



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)

INTERIM RESULTS ANNOUNCEMENT
FOR THE THREE MONTHS AND SIX MONTHS ENDED 30 JUNE 2018

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK 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 Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

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 Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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*This announcement, for which the directors (the “**Directors**”) of Neo Telemedia Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on 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 three months and six months ended 30 June 2018 together with comparative unaudited figures for the corresponding period of 2017 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six and three months ended 30 June 2018

	<i>Notes</i>	For the six months ended 30 June		For the three months ended 30 June	
		2018 <i>HK\$'000</i> (Unaudited)	2017 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Unaudited)	2017 <i>HK\$'000</i> (Unaudited)
Turnover	3	1,452,139	291,665	835,696	143,958
Cost of sales		(1,310,294)	(213,644)	(748,249)	(91,572)
Gross profit		141,845	78,021	87,447	52,386
Other income and gains		15,647	17,413	5,657	15,939
Gain on disposal of subsidiaries		–	8,960	–	7,868
Change in fair value of contingent consideration payable		–	(2,152)	–	(2,152)
Selling and marketing costs		(21,591)	(12,842)	(11,935)	(6,902)
Administrative and other expenses		(119,998)	(68,300)	(61,529)	(36,948)
Share of results of joint venture		112	–	21	–
Finance costs	4	(3,771)	(1,394)	(1,734)	(889)
Profit before tax	5	12,244	19,706	17,927	29,302
Income tax expense	6	(6,663)	(2,123)	(4,948)	(2,948)
Profit for the period		5,581	17,583	12,979	26,354
Profit/(loss) for the period attributable to:					
Owners of the Company		9,483	11,719	18,361	20,327
Non-controlling interests		(3,902)	5,864	(5,382)	6,027
		<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>
Earnings per share	8				
– basic		0.1	0.12	0.19	0.21
– diluted		0.1	0.12	0.19	0.21

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six and three months ended 30 June 2018

	For the six months ended 30 June		For the three months ended 30 June	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Profit for the period	5,581	17,583	12,979	26,354
Other comprehensive (loss)/income for the period, net of tax				
Items that may be subsequently reclassified to profit or loss:				
Exchange differences arising on translation of foreign operations	(9,924)	27,940	(53,202)	21,585
Reclassification adjustment relating to disposal of foreign operations during the period	–	(2,275)	–	(2,250)
Other comprehensive (loss)/income for the period, net of tax	(9,924)	25,665	(53,202)	19,335
Total comprehensive (loss)/income for the period	(4,343)	43,248	(40,223)	45,689
Total comprehensive income/(loss) for the period attributable to:				
Owners of the Company	784	35,699	(29,488)	38,303
Non-controlling interests	(5,127)	7,549	(10,735)	7,386

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2018

		30 June 2018	31 December 2017
		HK\$'000	HK\$'000
	<i>Notes</i>	(Unaudited)	(Audited)
Non-current Assets			
Property, plant and equipment	9	784,745	593,000
Prepaid land lease payments		41,226	42,129
Interests in an associate		–	–
Interests in a joint venture		572	469
Goodwill	10	195,139	195,139
Intangible assets		273,401	292,059
Note receivable	12	–	67,692
Total Non-current Assets		1,295,083	1,190,488
Current Assets			
Inventories		12,013	8,124
Trade receivables	11	429,553	725,354
Prepayments, deposits and other receivables		531,362	357,161
Note receivable	12	69,308	–
Financial assets at fair value through profit or loss		–	59,900
Cash and cash equivalents		44,336	164,437
Total Current Assets		1,086,572	1,314,976
Current Liabilities			
Trade payables	13	162,743	537,769
Other payables and accruals	14	144,268	38,770
Receipts in advances		10,503	10,216
Bank borrowings	15	241,740	119,800
Contingent consideration payable		–	30,000
Tax liabilities		55,210	56,337
Total Current Liabilities		614,464	792,892
Net Current Assets		472,108	522,084
Total Assets less Current Liabilities		1,767,191	1,712,572

