



**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)**

**UNAUDITED ANNUAL RESULTS ANNOUNCEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

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

**GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the 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.**

**Given that the companies listed on GEM are generally small and mid-sized, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.**

*Hong Kong Exchanges and Clearing Limited and the Exchange take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

*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 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 ANNUAL RESULTS

The board of Directors (“**Board**”) announces the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2021, together with the comparative figures for the year ended 31 December 2020 as follows:

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the year ended 31 December 2021*

	<i>Notes</i>	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>Revenue</b>	4	<b>615,174</b>	464,908
Cost of sales		<b>(498,290)</b>	(394,191)
<b>Gross profit</b>		<b>116,884</b>	70,717
Other income and gains		<b>37,879</b>	7,011
Gain on disposal of subsidiaries		–	2,535
Selling and marketing costs		<b>(32,914)</b>	(24,462)
Administrative and other expenses		<b>(144,993)</b>	(153,037)
Net change in impairment losses under expected credit loss model		<b>8,589</b>	7,671
Write-off/impairment loss recognised in respect of intangible assets		–	(33,358)
Finance costs		<b>(46,909)</b>	(17,069)
<b>Loss before tax</b>	7	<b>(61,464)</b>	(139,992)
Income tax (expense)/credit	6	<b>(9,892)</b>	12,421
<b>Loss for the year</b>		<b>(71,356)</b>	(127,571)
<b>Other comprehensive income for the year, net of tax</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations during the year		<b>28,622</b>	48,647
Reclassification of cumulative translation reserve upon disposal of foreign operations during the year		–	(1,110)
Other comprehensive income for the year, net of tax		<b>28,622</b>	47,537
<b>Total comprehensive loss for the year</b>		<b>(42,734)</b>	(80,034)

	<i>Notes</i>	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>Loss for the year attributable to:</b>			
Owners of the Company		<b>(62,667)</b>	(110,344)
Non-controlling interests		<b>(8,689)</b>	(17,227)
		<u><b>(71,356)</b></u>	<u>(127,571)</u>
<b>Total comprehensive loss attributable to:</b>			
Owners of the Company		<b>(34,906)</b>	(65,070)
Non-controlling interests		<b>(7,828)</b>	(14,964)
		<u><b>(42,734)</b></u>	<u>(80,034)</u>
		<i>HK Cents</i>	<i>HK Cents</i>
<b>Basic and diluted loss per share</b>	<b>8</b>	<u><b>(0.66)</b></u>	<u>(1.16)</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Notes	2021 HK\$'000	2020 HK\$'000
<b>Non-current Assets</b>			
Property, plant and equipment		3,030,457	2,618,404
Right-of-use assets		773,920	307,574
Goodwill		116,047	116,047
Intangible assets		81,803	101,231
Prepayment for property, plant and equipment		14,510	2,647
Deferred tax assets		6,645	5,920
		<u>4,023,382</u>	<u>3,151,823</u>
<b>Current Assets</b>			
Inventories		2,276	2,417
Accounts receivable	10	142,660	90,808
Prepayments, deposits and other receivables		244,722	161,049
Cash and cash equivalents		20,198	31,143
		<u>409,856</u>	<u>285,417</u>
Assets held for sale		5,994	–
		<u>415,850</u>	<u>285,417</u>
<b>Current Liabilities</b>			
Accounts payable	11	147,271	52,811
Other payables and accruals		383,818	124,034
Contract liabilities		59,673	31,149
Lease liabilities		43,135	205,569
Borrowings		1,841,800	1,601,122
Tax liabilities		51,616	36,089
		<u>2,527,313</u>	<u>2,050,774</u>
<b>Net Current Liabilities</b>		<u>(2,111,463)</u>	<u>(1,765,357)</u>
<b>Total Assets less Current Liabilities</b>		<u>1,911,919</u>	<u>1,386,466</u>

	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>Non-current Liabilities</b>		
Deferred tax liabilities	<b>20,451</b>	25,308
Lease liabilities	<b>824,402</b>	260,136
Other payables	<b>8,778</b>	–
	<u><b>853,631</b></u>	<u>285,444</u>
<b>Net Assets</b>	<u><b>1,058,288</b></u>	<u>1,101,022</u>
<b>Capital and Reserves</b>		
Share capital	<b>952,218</b>	952,218
Reserves	<b>51,337</b>	86,243
	<u><b>1,003,555</b></u>	<u>1,038,461</u>
Equity attributable to owners of the Company	<b>1,003,555</b>	1,038,461
Non-controlling interests	<b>54,733</b>	62,561
	<u><b>1,058,288</b></u>	<u>1,101,022</u>
<b>Total Equity</b>	<u><b>1,058,288</b></u>	<u>1,101,022</u>

*Notes:*

**1. CORPORATE AND GROUP INFORMATION**

Neo Telemedia Limited (the “**Company**”) 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 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 are Renminbi (“**RMB**”), the functional currency of the Company and its remaining 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 Company is an investment holding company and the principal activities of its subsidiaries are provision of data centre services and trading of telecommunication products.

