 per warrant (the "Warrant"). Each of the Warrants carries the right to subscribe for one new share at the initial exercise price of HK$0.50 per share during a period of two years commencing from (and inclusive of) the date of issue of the Warrants.

As at the date of this announcement, the issue of the Warrants has not been completed.

iv) On 8 May 2015, the Board proposed a bonus issue of 3,057,920,793 new shares, subject to adjustments, by way of capitalisation of an appropriate amount in the share premium account of the Company (the "Bonus Issue"). After the completion of the Bonus Issue, there will be a total of 6,115,841,586 ordinary shares in issue as enlarged by the Bonus Issue.

The Bonus Issue is subject to the approval of the shareholders of the Company and as at the date of this announcement, the Bonus Issue has not been completed.

v) On 11 May 2015, the Company entered into a loan agreement with Mr. Lie Haiquan ("Mr. Lie"), a substantial shareholder of the Company, pursuant to which Mr. Lie has agreed to lend to the Company an unsecured loan of HK$100,000,000 for a period of one year at an interest rate of 5% per annum.

As at the date of this announcement, the abovementioned loan has not been drawn down.

* *For identification purpose only*

MANAGEMENT DISCUSSION AND ANALYSIS

For the first quarter ended 31 March 2015, the Group recorded a turnover of approximately HK$2,412,000 (2014: HK$9,763,000), representing a decline of HK$7,351,000 or 75% as compared to the same quarter of last year. The Group recorded a loss attributable to owners of the Company of approximately HK$14,344,000 (2014: HK$13,337,000) for the first quarter ended 31 March 2015, representing an increase of HK$1,007,000 or 8% as compared to the corresponding period of last year. The decrease in turnover and the increase in loss attributable to owners of the Company were mainly due to i) the de-consolidation of CERNET Wifi, and ii) decline in performance of satellite-related services.

Sale of telecommunication products and services

Hughes China Group

During the period under review, Hughes China Group continued to work on the coal-mine surveillance projects, as well as the two other major projects namely "天地星" and "蒙古包". The revenue contributed to the Group for the period represents sale of satellite communication system devices and related services.

CERNET Wifi Group

Due to (i) the non-cooperation of the former general manager of CERNET Wifi, and (ii) the non-cooperation of the holders of the non-controlling interests, the Company had been unable to both (i) access the complete sets of books and records together with the supporting documents of CERNET Wifi and (ii) maintain and operate the business of CERNET Wifi properly. As such, CERNET Wifi has been de-consolidated from the consolidated financial statements since last financial year. Therefore, there is no revenue contributed from the CERNET Wifi group in the period under review.

Smart Long Group

During the period under review, Smart Long Group has launched its online platform for promotion of Internet lottery sales; however, the operation is subsequently suspended due to the promulgation of the Notice of General Administration of Sport on the Practical Implementation of Special Audit Opinions on Lottery Funds to Strengthen the Sports Lottery Management (《體育總局關於切實落實彩票資金專項審計意見加強體育彩票管理工作的通知》) by the General Administration of Sport of the PRC and the Notice on Issues Regarding Conducting Self-examination and Self-correction Activities of the Unauthorised Sale of Lottery through Internet (《關於開展擅自利用互聯網銷售彩票行為自查自糾工作有關問題的通知》) jointly promulgated by the Ministry of Finance, Ministry of Civil Affairs and the General Administration of Sport of the PRC.

Provision of transmedia advertising services

During the period under review, Ease Ray Group's revenue has decreased as compared to the corresponding period in 2014 due to the temporary suspension of our services in various cities as a result of the policies implemented to rectify the local over-advertised market by the municipal governments and the aging of the traffic signboards.

PROSPECTS

Sale of telecommunications products and services

Upon the entering into the agreements with Guangdong Wei Hai Xiao Yuan Mobile Network Company Limited and Inspur Cloud Computing, the Group is exploring various opportunities in Wifi access services, application of cloud computing and cross-border e-commerce business in the PRC.

The management will continue to monitor the progress of various projects that the group companies are working on. In the meantime, the Directors are in the process of reassessing these projects, particularly those are risky, loss making or require a significant amount of investment, to determine if any of them needs to be discontinued.

Provision of transmedia advertising services

The management will continue to work with the municipal government of Xiamen and Nanchang for a timetable of resuming our services and will continue to carry out maintenance work on the aged traffic signboards so as to maintain their normal operation.