		30 June 2018 HK\$'000 (Unaudited)	31 December 2017 HK\$'000 (Audited)
	<i>Notes</i>		
Non-current Liabilities			
Bank borrowings	<i>15</i>	78,210	–
Deferred tax liabilities	<i>16</i>	61,634	65,830
		<hr/>	<hr/>
Total Non-current Liabilities		139,844	65,830
		<hr/>	<hr/>
Net Assets		1,627,347	1,646,742
		<hr/>	<hr/>
Capital and Reserves			
Share capital	<i>17</i>	952,218	952,884
Reserves		538,768	557,571
		<hr/>	<hr/>
Equity attributable to owners of the Company		1,490,986	1,510,455
Non-controlling interests		136,361	136,287
		<hr/>	<hr/>
Total Equity		1,627,347	1,646,742
		<hr/>	<hr/>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2018

	Attributable to owners of the Company						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 2017 (audited)	952,884	1,832,493	15,040	(45,387)	7,375	(1,319,999)	1442,406	1,547,507
Profit for the period	–	–	–	–	–	11,719	11,719	17,583
Other comprehensive income/(loss):								
Exchange difference on translation of foreign operations	–	–	–	26,255	–	–	26,255	27,940
Reclassification adjustment relating to disposal of foreign operations during the period	–	–	–	(2,275)	–	–	–	(2,275)
Total comprehensive income for the period	–	–	–	23,980	–	11,719	35,699	43,248
Disposal of subsidiaries	–	–	–	–	–	–	(5,491)	(5,491)
Release of reserve upon disposal of subsidiaries	–	–	–	–	(6,345)	6,345	–	–
Final dividend for 2016	–	(36,210)	–	–	–	–	–	(36,210)
Capital contribution by non-controlling interest	–	–	–	–	–	–	9,308	9,308
At 30 June 2017 (unaudited)	<u>952,884</u>	<u>1,796,283</u>	<u>15,040</u>	<u>(21,407)</u>	<u>1,030</u>	<u>(1,301,935)</u>	<u>1,441,895</u>	<u>1,558,362</u>
At 1 January 2018 (audited)	952,884	1,796,283	15,040	15,365	1,893	(1,271,010)	1,510,455	1,646,742
Profit/(loss) for the period	–	–	–	–	–	9,483	9,483	5,581
Other comprehensive loss:								
Exchange differences on translation of foreign operations	–	–	–	(8,699)	–	–	(8,699)	(9,924)
Total comprehensive (loss)/income for the period	–	–	–	(8,699)	–	9,483	784	(4,343)
Recognition of equity-settled share-based payment	–	–	17,202	–	–	–	17,202	17,202
Final dividend for 2017	–	(36,184)	–	–	–	–	(36,184)	(36,184)
Non-controlling interests arising from acquisition of a subsidiary	–	–	–	–	–	–	180	180
Capital contribution by non-controlling interests	–	–	–	–	–	–	5,021	5,021
Repurchases of shares	(666)	(605)	–	–	–	–	(1,271)	(1,271)
Share options lapsed	–	–	(14,043)	–	–	14,043	–	–
At 30 June 2018 (unaudited)	<u>952,218</u>	<u>1,759,494</u>	<u>18,199</u>	<u>6,666</u>	<u>1,893</u>	<u>(1,247,484)</u>	<u>1,490,986</u>	<u>1,627,347</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2018

	2018 <i>HK\$'000</i> (Unaudited)	2017 <i>HK\$'000</i> (Unaudited)
NET CASH FLOWS GENERATED FROM OPERATING ACTIVITIES	<u>14,843</u>	<u>241,801</u>
NET CASH FLOWS USED IN INVESTING ACTIVITIES	<u>(344,632)</u>	<u>(266,361)</u>
NET CASH FLOWS GENERATED FROM FINANCIAL ACTIVITIES	<u>210,812</u>	<u>7,914</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(118,977)	(16,646)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	164,437	188,882
Effect on foreign exchange rate changes	<u>(1,124)</u>	<u>5,044</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u><u>44,336</u></u>	<u><u>177,280</u></u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD:		
Bank balance and cash	<u><u>44,336</u></u>	<u><u>177,280</u></u>

Note:

MAJOR NON-CASH TRANSACTIONS

Details of an assignment of promissory note are set out in note 12 to the condensed consolidated interim financial statement. There are no other major non-cash transactions during the six months ended 30 June 2017 and 2018.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the three months and six months ended 30 June 2018

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 1906-8, 19th Floor, Harcourt House, 39 Gloucester Road, Wanchai, Hong Kong.

The condensed consolidated interim 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 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 interim financial statements of the Company have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the applicable disclosure requirements of the Rules Governing the Listing of GEM of Securities on the Stock Exchange (“**GEM Listing Rules**”).

