



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)

THIRD QUARTERLY RESULTS ANNOUNCEMENT
FOR THE NINE AND THREE MONTHS ENDED 30 SEPTEMBER 2021

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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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 GEM of the Stock Exchange 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 in 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 nine and three months ended 30 September 2021 together with comparative unaudited figures for the corresponding period of 2020 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	For the nine months ended 30 September		For the three months ended 30 September	
		2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Unaudited)
Revenue	3	452,823	375,137	187,919	81,527
Cost of sales		(364,928)	(324,833)	(166,407)	(62,086)
Gross profit		87,895	50,304	21,512	19,441
Other income and gains		1,697	4,814	1,073	1,718
Gain on disposal of subsidiaries		–	6,244	–	6,244
Selling and marketing costs		(22,912)	(17,827)	(9,791)	(8,825)
Administrative and other expenses		(100,820)	(105,359)	(33,744)	(35,631)
Net change in impairment losses under expected credit loss model		(929)	9,925	–	(2,676)
Impairment loss recognised in respect of intangible asset		–	(33,358)	–	–
Finance costs		(29,566)	(2,737)	(10,761)	(588)
Loss before tax		(64,635)	(87,994)	(31,711)	(20,317)
Income tax	4	5,056	11,452	1,400	677
Loss for the period		(59,579)	(76,542)	(30,311)	(19,640)
Loss for the period attributable to:					
Owners of the Company		(53,744)	(63,984)	(28,502)	(17,480)
Non-controlling interests		(5,835)	(12,558)	(1,809)	(2,160)
		(59,579)	(76,542)	(30,311)	(19,640)
		<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>
Loss per share	6				
– basic		(0.56)	(0.67)	(0.30)	(0.18)
– diluted		(0.56)	(0.67)	(0.30)	(0.18)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	For the nine months ended 30 September		For the three months ended 30 September	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Loss for the period	<u>(59,579)</u>	<u>(76,542)</u>	<u>(30,311)</u>	<u>(19,640)</u>
Other comprehensive income, net of income tax				
Items that may be subsequently reclassified to profit or loss:				
Exchange differences arising on translation of foreign operations	8,706	8,341	673	21,626
Reclassification adjustment relating to disposal of foreign operations during the period	<u>–</u>	<u>(1,198)</u>	<u>–</u>	<u>(1,198)</u>
Other comprehensive income for the period, net of tax	<u>8,706</u>	<u>7,143</u>	<u>673</u>	<u>20,428</u>
Total comprehensive (loss)/ income for the period	<u>(50,873)</u>	<u>(69,399)</u>	<u>(29,638)</u>	<u>788</u>
Total comprehensive (loss)/income for the period attributable to:				
Owners of the Company	(45,383)	(57,519)	(27,860)	1,155
Non-controlling interests	<u>(5,490)</u>	<u>(11,880)</u>	<u>(1,778)</u>	<u>(367)</u>
	<u>(50,873)</u>	<u>(69,399)</u>	<u>(29,638)</u>	<u>788</u>

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 GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The address of the registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands, and its principal place of business in Hong Kong is located at Room 901B, 9th Floor, Empire Centre, 68 Mody Road, Tsim Sha Tsui, Kowloon, Hong Kong.

The Company is an investment holding company and the principal activities of its subsidiaries are the provision of data centre services and trading of telecommunication products.

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 of the Stock Exchange (“**GEM Listing Rules**”). The unaudited condensed consolidated financial statements have been prepared under the historical cost convention.

The unaudited condensed consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”) and all amounts are rounded to the nearest thousand (“**HK\$’000**”) unless otherwise stated.

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 2020, except that 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 these new or revised HKFRSs has had no material effect on the Group’s financial statements.

The unaudited condensed consolidated financial statements for the nine months ended 30 September 2021 have not been audited or reviewed by the Company’s auditors, but have been reviewed by the audit committee of the Company.