LEGAL PROCEEDINGS

The Company

Reference is made to the announcement of the Company dated 15 October 2014 regarding the receipt of a winding-up petition (the "Winding-up Petition") by the Company on 15 October 2014, presented by Beyond Net Service Limited (the "Petitioner") at the Court of First Instance of the High Court of the Hong Kong Special Administrative Region (the "High Court") against the Company. The Winding-up Petition concerns a sum of HK$3,067,500 (the "Claim"), being the amount of a cheque issued by the Company on behalf of Cloud Computing Investment Limited ("Cloud Computing"), a wholly owned subsidiary of the Company, to the Petitioner pursuant to a consultancy agreement entered into between the Petitioner and Cloud Computing on 1 August 2012 (the "Consultancy Agreement"). In accordance with the Consultancy Agreement, the Petitioner should provide certain consultation and services to Cloud Computing within one year from the date of the agreement but the Petitioner has failed to do so. Having reviewed the details of the Winding-up Petition and the relevant facts, the Company has instructed its legal advisers to apply for striking out and dismissal of the Winding-up Petition (the "Application"), which was heard at the High Court on 4 May 2015, and the Company received on 12 May 2015 the decision (the "Decision") from the High Court that the Application has been failed. At the date of this announcement, the Company has instructed its legal advisers to appeal the Decision.

The Company has further instructed its legal advisers to advise and take action on behalf of Cloud Computing against the Petitioner on the Petitioner's failure to perform the Consultancy Agreement. Pursuant to such instructions, the legal adviser has issued a High Court Action on 5 December 2014 against the Petitioner.

Having considered the Claim and the financial position of the Company, the Directors are of the view that the Winding-up Petition would not result in any material adverse impact on the operation and financial position of the Group.

CERNET Wifi

Asset Leasehold Arbitration claim

Reference is made to the announcement the Company dated 19 December 2014 in relation to the application by CERNET Wifi to the China International Economic And Trade Arbitration Commission（中國國際經濟貿易仲裁委員會）(the "CIETAC") to claim against CCL and 賽爾投資有限公司 (CERNET Investment Company Limited*) ("CERNET Investment") for, inter alia, an amount of RMB22,529,555, being the benefits after deduction of tax generated from the assets leased by CCL and CERNET Investment to CERNET Wifi pursuant to the Asset Leasehold Agreement (the "Asset Leasehold Arbitration").

On 5 February 2015, CERNET Wifi received a counter claim from CCL and CERNET Investment claiming for, inter alia, a total amount of RMB26,528,148.

In addition to the claims made in the Asset Leasehold Arbitration, CERNET Wifi has further claimed against CCL and CERNET Investment for, inter alia, (i) the continuation of the Asset Leasehold Agreement and (ii) the benefits after deduction of tax generated from the assets leased by CCL and CERNET Investment to CERNET Wifi since 1 October 2014.

The hearing for the claim was held on 8 May 2015, and the CIETAC has reserved its judgment in order to gather more information before arriving at a conclusion.

CERNET Wifi's PRC legal advisor is of the opinion that the outcome of the Asset Leasehold Arbitration will be based upon calculation and settlement of cost, revenue and benefits under the Asset Leasehold Agreement. As such, as at the date of this announcement, the outcome is uncertain.

Common Seal and Documents Claim

On 12 January 2015, CERNET Wifi filed a claim against the former general manager of CERNET Wifi (the "Former GM"), in 北京市海淀區人民法院 (Beijing Haidian District People's Court*) (the "Beijing Haidian Court") for, inter alia, the return of CERNET Wifi's common seal, contract chop, business registration, and license to carry out value-added telecommunication business ("CERNET Wifi's Documents"). On 17 November 2014, the Former GM was dismissed in response to CERNET Wifi's declining business by way of board resolution passed by the CERNET Wifi's board. On 5 December 2014, CERNET Wifi passed a shareholders' resolution that CERNET Wifi's Documents be under the custody of CERNET Wifi's legal representative, Mr. Zhang Xinyu, a director of the Company. On 26 December 2014, CERNET Wifi requested the Former GM for the return of CERNET Wifi's Documents but the Former GM had failed to do so. Beijing Haidian Court issued the judgement on 18 March 2015, pursuant to which the Former GM shall return CERNET Wifi's common seal, contract chop and business registration and its duplicate.