This unaudited condensed consolidated interim financial information should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2017.

The accounting policies and methods of computation used in the unaudited condensed consolidated interim financial statements for the six months ended 30 June 2018 are the same as those adopted in the preparation of the Group's annual financial statements for the year ended 31 December 2017. In the current interim period, the Group has applied, for the first time, certain new or revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are mandatorily effective for the current period. Of those, details of changes in adoption of HKFRS 9 and HKFRS 15 are set out below:

(a) HKFRS 9 "Financial Instruments"

In the Period, the Group has adopted HKFRS 9 "Financial Instruments". HKFRS 9 is effective for the accounting periods beginning on or after 1 January 2018. The Group applied the classification and measurement requirements (including impairment) to instruments that have not been derecognised as at 1 January 2018 (date of initial application), without adjusting the retained profits or other reserves as at 1 January 2018, and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The principal effects resulting from the application of HKFRS 9 on the Group's assets or liabilities are summarised below:

Classification and measurement of financial assets and financial liabilities

HKFRS 9 "Financial Instruments" introduces a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics, and the new requirements on the accounting for financial liabilities that are designated at fair value through profit or loss.

Impairment of financial assets

HKFRS 9 replaces the "incurred loss" impairment model in HKAS 39 with a forward-looking "expected credit loss" model. The Group applies simplified approach to recognise lifetime expected losses for all trade and other receivables. The credit losses calculated pursuant to the new requirements are not significantly different from the amount recognised under the current practices. Therefore, the Group considered no adjustment is necessary.

(b) HKFRS 15 "Revenue from Contracts with Customers"

HKFRS 15 "Revenue from Contracts with Customers" establishes a five-steps model in accounting for revenue arising from contracts with customers which are recognised when a performance obligation is satisfied. It replaces existing revenue recognition guidance, including HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related Interpretations.

The Group has elected to adopt HKFRS 15 using the modified retrospective approach, with the effect of initially applying this standard recognised at the date of initial application. Accordingly, the information presented for 2017 has not been restated. The application of HKFRS 15 does not have a material impact on the timing and amounts of revenue recognition of the Group. Therefore, the Group considered no adjustment is necessary.

The application of the new or revised HKFRSs has had no material effect on the Group's financial statements.

3. TURNOVER AND SEGMENT INFORMATION

Turnover represented the net amounts received and receivable for goods sold or services provided by the Group to outside customers, less returns and discounts and sales related taxes.

An analysis of the Group's turnover for the period is as follows:

	For the six months ended 30 June		For the three months ended 30 June	
	2018	2017	2018	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Sale of telecommunication products and services	1,400,622	245,455	810,381	110,129
Internet finance platform	39,714	43,332	16,712	31,547
Others	11,803	2,878	8,603	2,282
	<u>1,452,139</u>	<u>291,665</u>	<u>835,696</u>	<u>143,958</u>

Segment information reported to the board of directors of the Company, 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:

- Sale of telecommunication products and services
- Internet finance platform

(a) Segment revenues and results

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

	Sale of telecommunication products and services		Internet finance platform		Others		Total	
	For the six months ended 30 June		For the six months ended 30 June		For the six months ended 30 June		For the six months ended 30 June	
	2018	2017	2018	2017	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Turnover	1,400,622	245,455	39,714	43,332	11,803	2,878	1,452,139	291,665
Segment results	37,407	1,575	(10,457)	8,714	(733)	(343)	26,217	9,946
Other income and gains							371	11,516
Interest income							14,222	2,690
Gain on disposal of subsidiaries							–	8,960
Share of results of joint venture							112	–
Unallocated corporate expenses							(28,678)	(13,406)
Profit before tax							12,244	19,706
Income tax expense							(6,663)	(2,123)
Profit for the period							5,581	17,583

(b) Segment assets and liabilities

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

	Sale of telecommunication products and services		Internet finance platform		Others		Total	
	For the six months ended 30 June		For the six months ended 30 June		For the six months ended 30 June		For the six months ended 30 June	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017	30 June 2018	31 December 2017	30 June 2018	31 December 2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Segment assets	2,148,120	2,257,823	101,836	112,892	26,530	26,994	2,276,486	2,397,709
Unallocated corporate assets							105,169	107,755
Total assets							2,381,655	2,505,464
Segment liabilities	646,552	792,226	53,876	49,732	14,216	13,334	714,644	855,292
Unallocated corporate liabilities							39,664	3,430
Total liabilities							754,308	858,722

Note: Others represent other reporting segments that are not reportable segments under HKFRS 8, which include logistics related business, insurance brokerage and software development business.