3. REVENUE

The Group was principally engaged in the provision of data centre services and trading of telecommunication products during the nine and three months ended 30 September 2021. An analysis of revenue is as follows:

	For the nine months ended 30 September		For the three months ended 30 September	
	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Unaudited)
Provision of data centre services	443,718	243,515	185,629	73,126
Trading of telecommunication products	468	114,558	11	1,460
	<u>444,186</u>	<u>358,073</u>	<u>185,640</u>	<u>74,586</u>
Others (<i>Note</i>)	8,637	17,064	2,279	6,941
	<u>452,823</u>	<u>375,137</u>	<u>187,919</u>	<u>81,527</u>

Note: Others mainly represent income arising from the provision of system integration services and leasing of properties (2020: others mainly represent income arising from the provision of system integration services, the provision of bus services and leasing of properties).

4. INCOME TAX

Hong Kong Profits Tax was calculated at 16.5% on the estimated assessable profits. On 21 March 2018, the Hong Kong Legislative Council passed the Inland Revenue (Amendment) (No.7) Bill 2017 (“**Bill**”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazette on the following day. Under the two-tiered profits tax rate regime, the first HK\$2,000,000 of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2,000,000 will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

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.

Pursuant to the relevant laws and regulations in the PRC, certain subsidiaries of the Company, being qualified as a new and high technology enterprise, are eligible for a preferential Enterprise Income 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 nine months ended 30 September 2021 (2020: Nil).

6. LOSS PER SHARE

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

	For the nine months ended 30 September 2021 <i>HK\$'000</i> (Unaudited)		For the three months ended 30 September 2021 <i>HK\$'000</i> (Unaudited)	
Loss attributable to owners of the Company	<u>(53,744)</u>	<u>(63,984)</u>	<u>(28,502)</u>	<u>(17,480)</u>
	For the nine months ended 30 September 2020 (Unaudited)		For the three months ended 30 September 2020 (Unaudited)	
Weighted average number of ordinary shares for the purpose of basic and diluted loss per ordinary share at the end of the period	<u>9,522,184,345</u>	<u>9,522,184,345</u>	<u>9,522,184,345</u>	<u>9,522,184,345</u>

No diluted loss per share for the three months ended 30 September 2021 was presented as there were no potential ordinary shares in issue for the period.

The computation of diluted loss per share for the nine months ended 30 September 2021 and for the nine months and three months ended 30 September 2020 did not assume the exercise of share options since the exercise prices were higher than the average share price.

7. SHARE CAPITAL AND RESERVES

	Attributable to owners of the Company						Sub-total HK\$'000	Non- controlling interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Share options reserve HK\$'000	Translation reserve HK\$'000	Statutory reserve HK\$'000	Accumulated losses HK\$'000			
At 1 January 2020 (audited)	952,218	1,759,494	17,157	(47,614)	1,893	(1,561,717)	1,121,431	65,715	1,187,146
Loss for the period	-	-	-	-	-	(63,984)	(63,984)	(12,558)	(76,542)
Other comprehensive income:									
Reclassification adjustment relating to disposal of foreign operations during the period	-	-	-	(1,198)	-	-	(1,198)	-	(1,198)
Exchange differences on translation of foreign operations	-	-	-	7,663	-	-	7,663	678	8,341
Total comprehensive loss for the period	-	-	-	6,465	-	(63,984)	(57,519)	(11,880)	(69,399)
Disposal of subsidiaries	-	-	-	-	-	-	-	12,858	12,858
Acquisition of non-controlling interests	-	-	-	-	-	(25,492)	(25,492)	4,226	(21,266)
Share options lapsed	-	-	(520)	-	-	520	-	-	-
At 30 September 2020 (unaudited)	952,218	1,759,494	16,637	(41,149)	1,893	(1,650,673)	1,038,420	70,919	1,109,339
At 1 January 2021 (audited)	952,218	1,759,494	15,863	(2,340)	1,893	(1,688,667)	1,038,461	62,561	1,101,022
Loss for the period	-	-	-	-	-	(53,744)	(53,744)	(5,835)	(59,579)
Other comprehensive income									
Exchange difference on translation of foreign operations	-	-	-	8,361	-	-	8,361	345	8,706
Total comprehensive expenses for the period	-	-	-	8,361	-	(53,744)	(45,383)	(5,490)	(50,873)
Share options lapsed	-	-	(15,863)	-	-	15,863	-	-	-
At 30 September 2021 (unaudited)	952,218	1,759,494	-	6,021	1,893	(1,726,548)	993,078	57,071	1,050,149