* *For identification purpose only*

The Former GM has brought the claim to 北京市第一中級人民法院 (Beijing No.1 Intermediate People's Court*) as an appeal to the Beijing Haidian Court's decision. The hearing for the appeal was held on 27 April 2015 and the judgment has been reserved after the hearing.

Labour Arbitration Claim

On 12 January 2015, notices of claim of 69 former employees of CERNET Wifi were served on CERNET Wifi by 北京市海淀區勞動人事爭議仲裁委員會 (Haidian District Labour Dispute Arbitration Committee of Beijing Municipality*) (the "HDLDAC") pursuant to which, the applicants claimed for the amount of RMB1,361,993.57, being the salary, over-time payment, meals fee, disbursement, annual leave fee, and dismissal fees payable by CERNET Wifi. CERNET Wifi has counter-claimed against 34 applicants for the return of company properties and payment of commissions (the "Labour Arbitration Claim").

The HDLDAC rendered its decision with respect to the Labour Arbitration Claim and CERNET Wifi has brought the claim to the Beijing Haidian Court as an appeal to the HDLDAC's decision.

The hearing for the appeal was held on 29 April 2015. The Beijing Haidian Court has not reached any judgment and adjourned the hearing until further notice.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SECURITIES

As at 31 March 2015, 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. ZHANG Xinyu	Beneficial owner	20,000,000	20,000,000	0.73%

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 section headed "Share option schemes" 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 share option schemes 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 three months ended 31 March 2015 are set out below:

				Number of share options			
Name of category of participant	**Date of grant**	**Exercise period**	**Exercise price per share** *(HK$)*	**At 1 January 2015**	**Exercised during the period**	**Lapsed during the period**	**At 31 March 2015**
Employees and others							
In aggregate	8/4/2011	8/4/2011 – 7/4/2021	1.07	3,000,000	–	–	3,000,000
Total				3,000,000	–	–	3,000,000

Particulars of the share options under the New Scheme and their movements during the three months ended 31 March 2015 are set out below:

Name of category of participant	Date of grant	Exercise period	Exercise price per share *(HK$)*	Number of share options			
				At 1 January 2015	Exercised during the period	Lapsed during the period	At 31 March 2015
Directors							
Mr. ZHANG Xinyu	3/4/2013	3/4/2013 – 2/4/2018	0.628	20,000,000	–	–	20,000,000
Subtotal				20,000,000	–	–	20,000,000
Employees and others							
In aggregate	3/4/2013	3/4/2013 – 2/4/2018	0.628	50,000,000	–	–	50,000,000
Subtotal				50,000,000	–	–	50,000,000
Total				70,000,000	–	–	70,000,000

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

So far is known to the Directors, as at 31 March 2015, 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	578,556,000 Shares	21.00%
	Interest in controlled corporation *(Note)*	220,580,000 Shares	8.01%
	Total	799,136,000 Shares	29.01%

Note: 210,000,000 shares are held by Winner Mind Investments Limited ("Winner Mind"), a company incorporated in the British Virgin Islands and 10,580,000 shares are held by Golden Ocean Assets Management Limited ("Golden Ocean"), a company incorporated in Hong Kong, both companies are wholly-owned by Mr. LIE Haiquan. Thus he is deemed to be interested in 210,000,000 shares held by Winner Mind and 10,580,000 shares held by Golden Ocean pursuant to the SFO.

Save as disclosed above, no other parties were recorded in the register of interests required to be kept by the Company, the Company had no notice of any interests and short positions pursuant to Section 336 of the SFO as at 31 March 2015.

COMPETITION AND CONFLICT OF INTERESTS

None of the Directors, the management shareholders or substantial shareholders of the Company or any of their respective close associates has engaged in any business that competes or may compete with the close business of the Group or has any other conflict of interests with the Group during the three months ended 31 March 2015.

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 three months ended 31 March 2015.

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 three months ended 31 March 2015 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
CHEUNG Sing Tai
Chairman

Hong Kong, 13 May 2015

As at the date hereof, the Board comprises four executive Directors, namely Mr. CHEUNG Sing Tai (Chairman and Chief Executive Officer), Mr. ZHANG Xinyu, Mr. LIAN Xin and Ms. YE Weiping; and four independent non-executive Directors, namely Mr. LEUNG Ka Wo, Mr. CHOU Jianzhong, Ms. XI Lina and Mr. HUANG Zhixiong.

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