4. FINANCE COSTS

	For the six months ended 30 June		For the three months ended 30 June	
	2018	2017	2018	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Interest on bank borrowings	7,408	1,394	4,721	889
Less: Capitalised in construction in progress under property, plant and equipment	(3,637)	–	(2,987)	–
	<u>3,771</u>	<u>1,394</u>	<u>1,734</u>	<u>889</u>

Finance costs have been capitalised for construction in progress under property, plant and equipment at average rate of 4.83% per annum for the six months ended 30 June 2018.

5. PROFIT BEFORE TAX

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

	For the six months ended 30 June		For the three months ended 30 June	
	2018	2017	2018	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Interest income	(14,221)	(2,690)	(4,688)	(2,662)
Equity-settled share-based payment expense	17,202	–	7,717	–
Depreciation of items of property, plant and equipment	20,250	6,141	12,064	4,800
Amortisation of intangible assets	18,515	17,866	9,257	8,933
Amortisation of prepaid land lease payments	449	–	225	–
	<u>449</u>	<u>–</u>	<u>225</u>	<u>–</u>

6. INCOME TAX EXPENSE

	For the six months ended 30 June		For the three months ended 30 June	
	2018	2017	2018	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Current tax:				
– Hong Kong	1,326	250	1,226	250
– PRC	9,533	6,043	5,820	4,783
Deferred tax (<i>Note 16</i>)	(4,196)	(4,170)	(2,098)	(2,085)
Total income tax expense for the period	<u>6,663</u>	<u>2,123</u>	<u>4,948</u>	<u>2,948</u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods.

Under the Law of the PRC on Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries are 25% from 1 January 2008 onwards.

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.

7. DIVIDEND

A final dividend for the year ended 31 December 2017 of 0.38 HK cent per ordinary share, in an aggregate amount of approximately HK\$36,184,000, was recognised during the six months ended 30 June 2018 and paid in July 2018.

The Directors resolved not to declare any dividend for the six months ended 30 June 2018 (2017: Nil).

8. EARNINGS PER SHARE

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

	For the six months ended 30 June		For the three months ended 30 June	
	2018	2017	2018	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit attributable to owners of the Company	<u>9,483</u>	<u>11,719</u>	<u>18,361</u>	<u>20,327</u>

	For the six months ended 30 June		For the three months ended 30 June	
	2018 (Unaudited)	2017 (Unaudited)	2018 (Unaudited)	2017 (Unaudited)
Weighted average number of ordinary shares for the purpose of basic earnings per ordinary share at the end of the period	<u>9,525,054,400</u>	<u>9,528,844,345</u>	<u>9,522,184,345</u>	<u>9,528,844,345</u>
Effect of dilutive potential ordinary share:				
Share options	<u>–</u>	<u>21,048,518</u>	<u>–</u>	<u>13,420,881</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per ordinary share at the end of the period	<u>9,525,054,400</u>	<u>9,549,892,863</u>	<u>9,522,184,345</u>	<u>9,542,265,226</u>

The computation of diluted earnings per share for the six-month and three-month periods ended 30 June 2018 does not assume the exercise of share options since the exercise prices are higher than the average share price.

The computation of diluted earnings per share for the six-month and three-month periods ended 30 June 2017 did not assume the exercise of certain share options since the exercise prices are higher than the average share price.

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2018, the Group spent approximately HK\$222,441,000 (2017: HK\$28,227,000) on acquisition of property, plant and equipment, excluding property, plant and equipment acquired through acquisition of subsidiaries.