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

For the nine months ended 30 September 2021, the Group recorded a revenue of approximately HK\$452.8 million (2020: HK\$375.1 million), representing a increase of approximately HK\$77.7 million or 20.7% as compared to the same period in last year. The increase in revenue was mainly due to the commencement of operation of Bluesea Intelligence Valley Mega Data Centre and Shanghai Baoshan Data Centre and the increase in number of server cabinets available for service in Guangzhou (Nanxiang) Cloud Data Centre which counteracted the impact of the decrease in revenue from the trading of mobile device business in mainland China.

The Group recorded a loss attributable to owners of the Company of approximately HK\$53.7 million (2020: HK\$64.0 million) for the nine months ended 30 September 2021, representing a decrease of approximately HK\$10.3 million or 16.1% as compared to the same period in last year. The decrease in loss for the period is mainly due to the net effect of: 1) no impairment loss on intangible asset in respect of the trading of telecommunication products business in mainland China for the nine months ended 30 September 2021 (2020: HK\$33.4 million) and 2) the increase in finance costs of approximately HK\$26.8 million compared to the same period in last year.

Other Financial Information

	For the nine months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
EBITDA (a)	51,783	(32,099)
EBITDA margin (b)	<u>11.44%</u>	<u>(8.56%)</u>

Note:

- (a) EBITDA is defined as profit or loss for the period excluding net interest income or expense, income tax expense or credit, depreciation and amortisation.
- (b) EBITDA margin is calculated by dividing EBITDA by revenue.

Business Review

Provision of Data Centre Services

The Group provides data centre services to its customers in mainland China through self-developed data centres and server cabinets leased from third parties.

A summary of the Group's self-developed data centres by data centre as of 30 September 2021 is set out below.

Name of data centre	Number of server cabinets			Server cabinets % of total
	Available for service	Under construction (Note)	Total	
Guangzhou Lotus Hill Data Centre	1,499	–	1,499	4.3
Guangzhou (Nanxiang) Cloud Data Centre	2,871	–	2,871	8.2
Bluesea Intelligence Valley Mega Data Centre	3,912	22,222	26,134	74.9
Shanghai Baoshan Data Centre	310	942	1,252	3.6
Shenzhen Guanlan Flagship Data Centre	–	3,147	3,147	9.0
Total	<u>8,592</u>	<u>26,311</u>	<u>34,903</u>	<u>100.0</u>

Note: This is an estimate and is subject to change upon completion of the construction.

The Group also operated an aggregate of approximately 920 server cabinets that were leased from third parties.

The Group's profitability is largely determined by the utilisation of its self-developed data centres. As of 30 September 2021, based on the number of server cabinets available for service, the utilisation rates of Guangzhou Lotus Hill Data Centre, Guangzhou (Nanxiang) Cloud Data Centre, Bluesea Intelligence Valley Mega Data Centre and Shanghai Baoshan Data Centre were approximately 70.0%, 61.3%, 36.0% and 37.4%, respectively. Due to the outbreak of COVID-19, the Group's customers had delayed to house their servers and data storage in the abovementioned data centres in service, which adversely affected the Group's profitability for the period under review. During the period under review, revenue from the provision of data centre services was approximately HK\$443.7 million (2020: HK\$243.5million), representing an increase of approximately HK\$200.2 million or 82.2% as compared to the same period in last year. It was mainly attributable to the commencement of operation of Bluesea Intelligence Valley Mega Data Centre and Shanghai Baoshan Data Centre and the increase in number of server cabinets available for service in Guangzhou (Nanxiang) Cloud Data Centre which contributed additional revenue to the Group.

With the increasing number of server cabinets in the Group's self-developed data centres, the Group has gradually relocated servers of certain customers from leased server cabinets to its self-developed data centres in the same region in order to increase profitability. As the server cabinets available for service are not fully utilised and the construction of approximately 26,000 server cabinets is expected to complete gradually during the period of the fourth quarter of 2021 to 2022, financial performance of the Group is expected to improve substantially in the next two years.