**2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)**

**Amendments to HKFRSs that are mandatorily effective for the current year**

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2021 for the preparation of the consolidated financial statements.

Amendments to HKFRS 16	Covid-19 Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

The application of the Amendments to HKFRSs in the current year has had no material impact on the Group’s financial position and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

## New and Amendments to HKFRSs in Issue But Not Yet Effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts and the related Amendments <sup>3</sup>
Amendments to HKFRS 3	Reference to the Conceptual Framework <sup>2</sup>
Amendment to HKFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021 <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>4</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>3</sup>
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use <sup>2</sup>
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract <sup>2</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020 <sup>2</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>3</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>3</sup>
Amendments to HKAS 12	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 April 2021.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2022.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2023.

<sup>4</sup> Effective for annual periods beginning on or after a date to be determined.

### 3. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable HKFRSs, which collective term includes all applicable individual HKFRSs, HKASs and Interpretations issued by the HKICPA, accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing rules”).

For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users.

The consolidated financial statements have been prepared on the historical cost basis at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are accounted for in accordance with HKFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets*.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

### Going concern

The Group incurred a net loss of approximately HK\$71,356,000 (2020: HK\$127,571,000) for the year ended 31 December 2021. As at 31 December 2021, the Group's current liabilities exceeded its current assets by approximately HK\$2,111,463,000 (2020: HK\$1,765,357,000). Notwithstanding the above, the consolidated financial statements have been prepared on a going concern basis, the validity of the going concern basis is dependent upon the success of the Group's future operations, its ability to generate adequate cash flows in order to meet its obligations as and when fall due and its ability to refinance or restructure its borrowings such that the Group can meet its future working capital and financing requirements.

In the opinion of the Directors, the Group is able to maintain itself as a going concern in the next twelve months from the end of reporting period by taking into consideration that:

- (i) the cash flow projections can be achieved that the Group would have sufficient working capital to finance its operation and to meet its financial obligations when they fall due within the next twelve months from the end of the reporting period;
- (ii) the net assets of the Group of approximately HK\$1,058,288,000 (2020: HK\$1,101,022,000) as at 31 December 2021, the Group should be able to secure additional loan facilities, if necessary;
- (iii) bank loans with carrying amount of approximately HK\$1,116,462,000 (2020: HK\$1,223,277,000) as at 31 December 2021 that are repayable more than one year after the end of the reporting period pursuant to the repayment schedule included in the loan agreements, with a repayment on demand clause, have been classified as current liability as at 31 December 2021 in accordance with Hong Kong Interpretation 5 *Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* (“**HK-Int 5**”). Taking into account the Group's financial position and the security provided to the banks, the Directors believe that the banks will not exercise its discretionary rights to demand immediate repayment. The Directors believe that the bank loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreements;
- (iv) other loans with carrying amount of approximately HK\$407,887,000 (2020: HK\$220,119,000) as at 31 December 2021 that are repayable more than one year after the end of the reporting period pursuant to the repayment schedule included in the loan agreements, with a repayment on demand clause, have been classified as current liability as at 31 December 2021 in accordance with HK-Int 5. Taking into account the Group's financial position and the security provided to the lenders, the Directors believe that the lenders will not exercise its discretionary rights to demand immediate repayment. The Directors believe that the other loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreements;



- (v) as at 31 December 2021, there were unutilised banking facilities of approximately HK\$1,244,246,000 (2020: HK\$674,501,000) which are expiring between 2026 and 2032;
- (vi) Dr. Lie, the substantial shareholder of the Company, has committed to provide continuous financial support to the Group to enable the Group to meet its financial obligations as and when they fall due in the next twelve months from the date of approval of the consolidated financial statements for the year ended 31 December 2021; and
- (vii) On 10 March 2022, the Group entered into sale and purchase agreement with independent third parties to sell its entire equity interest in Shenzhen Zituo Yunqi Technology Company Limited (深圳市資拓雲啓科技有限公司) at a total consideration of approximately RMB475,500,000 (equivalent to approximately HK\$589,600,000) (the “Disposal”). The Directors are of the view that the Disposal provides the Group with an opportunity to realise a capital gain of considerable size to provide immediate cash for the Group’s business development. The Disposal is expected to be completed on or before 31 July 2022.

#### 4. REVENUE

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	2021 <i>HK\$’000</i>	2020 <i>HK\$’000</i>
Provision of data centre services	<b>604,732</b>	324,685
Trading of telecommunication products	<b>511</b>	115,762
	<b>605,243</b>	440,447
Others ( <i>Note</i> )	<b>9,931</b>	24,461
	<b>615,174</b>	464,908

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

	2021 <i>HK\$’000</i>	2020 <i>HK\$’000</i>
Disaggregation by timing of revenue recognition:		
At a point in time	<b>511</b>	119,525
Over time	<b>609,353</b>	336,146
Revenue from other source	<b>5,310</b>	9,237
	<b>615,174</b>	464,908

The Group has applied the practical expedient under HKFRS 15.121 to which the transaction price allocated to these unsatisfied contracts is not disclosed.

