



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 REPORT 2019



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

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*This report, 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 report 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 report 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 2019 together with comparative unaudited figures for the corresponding period of 2018 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

| | Notes | For the nine months ended 30 September | | For the three months ended 30 September | |
|--|-------|---|---------------------------------|--|---------------------------------|
| | | 2019 HK\$'000 (Unaudited) | 2018 HK\$'000 (Unaudited) | 2019 HK\$'000 (Unaudited) | 2018 HK\$'000 (Unaudited) |
| Revenue | 3 | 603,872 | 2,073,703 | 191,292 | 621,564 |
| Cost of sales | | (542,489) | (1,895,661) | (162,403) | (585,367) |
| Gross profit | | 61,383 | 178,042 | 28,889 | 36,197 |
| Other income and gains | | 4,929 | 21,612 | 1,283 | 5,965 |
| Gain on disposal of subsidiaries | | 20,585 | – | 19,187 | – |
| Gain on disposal of a joint venture | | 375 | – | (5) | – |
| Selling and marketing costs | | (22,336) | (28,989) | (5,910) | (7,398) |
| Administrative and other expenses | | (115,205) | (163,203) | (37,884) | (43,205) |
| Change in expected credit loss recognised in respect of financial assets carried at amortised costs, net | | 10,975 | (43,174) | – | (43,174) |
| Share of results of joint venture | | (82) | 3 | 1 | (109) |
| Finance costs | | (1,172) | (6,255) | (306) | (2,484) |
| (Loss)/profit before tax | | (40,548) | (41,964) | 5,255 | (54,208) |
| Income tax | 4 | 2,289 | (6,029) | 1,676 | 634 |
| (Loss)/profit for the period | | (38,259) | (47,993) | 6,931 | (53,574) |
| (Loss)/profit for the period attributable to: | | | | | |
| Owners of the Company | | (22,150) | (21,150) | 13,130 | (30,633) |
| Non-controlling interests | | (16,109) | (26,843) | (6,199) | (22,941) |
| | | (38,259) | (47,993) | 6,931 | (53,574) |
| | | HK cents | HK cents | HK cents | HK cents |
| (Loss)/earnings per share | 6 | | | | |
| – basic | | (0.23) | (0.22) | 0.14 | (0.32) |
| – diluted | | (0.23) | (0.22) | 0.14 | (0.32) |

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 | |
|---|---|---------------------------------|--|---------------------------------|
| | 2019 HK\$'000 (Unaudited) | 2018 HK\$'000 (Unaudited) | 2019 HK\$'000 (Unaudited) | 2018 HK\$'000 (Unaudited) |
| (Loss)/profit for the period | (38,259) | (47,993) | 6,931 | (53,574) |
| Other comprehensive (loss)/ income, net of income tax | | | | |
| Items that may be subsequently reclassified to profit or loss: | | | | |
| Exchange differences arising on translation of foreign operations | 8,282 | (44,801) | 365 | (34,877) |
| Other comprehensive income/(loss) for the period, net of tax | 8,282 | (44,801) | 365 | (34,877) |
| Total comprehensive (loss)/ income for the period | (29,977) | (92,794) | 7,296 | (88,451) |
| Total comprehensive (loss)/ income for the period attributable to: | | | | |
| Owners of the Company | (11,209) | (60,896) | 16,022 | (61,680) |
| Non-controlling interests | (18,768) | (31,898) | (8,726) | (26,771) |
| | (29,977) | (92,794) | 7,296 | (88,451) |

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 sale of telecommunication products and services and operation of Internet finance platform business.

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

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**”) and some subsidiaries’ functional currency is the United States dollars, 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 GEM, where most of the investors are located in Hong Kong.