Trading of Telecommunication Products

As there has been no improvement in the global mobile business environment since the third quarter of 2019 and due to the outbreak of COVID-19 in the first quarter of 2020, the Group did not receive any purchase order from its customers under the trading of mobile device business in Hong Kong. In addition, albeit ongoing negotiation with the Group's suppliers since 2019, it was still unable to secure the supply of 5G mobile devices that the Group considered to be a major source of revenue from the trading of mobile device business in Hong Kong. In light of the above, the Board resolved to cease the trading of mobile device business in Hong Kong during the first quarter of 2020.

The outbreak of COVID-19 and the fierce competition of the telecommunication market have also negatively impacted the Group's trading of telecommunication product business in mainland China. After fulfilling the sale orders in the first quarter of 2020, the Group did not generate any revenue from the trading business in mainland China during the second quarter of 2020. Having reviewed its profitability and assessed its prospects, the Group has decided to scale down its trading business in mainland China in order to better utilise its resources in its data centre operations, a more profitable business.

During the period under review, revenue from the trading of telecommunication products was approximately HK\$0.5 million (2020: HK\$114.6 million), representing a decrease of approximately HK\$114.1 million or 99.6% as compared to the same period in last year.

Others

Others mainly consist of the provision of system integration services and leasing of properties (2020: Others mainly consisted of the provision of system integration services, the provision of bus services and leasing of properties); the revenue, results and assets of which are individually immaterial to the Group.

During the period under review, revenue from others was approximately HK\$8.6 million (2020: HK\$17.1 million), representing a decrease of approximately HK\$8.5 million or 49.7% as compared to the same period in last year which was mainly due to decrease in provision of system integration services income and the provision of bus services income.

Sale and Lease Transaction

On 26 July 2021, Guangdong Bluesea Data Development Company Limited* (廣東蔚海數據發展有限公司) (“**Bluesea Data**”), an indirect wholly owned subsidiary of the Company, and KDCR Guangdong Co., Ltd* (吉寶數據(廣東)有限公司) (“**KDCR**”) entered into sale and lease agreements pursuant to which (i) KDCR would purchase from Bluesea Data a premises located at the Group’s Bluesea Intelligence Valley in Heshan, Guangdong Province and the facilities and equipment that are built and installed therein (collectively, the “**Subject Assets**”) in an aggregate consideration of RMB700 million (equivalent to approximately HK\$840 million) (inclusive of VAT); and (ii) KDCR agreed to lease the Subject Assets to Bluesea Data for its operation at the initial monthly payment of RMB5.25 million (equivalent to approximately HK\$6.30 million) (inclusive of VAT and subject to adjustment) (the “**Sale and Lease Transaction**”).

The Directors are of the view that the Sale and Lease Transaction provides the Group with an opportunity to realise a capital gain of considerable size and to provide immediate cash for the Group’s business development while the Group will remain as lessee of the Subject Assets and services provider to maintain sustainable profit.

As at the date of this announcement, the Sale and Lease Transaction is still in the process of completion according to the relevant agreements.

Business Prospects

The COVID-19 pandemic has brought upon unprecedented challenges to the economy. The necessary protection measures have been severely impacting on economic activities.

* For identification purpose only

Nevertheless, the outlook of the Group remains positive. With the rapid growth in data traffic, accelerating trend of digitisation and PRC government policies that support the growth of digital economy, the demand for high quality data centres will continuously increase at least over the next five years.