Revenue from trading of telecommunication products is recognised at the point in time when goods are delivered to customers generally on the time the related risks and rewards of ownership has transferred.

Revenue from provision of data centre services is recognised over the scheduled period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by the Group.

## 5. SEGMENT INFORMATION

Information reported to the board of Directors, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. This is also the basis upon which the Group is organised and managed.

Specifically, the Group's reportable and operating segments under HKFRS 8 are as follows:

- Provision of data centre services
- Trading of telecommunication products

The Group reportable segments are strategic business units that operate different activities. They are managed separately because each business has different markets and requires different marketing strategies.

In addition to the above reportable segments, other operating segments is mainly represent income arising from provision of system integration services and leasing of properties (2020: others mainly represent income arising from provision of system integration services, the provision of bus services and leasing of properties).

### Segment Revenues and Results

The following is an analysis of the Group's revenue and results by reportable and operating segments:

	Provision of data centre services		Trading of telecommunication products		Others		Consolidated	
	2021	2020	2021	2020	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	<u>604,732</u>	<u>324,685</u>	<u>511</u>	<u>115,762</u>	<u>9,931</u>	<u>24,461</u>	<u>615,174</u>	<u>464,908</u>
Segment results	<u>(60,129)</u>	<u>(85,554)</u>	<u>23</u>	<u>(33,099)</u>	<u>(9,149)</u>	<u>(19,925)</u>	<u>(69,255)</u>	<u>(138,578)</u>
Interest income							1,024	966
Gain on disposal of subsidiaries							-	2,535
Other income and gains							36,855	6,045
Unallocated corporate expenses							<u>(30,088)</u>	<u>(10,960)</u>
Loss before tax							<u>(61,464)</u>	<u>(139,992)</u>
Income tax (expenses)/credit							<u>(9,892)</u>	<u>12,421</u>
Loss for the year							<u><u>(71,356)</u></u>	<u><u>(127,571)</u></u>

Segment revenue reported above represents revenue generated from external customers. There was no inter-segment sales in both year. The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represent the profit or loss from each segment without allocation of interest income, central administration costs, directors' emoluments, finance costs, gain on disposal of subsidiaries and other unallocated costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

## Segment Assets and Liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segments:

	Provision of		Trading of		Others		Consolidated	
	data centre services		telecommunication products					
	2021	2020	2021	2020	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment asset	4,270,500	3,296,982	2	34	156,078	126,853	4,426,580	3,423,869
Unallocated corporate assets							12,652	13,371
Consolidated assets							4,439,232	3,437,240
Segment liabilities	3,273,547	2,276,344	-	-	78,221	46,616	3,351,768	2,322,960
Unallocated corporate liabilities							29,176	13,258
Consolidated liabilities							3,380,944	2,336,218

For the purpose of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating segments other than unallocated corporate assets (mainly comprising certain of prepayments, deposits and other receivables and property, plant and equipment); and
- all liabilities are allocated to operating segments other than unallocated corporate liabilities (mainly comprising other payables and accruals).

## Other Segment Information

	Provision of		Trading of		Others		Unallocated		Consolidated	
	data centre services		telecommunication products							
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Amount included in the measure of segment result										
Addition to non-current assets*	892,056	747,425	-	-	301	595	9	-	892,366	748,020
Depreciation of property, plant and equipment	63,731	37,515	-	-	1,222	4,594	1,204	2,588	66,157	44,697
Depreciation of right-of-use assets	28,121	17,060	-	-	1,566	1,249	1,245	1,410	30,932	19,719
Amortisation of intangible assets	19,428	19,428	-	3,512	-	90	-	-	19,428	23,030
Write off/impairment loss recognised in respect of intangible assets	-	-	-	33,358	-	-	-	-	-	33,358
Net change in impairment losses under expected credit loss model	(8,703)	(2,997)	-	(4,069)	122	8,443	(8)	(9,048)	(8,589)	(7,671)

\* Addition to non-current assets included property, plant and equipment and right-of-use assets.

Amounts regularly provided to the chief operating decision maker but not included in the measure of segment results or segment assets:

	Provision of		Trading of		Others		Unallocated		Consolidated	
	data centre services		telecommunication products							
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interest income	1,020	106	-	-	3	13	1	847	1,024	966
Finance costs	46,802	11,557	-	4,991	37	416	70	105	46,909	17,069
Income tax expenses/(credit)	9,911	(14,115)	-	-	-	-	(19)	1,694	9,892	(12,421)

### **Information about major customers**

Revenue from major customers of the corresponding year contributing over 10% of the total revenue of the Group are as follows:

	2021	2020
	HK\$'000	HK\$'000
Customer A <sup>1, 3</sup>	-	115,587
Customer B <sup>2, 3</sup>	-	57,374
Customer C <sup>2, 4</sup>	149,654	-
	<u>149,654</u>	<u>172,961</u>

<sup>1</sup> Trading of telecommunication products.