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 2018, 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 2019 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 sale of telecommunication products and services and Internet finance platform business during the nine and three months ended 30 September 2019 and 2018. An analysis of revenue is as follows:

| | For the nine months ended 30 September | | For the three months ended 30 September | |
|---|---|---------------------------------|--|---------------------------------|
| | 2019 HK\$'000 (Unaudited) | 2018 HK\$'000 (Unaudited) | 2019 HK\$'000 (Unaudited) | 2018 HK\$'000 (Unaudited) |
| Sale of telecommunication products and services | 589,719 | 2,016,092 | 187,266 | 615,470 |
| Internet finance platform | – | 43,833 | – | 4,119 |
| Others | 14,153 | 13,778 | 4,026 | 1,975 |
| | 603,872 | 2,073,703 | 191,292 | 621,564 |

Note: Others mainly represent income arising from rental income, insurance brokerage income and software development business service income.

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 2019 (2018: Nil).

6. (LOSS)/EARNINGS PER SHARE

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

| | For the nine months ended 30 September | | For the three months ended 30 September | |
|--|---|---------------------------------|--|---------------------------------|
| | 2019 (Unaudited) HK\$'000 | 2018 (Unaudited) HK\$'000 | 2019 (Unaudited) HK\$'000 | 2018 (Unaudited) HK\$'000 |
| | (Loss)/profit attributable to owners of the Company | (22,150) | (21,150) | 13,130 |

| | For the nine months ended 30 September | | For the three months ended 30 September | |
|--|---|---------------------|--|---------------------|
| | 2019 (Unaudited) | 2018 (Unaudited) | 2019 (Unaudited) | 2018 (Unaudited) |
| | Weighted average number of ordinary shares for the purpose of basic and diluted (loss)/earnings per ordinary share at the end of the period | 9,522,184,345 | 9,524,087,202 | 9,522,184,345 |

The computation of diluted (loss)/earnings per share for the nine-month and three-month periods ended 30 September 2019 and 30 September 2018 does not assume the exercise of share options since the exercise prices are 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 2018 (audited) | 952,884 | 1,796,283 | 15,040 | 15,365 | 1,893 | (1,271,010) | 1,510,455 | 136,287 | 1,646,742 |
| Loss for the period | - | - | - | - | - | (21,150) | (21,150) | (26,843) | (47,993) |
| Other comprehensive loss: | | | | | | | | | |
| Exchange differences on translation of foreign operations | - | - | - | (39,746) | - | - | (39,746) | (5,055) | (44,801) |
| Total comprehensive loss for the period | - | - | - | (39,746) | - | (21,150) | (60,896) | (31,898) | (92,794) |
| Recognition of equity-settled share-based payment | - | - | 17,202 | - | - | - | 17,202 | - | 17,202 |
| Final dividend 2017 | - | (36,184) | - | - | - | - | (36,184) | - | (36,184) |
| Capital contribution by non-controlling interests | - | - | - | - | - | - | - | 6,161 | 6,161 |
| Acquisition of non-controlling interests | - | - | - | - | - | (1,098) | (1,098) | 1,098 | - |
| Non-controlling interest arising from acquisition of a subsidiary | - | - | - | - | - | - | - | 180 | 180 |
| Repurchase of shares | (666) | (605) | - | - | - | - | (1,271) | - | (1,271) |
| Share options lapsed | - | - | (14,043) | - | - | 14,043 | - | - | - |
| At 30 September 2018 (unaudited) | 952,218 | 1,759,494 | 18,199 | (24,381) | 1,893 | (1,279,215) | 1,428,208 | 111,828 | 1,540,036 |
| At 1 January 2019 (audited) | 952,218 | 1,759,494 | 17,246 | (29,445) | 1,893 | (1,463,151) | 1,238,255 | 87,359 | 1,325,614 |
| Impact of adopting HKFRS 16 | - | - | - | - | - | (1,712) | (1,712) | (13) | (1,725) |
| Restated opening balance under HKFRS 16 | 952,218 | 1,759,494 | 17,246 | (29,445) | 1,893 | (1,464,863) | 1,236,543 | 87,346 | 1,323,889 |
| Loss for the period | - | - | - | - | - | (22,150) | (22,150) | (16,109) | (38,259) |
| Other comprehensive loss: | | | | | | | | | |
| Exchange differences on translation of foreign operations | - | - | - | 10,941 | - | - | 10,941 | (2,659) | 8,282 |
| Total comprehensive loss for the period | - | - | - | 10,941 | - | (22,150) | (11,209) | (18,768) | (29,977) |
| Share options lapsed | - | - | (89) | - | - | 89 | - | - | - |
| At 30 September 2019 (unaudited) | 952,218 | 1,759,494 | 17,157 | (18,504) | 1,893 | (1,486,924) | 1,225,334 | 68,578 | 1,293,912 |