In 2021, we have seen the operations of two new data centres being commenced, namely Bluesea Intelligence Valley Mega Data Centre in Heshan, Guangdong province and Shanghai Baoshan Data Centre, while Shenzhen Guanlan Data Centre is expected to commence its operations in 2022. In particular, Bluesea Intelligence Valley Mega Data Centre will provide over 26,000 server cabinets with excellent infrastructures upon completion of its construction. The launch of these three new data centres will increase the capacity of the Group in terms of number of server cabinets by over 10 times (compared to the number of the Group's server cabinets in 2020) which will provide our customers ample room for growth.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SECURITIES

As at 30 September 2021, 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 Stock 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

Name of Director	Capacity	Number of shares held	Approximate percentage of shareholding
Dr. LIE Haiquan	Beneficial owner	2,256,356,000	23.69%
	Interest in controlled corporations (<i>Note 1</i>)	2,091,923,357	21.97%

Notes:

- 2,055,887,357 shares and 36,036,000 shares are held by Winner Mind Investments Limited (“Winner Mind”) and Golden Ocean Assets Management Limited respectively, both companies are wholly-owned by Dr. LIE Haiquan. Thus, he was deemed to be interested in these 2,091,923,357 shares pursuant to the SFO.

Save as disclosed above, the Directors did not have any interests or short positions in the securities of the Company as at 30 September 2021.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the heading “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 movements share options during the nine months ended 30 September 2021 are set out below:

Name of category of participant	Date of grant	Exercise period	Exercise price per share	Number of share options		
				At 1 January 2021	Lapsed during the period	At 30 September 2021
Directors						
Dr. LIE Haiquan	9.4.2018	9.4.2018 to 8.4.2021	0.250	9,000,000	(9,000,000)	–
Mr. CHEUNG Sing Tai	9.4.2018	9.4.2018 to 8.4.2021	0.250	18,000,000	(18,000,000)	–
Mr. TAO Wei	9.4.2018	9.4.2018 to 8.4.2021	0.250	6,000,000	(6,000,000)	–
Mr. ZHANG Zihua	9.4.2018	9.4.2018 to 8.4.2021	0.250	1,000,000	(1,000,000)	–
Ms. XI Lina	9.4.2018	9.4.2018 to 8.4.2021	0.250	1,000,000	(1,000,000)	–
Mr. HUANG Zhixiong	9.4.2018	9.4.2018 to 8.4.2021	0.250	1,000,000	(1,000,000)	–
				36,000,000	(36,000,000)	–
Employees	31.1.2018	31.1.2018 to 30.1.2021	0.250	54,300,000	(54,300,000)	–
				54,300,000	(54,300,000)	–
Others	8.4.2011	8.4.2011 to 7.4.2021	0.469	6,840,000	(6,840,000)	–
	31.1.2018	31.1.2018 to 30.1.2021	0.250	126,000,000	(126,000,000)	–
	9.4.2018	9.4.2018 to 8.4.2021	0.250	86,000,000	(86,000,000)	–
				218,840,000	(218,840,000)	–
Total				309,140,000	(309,140,000)	–

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

So far is known to the Directors, as at 30 September 2021, 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 shares/underlying shares held	Approximate percentage of shareholding
Winner Mind (<i>Note 1</i>)	Beneficial owner	2,055,887,357	21.59%
Mr. YAN Wai Ping	Beneficial owner	373,588,000	3.92%
	Interest of spouse (<i>Note 2</i>)	106,702,000	1.12%

Note:

- (1) Winner Mind is wholly-owned by Dr. LIE Haiquan.
- (2) Mr. Yan is interested in 106,702,000 shares held by his spouse, Ms. Wong Pui Yan.

COMPETITION AND CONFLICT OF INTERESTS

None of the Directors 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 business of the Group or has any other conflict of interests with the Group during the nine months ended 30 September 2021.

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 30 September 2021.

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 system and to review the risk management and internal controls systems of the Group. The Audit Committee has reviewed the Company’s unaudited financial statements for the nine months ended 30 September 2021 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
Dr. LIE Haiquan
Chairman

Hong Kong, 10 November 2021

As at the date of this announcement, the Board comprises four executive Directors, namely Dr. LIE Haiquan (Chairman), Mr. CHEUNG Sing Tai (Deputy Chairman and Chief Executive Officer), Mr. TAO Wei and Mr. Wu Di and three independent non-executive Directors, namely Mr. ZHANG Zihua, Ms. XI Lina and Mr. HUANG Zhixiong.

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 and on the website of the Company at www.neo-telemedia.com.