<sup>2</sup> Provision of data centre services.

<sup>3</sup> No information on revenue is disclosed for this customer since it contributed less than 10% to the Group's revenue for the year ended 31 December 2021.

<sup>4</sup> No information on revenue for prior years is disclosed for this customer since it contributed less than 10% to the Group's revenue for the year ended 31 December 2020.

### **Geographical information**

The Group's operations are mainly located in the PRC.

Information about the Group's revenue from external customers is presented based on the geographical location of the customer, and non-current assets information is presented based on the geographical location of the assets.

The Group's revenue from external customers and information about its non-current assets by geographical location are detailed below:

Name of the region	Revenue from external customers		Non-current assets*	
	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>	31 December 2021 <i>HK\$'000</i>	31 December 2020 <i>HK\$'000</i>
Hong Kong	–	–	1,837	708
The PRC (excluding Hong Kong)	<u>615,174</u>	<u>464,908</u>	<u>4,014,900</u>	<u>3,145,195</u>
	<u><b>615,174</b></u>	<u>464,908</u>	<u><b>4,016,737</b></u>	<u>3,145,903</u>

\* Information about the Group's non-current assets, other than deferred tax assets, is presented based on the geographical location of the assets.

## 6. INCOME TAX

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Hong Kong Profits tax		
– Current tax	–	–
– Over provision for prior year	<u>(20)</u>	<u>–</u>
	<u>(20)</u>	<u>–</u>
PRC Enterprise Income tax		
– Current tax	15,321	1,169
– Over provision for prior year	<u>–</u>	<u>(1,233)</u>
	<u>15,321</u>	<u>(64)</u>
Deferred tax	<u>(5,409)</u>	<u>(12,357)</u>
Total income tax expense/(credit)	<u><b>9,892</b></u>	<u><b>(12,421)</b></u>

Under the two-tiered profits tax rate regime of Hong Kong Profits Tax, 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%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK\$2,000,000 of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2,000,000.

No provision for taxation in Hong Kong has been made as the Group's income neither arises in, nor is derived from, Hong Kong during the year ended 31 December 2021.

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 is 25%.

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%.

## 7. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Staff costs, including directors' remuneration		
– Salaries, wages and other benefits	50,793	42,584
– Contributions to retirement benefits schemes	4,260	1,690
	<hr/>	<hr/>
Total staff costs	55,053	44,274
	<hr/>	<hr/>
Depreciation of property, plant and equipment	66,157	44,697
Depreciation of right-of-use assets	30,932	19,719
Amortisation of intangible assets*	19,428	23,030
	<hr/>	<hr/>
Total depreciation and amortisation	116,517	87,446
	<hr/>	<hr/>
Net change in impairment losses under expected credit loss model	(8,589)	(7,671)
Write off/impairment loss recognised in respect of intangible assets	–	33,358
Auditors' remuneration		
– audit service	830	830
– non-audit service	168	198
Expenses relating to short term leases and low value leases	607	2,119
Cost of inventories recognised as expense	477	116,045
	<hr/> <hr/>	<hr/> <hr/>

\* The amortisation of intangible assets for the year is included in "Administrative and other expenses" in the consolidated statement of profit or loss.

## 8. LOSS PER SHARE

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Loss for the year attributable to owners of the Company and loss for the purpose of basic and diluted loss per share	<u>(62,667)</u>	<u>(110,344)</u>
	2021 <i>'000</i>	2020 <i>'000</i>
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>9,522,184</u>	<u>9,522,184</u>

No diluted loss per share for the year ended 31 December 2021 was presented as there were no potential ordinary shares in issue for the year.

The computation of diluted loss per share for the year ended 31 December 2020 does not assume the exercise of share options since the exercise prices were higher than the average share price.

## 9. DIVIDENDS

No dividend was paid or proposed during the year ended 31 December 2021 and 2020, nor has any dividend been proposed since the end of the reporting period.

## 10. ACCOUNTS RECEIVABLE

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Accounts receivable	165,430	115,097
Less: Allowance for expected credit losses	<u>(22,770)</u>	<u>(24,289)</u>
	<u>142,660</u>	<u>90,808</u>

The Group allows an average credit period of 90 days (2020: 90 days) to its trade customers. The following is an ageing analysis of accounts receivable, net of accumulated allowance for credit losses, presented based on the invoice date at the end of the reporting period.