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

For the nine months ended 30 September 2019, the Group recorded a revenue of approximately HK\$603,872,000 (2018: HK\$2,073,703,000), representing a decrease of approximately HK\$1,469,831,000 or 71% as compared to the same period in last year. The decrease in revenue was mainly due to the downturn and keen competition of the global mobile business environment and the decrease in consultancy fee income in relation to Internet data center (“IDC”) services and Wi-Fi, system integration and software development services during the period.

The Group recorded a loss attributable to owners of the Company of approximately HK\$22,150,000 (2018: HK\$21,150,000) for the nine months ended 30 September 2019, which is mainly due to (i) the decrease in loan interest income generated by short-term loans provided to independent third parties and (ii) the significant decrease in revenue due to the aforesaid reasons.

Business Review

Sale of telecommunication products and services

During the period under review, the revenue of sale of telecommunication products and services business was approximately HK\$589,719,000 (2018: HK\$2,016,092,000). Sale of telecommunication products and services represented trading of telecommunication products, provision of IDC, Wi-Fi, system integration and value-added Internet services and software development in the PRC and Hong Kong.

The decrease in revenue was mainly due to the downturn and keen competition of the global mobile business environment and the decrease in consultancy fee income in relation to IDC services and Wi-Fi, system integration and software development services during the period.

Since the fourth quarter of 2018, revenue from the trading of telecommunication products has decreased significantly compared with previous quarters. Such decrease was mainly attributable to the downturn and keen competition of the global mobile business environment that led to reduced orders from customers. In addition, due to the China-United States trade war, one of the Android’s biggest phone manufacturers in China, Huawei, was suspended from Android updates after the Trump administration barred the Chinese organization from trading

with US companies in May 2019. Although the Group did not sell any Huawei's mobile phones, the suspension has negatively impacted consumer confidence in all Chinese-made mobile phones. On the other hand, the arrival of 5G era could potentially lead to a mobile phone replacement cycle. However, as of the date of this report, it is still uncertain that if the Group could secure the source of 5G devices from its suppliers. Should the Group be unable to secure the supply of the next generation devices, future profitability of the business would be negatively impacted. Thus, the Directors will closely monitor the development of the abovementioned and assess their impact on the Group's business of the trading of mobile phones.

As the trading business of Million Ace Limited and its subsidiaries (collectively, "**Million Ace Group**") had been integrated with the sales of telecommunication products business carried out by other subsidiaries of the Group since 2018 for the purpose of business restructuring and cost savings, the business of Million Ace Group became minimal. In order to realize the investment, the Group disposed of Million Ace Group to an independent third party for a consideration of HK\$10 million (the "**Disposal**") in the third quarter of 2019. The Group has recorded a gain on the Disposal of approximately HK\$19 million.

Internet finance platform business

During the period under review, the Group's Internet finance platform business did not generate any revenue (2018: HK\$43,833,000). Since the third quarter of 2018, 深圳市蜜蜂金服互聯網金融服務有限公司 (Shenzhen Bees Financial Internet Financial Services Co. Ltd.*) ("**Bees Financial**") has limited its operation to collecting debts from borrowers and repaying the investors and no new loans have been transacted through its platform because Bees Financial is still carrying out rectification work on its operation in accordance with the rectification notice that the local financial regulatory department issued in January 2018.

