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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)

PROFIT WARNING

This announcement is made by the Company pursuant to Rule 17.10 of the GEM Listing Rules.

The Board wishes to inform the shareholders of the Company and potential investors that based on the preliminary review of the unaudited consolidated management accounts of the Group, it is expected to record a loss for the three months ended 30 September 2012 as compared to the profit recorded in the corresponding period in 2011.

The information contained in this announcement is only a preliminary assessment by the Board based on the information currently available and the unaudited consolidated management accounts of the Group, which have not been reviewed by the Company's audit committee.

Shareholders of the Company and potential investors are advised to exercise caution in dealing in the shares of the Company.

This announcement is made by Neo Telemedia Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) pursuant to Rule 17.10 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”).

Based on preliminary review by the board of directors of the Company (the “**Board**”) of the unaudited consolidated management accounts of the Group, the Board wishes to inform the shareholders of the Company and potential investors that the Group is expected to record a loss for the three months ended 30 September 2012 as compared to the profit recorded in the corresponding period in 2011. Based on the relevant information currently available to the Company, the Board considers that such loss 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 economic situation in the PRC. The above factors have adversely affected the Group's revenue as well as its operating results for the three months ended 30 September 2012.

As the Company is still in the course of preparing its quarterly results for the three months ended 30 September 2012, the information contained in this announcement is only a preliminary assessment by the Board based on the information currently available and the unaudited consolidated management accounts of the Group, which have not been reviewed by the Company's audit committee. The overall financial results of the Group for the three months ended 30 September 2012 will only be ascertained when all the relevant results and corresponding treatments are finalised. The quarterly results of the Group for the three months ended 30 September 2012 are scheduled to be approved and announced by the Board on 13 November 2012. Shareholders of the Company and potential investors are advised to read the quarterly results announcement of the Company when it is published.

Shareholders of the Company and potential investors are advised to exercise caution in dealing in the shares of the Company.

By order of the Board
Neo Telemedia Limited
LI Hongrong
Chairman

Hong Kong, 7 November 2012

As at the date hereof, the Board is comprised of 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 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 in 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.