	<b>2021</b>	2020
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Within 30 days	<b>31,351</b>	35,246
31 to 60 days	<b>14,338</b>	14,210
61 to 90 days	<b>12,361</b>	8,867
91 to 180 days	<b>40,479</b>	19,915
Over 180 days	<b>44,131</b>	12,570
	<hr/>	<hr/>
	<b>142,660</b>	90,808
	<hr/> <hr/>	<hr/> <hr/>

## 11. ACCOUNTS PAYABLE

The following is an ageing analysis of accounts payable presented based on the invoice date at the end of the reporting period:

	<b>2021</b>	2020
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Within 30 days	<b>38,002</b>	28,535
31 to 60 days	<b>26,946</b>	4,235
61 to 90 days	<b>16,126</b>	2,455
Over 90 days	<b>66,197</b>	17,586
	<hr/>	<hr/>
	<b>147,271</b>	52,811
	<hr/> <hr/>	<hr/> <hr/>

The average credit period on purchases of goods is 90 days (2020: 90 days). The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.



## MANAGEMENT DISCUSSION AND ANALYSIS

### REVIEW AND ANALYSIS

During the year ended 31 December 2021, the Group's operations mainly are the provision of data centre services and trading of telecommunication products.

### 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.

As of 31 December 2021, the Group operated three data centres with an aggregate of 4,680 server cabinets in service. The Group also operated an aggregate of approximately 4,503 server cabinets that were leased from third parties. In addition, the Group had a further three new self-developed data centres with an aggregate of 27,189 server cabinets under construction.

A summary of the Group's self-developed data centres by data centre as of 31 December 2021 is set out below.

Name of data centre	Number of server cabinets			Server cabinets % of total
	Available for service	Under construction (Note 1)	Total	
Guangzhou Lotus Hill Data Centre	1,499	–	1,499	4.7
Guangzhou (Nanxiang) Cloud Data Centre	2,871	–	2,871	9.0
Blusea Intelligence Valley Mega Data Centre (Note 2)	–	23,100	23,100	72.5
Shanghai Baoshan Data Centre	310	942	1,252	3.9
Shenzhen Guanlan Flagship Data Centre	–	3,147	3,147	9.9
Total	<u>4,680</u>	<u>27,189</u>	<u>31,869</u>	<u>100.0</u>

#### Notes

1. This is an estimate and is subject to change upon completion of the construction.
2. During the year under review, the Group entered into sale and lease agreements with KDCR Guangdong Co., Ltd\* (吉寶數據(廣東)有限公司) (“KDCR”) pursuant to which KDCR purchased the Group's one (with 3,912 server cabinets installed) (the “Subject Assets”) of the six data centre structures located in Blusea Intelligence Valley Mega Data Centre and KDCR agreed to lease the Subject Assets to the Group for its operation. As the ownership of the Subject Assets have been transferred to KDCR, the 3,912 server cabinets are not included herein.

The Group's profitability is largely determined by the utilisation of its self-developed data centres. As of 31 December 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, and Shanghai Baoshan Data Centre were approximately 76.5% (2020: 60%), 50.1% (2020: 83.6%) and 35.5% (2020: 0%), respectively.

Due to the ongoing COVID-19 pandemic, the Group's customers had delayed to house their servers and data storage in the abovementioned data centres in service. Notwithstanding there was no significant impact on the value of the Group's self-developed data centres, the Group's profitability for the year under review was negatively affected and the construction work on the data centres under development has slowed down.

During the year under review, revenue from the provision of data centre services was approximately HK\$604.7 million (2020: HK\$324.7million), representing an increase of approximately HK\$280.0 million or 86.2% as compared to the same period in last year. The increase 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, and the revenue is analysed as follows:

	<b>2021</b>	2020
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Self-developed data centres	<b>493,665</b>	153,861
Server cabinets leased from third parties	<b>111,067</b>	170,824
	<hr/>	<hr/>
Total	<b>604,732</b>	324,685
	<hr/> <hr/>	<hr/> <hr/>

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 24,000 server cabinets is expected to complete in the next two years, financial performance of the Group is expected to improve substantially.

## **TRADING OF TELECOMMUNICATION PRODUCTS**

Due to the cessation of the Group's trading of mobile device business in Hong Kong since the first quarter of 2020 and the change of the Group's business focus to the provision of data centre services, revenue from the trading of telecommunication products for the year under review was approximately HK\$0.5 million (2020: HK\$115.8 million), representing a decrease of 99.6% year-on-year.

## OTHERS

Others mainly consist of 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 year under review, revenue from others was approximately HK\$9.9 million (2020: HK\$24.5 million), representing a decrease of 59.6% year-on-year which was mainly due to the decrease in provision of system integration services income and 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 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 (the “**KDCR Lease**”) at the initial monthly payment of approximately RMB5.3 million (equivalent to approximately HK\$6.3 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.

The Sale and Lease Transaction was completed on 16 December 2021 and resulted a gain of approximately HK\$158.6 million (representing the consideration received from KDCR less cost of the Subject Assets and the relevant transaction cost), of which HK\$33.3 million has been recognised for the year ended 31 December 2021 and the remaining HK\$125.3 million has been set off against the right-of-use asset in accordance with the relevant accounting standard.