Business Prospects

Looking forward, the Group will continue to focus on developing its IDC business. As the IDC in Heshan, Guangdong is expected to be put in service in 2020, we expect more revenue to be contributed from this IDC in the coming years. Moreover, the Group will continue to explore potential investment opportunities in IDC, Internet of Things, cloud computing and related businesses. With favorable policies and support from the PRC government towards these fast growing sectors, the management is optimistic that the Group will be able to reward shareholders with better results in the foreseeable future.

* For identification purpose only

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SECURITIES

As at 30 September 2019, 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 | Number of underlying shares held (Note 2) | Approximate percentage of shareholding |
|---------------------|--|-----------------------|--|--|
| Dr. LIE Haiquan | Beneficial owner | 2,167,784,000 | 9,000,000 | 22.86% |
| | Interest in controlled corporations (Note 1) | 2,091,923,357 | – | 21.97% |
| Mr. CHEUNG Sing Tai | Beneficial owner | – | 18,000,000 | 0.19% |
| Mr. XU Gang | Beneficial owner | 1,422,000 | 6,000,000 | 0.08% |
| | Interest of spouse (Note 3) | 72,000 | – | Negligible |
| Mr. TAO Wei | Beneficial owner | – | 6,000,000 | 0.06% |
| Mr. ZHANG Zihua | Beneficial owner | – | 1,000,000 | 0.01% |
| Ms. XI Lina | Beneficial owner | – | 1,000,000 | 0.01% |
| Mr. HUANG Zhixiong | Beneficial owner | – | 1,000,000 | 0.01% |

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.
- These underlying shares are derived from the share options granted by the Company.
- Mr. Xu is interested in 72,000 shares of the Company held by his spouse, Ms. YANG Jintong.

Save as disclosed above, the Directors did not have any interests or short positions in the securities of the Company as at 30 September 2019.

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 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 and their movements during the nine months ended 30 September 2019 are set out below:

| Name of category of participant | Date of grant | Exercise period | Exercise price per share | Number of share options | | | At 30 September 2019 |
|---------------------------------|---------------|------------------------|--------------------------|-------------------------|--------------------------|-------------------------------|----------------------|
| | | | | At 1 January 2019 | Lapsed during the period | Reallocated during the period | |
| 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. XU Gang | 9.4.2018 | 9.4.2018 to 8.4.2021 | 0.250 | 6,000,000 | - | - | 6,000,000 |
| Mr. TAO Wei | 9.4.2018 | 9.4.2018 to 8.4.2021 | 0.250 | 6,000,000 | - | - | 6,000,000 |
| Mr. ZHANG Bo | 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 |
| | | | | 48,000,000 | - | (6,000,000) | 42,000,000 |
| Employees | | | | | | | |
| | 31.1.2018 | 31.1.2018 to 30.1.2021 | 0.250 | 67,000,000 | (1,800,000) | 6,000,000 | 71,200,000 |
| | | | | 67,000,000 | (1,800,000) | 6,000,000 | 71,200,000 |
| 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 | | | | 333,840,000 | (1,800,000) | - | 332,040,000 |

Note: Mr. ZHANG Bo resigned as a Director on 30 August 2019 and has remained as a director of certain subsidiaries of the Company since then. His share options have been reallocated to "Employees".

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

So far is known to any Director, as at 30 September 2019, 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 (Note) | Beneficial owner | 2,055,887,357 | 21.59% |

Note: Winner Mind is wholly-owned by Dr. LIE Haiquan.

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 2019.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the nine months ended 30 September 2019.

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 three months and the nine months ended 30 September 2019 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
Deputy Chairman

Hong Kong, 12 November 2019

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

This report 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.