## DISPOSAL OF THE ENTIRE INTEREST IN A SUBSIDIARY

On 10 March 2022, (i) Shenzhen Pengyu Data Technology Co., Ltd\* (深圳鵬裕數據科技有限公司) (the “**Purchaser**”); (ii) GDS (Shanghai) Investment Co., Ltd.\* (萬數(上海)投資有限公司) (“**GDS (Shanghai)**”); (iii) EDSUZ (HK) Limited (“**EDSUZ**”); (iv) Guangzhou Zituo Technology Company Limited (“**Guangzhou Zituo**”), an indirect non-wholly-owned subsidiary of the Company; (v) Guangdong Bluesea Mobile Development Company Limited (“**Bluesea Mobile**”), an indirect wholly-owned subsidiary of the Company; (vi) Mr. Wang Kun (the legal representative, a director and a substantial shareholder of Guangzhou Zituo); and (vii) Shenzhen Zituo Yunqi Technology Company Limited\* (深圳市資拓雲啓科技有限公司) (“**Shenzhen Zituo**”), an indirect non-wholly-owned subsidiary of the Company which owns Shenzhen Guanlan Flagship Data Centre, entered into a sale and purchase agreement (the “**Sale and Purchase Agreement**”) pursuant to which Guangzhou Zituo conditionally agreed to sell and the Purchaser conditionally agreed to purchase the entire equity interest in Shenzhen Zituo at a total consideration of approximately RMB475.5 million (equivalent to approximately HK\$582.2 million) (subject to adjustment) (the “**Disposal**”). Bluesea Mobile and Mr. Wang agreed to provide warranties and undertakings in relation to Shenzhen Zituo under the Sale and Purchase Agreement and EDSUZ and GDS (Shanghai) agreed to guarantee the payment obligations of the Purchaser under the Sale and Purchase Agreement.

The Directors are of the view that the Disposal provides the Group with an opportunity to realise a capital gain of considerable size to provide immediate cash for the Group’s business development, particularly the remaining portion of Bluesea Intelligence Valley Mega Data Centre.

As at the date of this announcement, the Disposal has not been completed. The Disposal is expected to contribute a gain of HK\$259.6 million (subject to consideration adjustment and audit upon completion) to the Group.

## PROSPECTS

Year 2022 started with some significant events that may impact the Chinese economy, such as the resurgence of domestic COVID-19 cases and geopolitical tension that would inflate energy prices. Growth of the Chinese economy is expected to slow down in 2022.

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. In particular, Bluesea Intelligence Valley Mega Data Centre will provide over 23,000 server cabinets with excellent infrastructures upon completion of its construction. The launch of these data centres will increase the capacity of the Group in terms of number of self-developed server cabinets by 5 times (compared to the number of the Group’s server cabinets in 2021) which will provide our customers ample room for growth.

## FINANCIAL PERFORMANCE

	2021	2020
Revenue ( <i>HK\$'000</i> )	<b>615,174</b>	464,908
Net loss ( <i>HK\$'000</i> )	<b>(71,356)</b>	(127,571)
Loss attributable to owners of the Company ( <i>HK\$'000</i> )	<b>(62,667)</b>	(110,344)
Basic loss earnings per share ( <i>HK Cents</i> )	<b>(0.66)</b>	(1.16)

For the year under review, the Group recorded a revenue of approximately HK\$615.2 million (2020: HK\$464.9 million), representing an increase of approximately HK\$150.3 million or 32.3% as compared to the year ended 31 December 2020. 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\$62.7 million for the year ended 31 December 2021 (2020: HK\$110.3 million), representing a decrease of approximately HK\$47.6 million or 43.2% year-on-year. The decrease in loss for the year is mainly due to the net effect of: (1) increase in revenue from the provision of data centre services, (2) no impairment loss on intangible asset in respect of the trading of telecommunication products business in mainland China for the year ended 31 December 2021 (2020: HK\$33.4 million); (3) the increase in finance costs of approximately HK\$29.8 million compared to the year ended 31 December 2020; and (4) increase in gain arising from the Sale and Lease Transaction of approximately HK\$33.3 million (2020: HK\$Nil).

### Other Financial Information

	For the year ended 31 December	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
EBITDA (a)	<b>100,939</b>	(36,443)
EBITDA margin (b)	<b>16.4%</b>	(7.8%)

*Note:*

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

## FINANCIAL POSITION

As at 31 December 2021, the Group had interest-bearing borrowings of approximately HK\$1,841.8 million (2020: HK\$1,601.1 million), which are analysed as follows:

	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
<b>Bank loans</b>		
Short-term bank borrowing, unsecured and unguaranteed	–	3,576
Portion of bank loans, secured and guaranteed		
– repayable within one year	<b>98,205</b>	79,922
– repayable after one year which contain a repayment on demand clause	<b>915,079</b>	1,035,672
Portion of bank loans, unsecured and guaranteed		
– repayable within one year	<b>5,388</b>	7,807
– repayable after one year which contain a repayment on demand clause	–	5,244
Portion of bank loans, secured and unguaranteed		
– repayable within one year	<b>48,782</b>	–
– repayable after one year which contain a repayment on demand clause	<b>201,383</b>	182,361
Total bank loans	<b>1,268,837</b>	1,314,582
<b>Other loans</b>		
Portion of other loans, secured and guaranteed		
– repayable within one year	<b>70,083</b>	27,486
– repayable after one year which contain a repayment on demand clause	<b>285,437</b>	119,055
Portion of other loans, unsecured and unguaranteed		
– repayable within one year	<b>94,993</b>	38,935
– repayable after one year which contain a repayment on demand clause	<b>122,450</b>	101,064
Total other loans	<b>572,963</b>	286,540
Total borrowings	<b>1,841,800</b>	1,601,122

The amounts based on the scheduled repayment dates set out in the loan agreements and the maturities of the Group's borrowings at the end of the financial year (i.e. ignoring the effect of any repayment on demand clause) are shown below:

	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
Amounts of bank loans that are repayable:		
– within 1 year	<b>152,375</b>	91,305
– between 1 and 2 years	<b>167,131</b>	134,274
– between 2 and 5 years	<b>623,516</b>	543,733
– beyond 5 years	<b>325,815</b>	545,270
	<hr/>	<hr/>
Total bank borrowings	<b>1,268,837</b>	1,314,582
	<hr/>	<hr/>
Amounts of other loans that are repayable:		
– within 1 year	<b>165,076</b>	66,421
– between 1 and 2 years	<b>113,110</b>	60,555
– between 2 and 5 years	<b>209,268</b>	159,564
– beyond 5 years	<b>85,509</b>	–
	<hr/>	<hr/>
Total other loans	<b>572,963</b>	286,540
	<hr/>	<hr/>
Total borrowings	<b>1,841,800</b>	1,601,122
	<hr/> <hr/>	<hr/> <hr/>

The borrowings are denominated in Renminbi and bear interest at floating rates.

As at 31 December 2021, the Group had current assets of approximately HK\$415.9 million (2020: HK\$285.4 million), including cash and cash equivalents of approximately HK\$20.2 million (2020: HK\$31.1 million), accounts receivable, prepayments, deposits and other receivables and other financial assets of approximately HK\$387.4 million (2020: HK\$251.9 million); and current liabilities of approximately HK\$2,527.3 million (2020: HK\$2,050.8 million). The Group's current ratio had been increased from approximately 0.14 times as at 31 December 2020 to approximately 0.16 times as at 31 December 2021.

The Group had total assets of approximately HK\$4,439.2 million (2020: HK\$3,437.2 million) and total liabilities of approximately HK\$3,380.9 million (2020: HK\$2,336.2 million), representing a gearing ratio (expressed as total liabilities to total assets) of approximately 76.2% as at 31 December 2021 (2020: 68.0%).

The Group has always pursued a prudent treasury management policy and actively manages its liquidity position with sufficient standby banking facilities to cope with daily operation and any demands for capital for future development. As at 31 December 2021, total available banking facilities of the Group of approximately HK\$2,513.1 million, which were mainly granted by (i) China Construction Bank Corporation (“CCB”); (ii) Industrial and Commercial Bank of China Limited (“ICBC”); (iii) China Merchants Bank Company Limited (“CMB”); and (iv) Xiamen International Bank (“XMBANK”) are detailed below.

Name of Bank	Purpose of Banking Facilities	Expiry Date	Banking Facilities	
			Total Amount <i>HK\$'million</i>	Unutilised Amount as at 31 December 2021 <i>HK\$'million</i>
CCB	Construction of Bluesea Intelligence Valley Mega Data Centre	August 2028	1,493.9	1,024.3
ICBC	Construction of Bluesea Intelligence Valley Mega Data Centre	Between June 2032 and December 2032	579.2	219.2
CMB	Construction of Shenzhen Guanlan Flagship Data Centre	June 2026	250.2	–
XMBANK	Construction of Bluesea Intelligence Valley Mega Data Centre	October 2024	183.7	–
Others	General working capital	May 2022	6.1	0.7
			2,513.1	1,244.2

Due to the repayment on demand clause of the banking facilities, which is a general term of banking facilities granted by the aforesaid banks, the long-term bank loans of approximately HK\$1,116.5 million drawn from the aforesaid banking facilities are classified as current liabilities in the consolidated statement of financial position as at 31 December 2021.

## FOREIGN EXCHANGE EXPOSURE AND TREASURY POLICIES

Most of the Group’s cash balances and transactions are either denominated in Renminbi, United States dollars and Hong Kong dollars. The Group has not experienced any material difficulties or negative impacts on its operations as a result of fluctuations in currency exchange rates. The Directors considered that no hedging of exchange risk is required and accordingly, there were no financial instruments being used for hedging purposes during the year ended 31 December 2021. Nevertheless, the management will continue to monitor the Group’s foreign exchange exposure and will take prudent measures as and when appropriate.



## **EMPLOYEES AND REMUNERATION POLICIES**

As at 31 December 2021, the Group had approximately 243 staff (2020: 242). The total remuneration, including that of the Directors, for the year under review is approximately HK\$55.1 million (2020: HK\$44.3 million). The Group remunerates its employees based on their performances, experience and the prevailing industry practice. Employee remuneration, excluding Directors' emoluments, is reviewed annually. In addition to the basic salaries, employees are also entitled to benefits including bonus and mandatory provident fund. On 19 December 2012, the Company had adopted a share option scheme under which full time employees, including Directors, of the Company and its subsidiaries, might be granted options to subscribe for the Company's ordinary shares.

## **DIVIDEND**

No dividend was paid or proposed during the year ended 31 December 2021 and 2020, nor has any dividend been proposed since the end of the reporting period.

## **COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES**

The Company's corporate governance practices are based on the principles and the code provisions as set out in the Corporate Governance Code (version up to 31 December 2021) (the "Code") as set out in Appendix 15 to the GEM Listing Rules. The principles adopted by the Company emphasis a quality board, transparency and accountability to shareholders. In the opinion of the Board, the Company has complied with the Code for the year ended 31 December 2021, with the exception 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 ("Articles") and the Code. Accordingly, the Company considers that sufficient measures have been taken to deal with the requirement in respect of the appointment terms of non-executive Directors as required under the Code.

Under code provision D.1.4, the Company should have formal letters of appointment for Directors setting out the key terms and conditions of their appointment. Except for Dr. LIE Haiquan and Mr. CHEUNG Sing Tai, the Company did not have formal letters of appointment for Directors. However, the Directors shall be subject to retirement by rotation in accordance with the Articles. In addition, the Directors are required to refer to the guidelines set out in "A Guide on Directors' Duties" issued by the Companies Registry and "Guidelines for Directors" and "Guide for Independent Non-executive Directors" (if applicable) published by the Hong Kong Institute of Directors in performing their duties and responsibilities as Directors. Besides, the Directors are required to comply with the requirements under statute and common law, the GEM Listing Rules, legal and other regulatory requirements and the Company's business and governance policies.

Under code provision E.1.2, the chairman of the board should attend the annual general meeting. Dr. LIE Haiquan, the Chairman of the Board, was unable to attend the annual general meeting of the Company held on 31 May 2021 (the “**2021 AGM**”) due to his other engagement. Mr. CHEUNG Sing Tai, deputy chairman of the Board and Chief Executive Officer of the Company who took the chair of the 2021 AGM, together with other members of the Board who attended the 2021 AGM, were of sufficient calibre for answering questions at the 2021 AGM.

The Board will adopt the new Corporate Governance Code (version with effect from 1 January 2022), the requirements under which shall apply to the Company’s corporate governance report for the year ending 31 December 2022.

## **CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS**

The Company had adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company also had 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 Directors during the year ended 31 December 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 year ended 31 December 2021.

## **AUDIT COMMITTEE**

### **Review of Unaudited Annual Results**

The auditing procedures for the annual results for the year ended 31 December 2021 have not been completed due to the recent surge of COVID-19 cases and the implementation of the tightened COVID-19 prevention and control quarantine measures in Mainland China and Hong Kong. The unaudited annual results contained herein have not been agreed with the Company’s auditors. An announcement in relation to the audited results will be made when the Company’s auditors have completed the auditing procedures in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants.

The unaudited annual results contained herein have been reviewed by the audit committee of the Company.

## **FURTHER ANNOUNCEMENT(S) AND DELAY IN DESPATCH OF THE ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2021**

Following the completion of the auditing process, the Company will issue further announcement(s) in relation to: (i) the audited annual results for the year ended 31 December 2021 as agreed by the Company's auditors and the material differences (if any) as compared with the unaudited annual results contained herein, (ii) the proposed date on which the forthcoming annual general meeting (the "AGM") of the Company will be held, and (iii) the period during which the register of members holding ordinary shares of the Company will be closed in order to ascertain shareholders' eligibility to attend and vote at the AGM.

Barring any unforeseen circumstances, the Company expects to despatch its annual report on or before 3 May 2022.

**The financial information contained herein in respect of the annual results of the Group have neither been audited nor agreed with the Company's auditors. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.**

By order of the Board  
**Neo Telemedia Limited**  
**Dr. LIE Haiquan**  
*Chairman*

Hong Kong, 28 March 2022

*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, for which the Directors 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 of Hong Kong Limited 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 Listed Company Information" page of the GEM website at [www.hkgem.com](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](http://www.neo-telemedia.com).*