10. GOODWILL

HK\$'000

Cost

At 1 January 2018 (Audited) and 30 June 2018 (Unaudited)	<u>382,591</u>
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Accumulated impairment

At 1 January 2018 (Audited) and 30 June 2018 (Unaudited)	<u>187,452</u>
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Carrying values

At 30 June 2018 (Unaudited)	<u>195,139</u>
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At 31 December 2017 (Audited)	<u>195,139</u>
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11. TRADE RECEIVABLES

	30 June 2018 <i>HK\$'000</i> (Unaudited)	31 December 2017 <i>HK\$'000</i> (Audited)
Trade receivables	433,019	728,858
Less: accumulated allowance for doubtful debts	(3,466)	(3,504)
	<u>429,553</u>	<u>725,354</u>

The Group allows an average credit period of 90 days (31 December 2017: 90 days) to its trade customers. The Group seeks to maintain strict control over its outstanding receivables and has applied necessary credit control policies to minimize credit risk. Overdue balances are reviewed regularly by senior management.

The following is an aged analysis of trade receivables net of allowance for doubtful debts presented based on the invoice date at the end of the reporting period:

	30 June 2018 <i>HK\$'000</i> (Unaudited)	31 December 2017 <i>HK\$'000</i> (Audited)
Within 30 days	111,537	286,613
31 to 60 days	55,355	203,718
61 to 90 days	49,017	161,306
Over 90 days	213,644	73,717
	<u>429,553</u>	<u>725,354</u>

Trade receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Trade receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. In addition, there has been settlement subsequent to the date of the reporting period. Based on the aforesaid, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

12. NOTE RECEIVABLE

During the year ended 31 December 2017, the Company entered into a Deed of Assignment (the “DoA”) with an independent third party (the “Assignee”) pursuant to which the Company agreed to assign, and the Assignee agreed to accept an assignment of a promissory note (the “Promissory Note”) with a principal amount of HK\$88,000,000 at carrying amount of HK\$65,200,000 and all rights and benefits derived thereon to the Assignee for a consideration of HK\$71,883,000 (comprising the discounted value of the Promissory Note of HK\$65,200,000 and the interest at 5% per annum thereon of HK\$6,683,000 in aggregate for two years from the date of the DoA), payable on or before 28 March 2019. In relation to the DoA, a Deed of Guarantee in favour of the Company was executed by another independent third party (the “Guarantor”) pursuant to which the Guarantor agreed to guarantee to the Company the due and timely performance of the Assignee’s obligations under the DoA.

The note receivable is carried at amortised cost using the effective interest method.

13. TRADE PAYABLES

	30 June 2018 HK\$’000 (Unaudited)	31 December 2017 HK\$’000 (Audited)
Trade payables	162,743	537,769

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	30 June 2018 HK\$’000 (Unaudited)	31 December 2017 HK\$’000 (Audited)
Within 30 days	36,143	258,720
31 to 60 days	25,108	141,832
61 to 90 days	29,152	135,547
Over 90 days	72,340	1,670
	162,743	537,769

14. OTHER PAYABLES AND ACCRUALS

	30 June 2018 <i>HK\$'000</i> (Unaudited)	31 December 2017 <i>HK\$'000</i> (Audited)
Other payables	71,929	29,534
Dividend payable	36,184	–
Consideration payable	30,000	–
Accruals	6,155	9,236
	<u>144,268</u>	<u>38,770</u>

15. BANK BORROWINGS

	30 June 2018 <i>HK\$'000</i> (Unaudited)	31 December 2017 <i>HK\$'000</i> (Audited)
Bank borrowings repayable:		
Within one year or on demand	241,740	119,800
More than one year, but not exceeding two years	23,700	–
More than two years, but not exceeding five years	54,510	–
	<u>319,950</u>	<u>119,800</u>
Less: Amount due within one year or on demand shown under current liabilities	<u>(241,740)</u>	<u>(119,800)</u>
Amount shown under non-current liabilities	<u>78,210</u>	<u>–</u>

As at 30 June 2018, bank borrowings amounting to approximately HK\$99,540,000 (31 December 2017: Nil) carry fixed rates of interest of 4.4% per annum (31 December 2017: N/A). The remaining bank borrowings amounting to approximately HK\$220,410,000 (31 December 2017: HK\$119,800,000) carry interest at variable rates with the effective interest rate ranging from 5.2% to 6% per annum (31 December 2017: 6% per annum).

Bank borrowings amounting to approximately HK\$101,910,000 (31 December 2017: Nil) and approximately HK\$118,500,000 (31 December 2017: HK\$119,800,000) as at 30 June 2018 are secured by the pledge of certain properties held by the Group amounting to approximately HK\$74,797,000 and pledge of certain properties of a company substantially owned by Dr. Lie Haiquan, a substantial shareholder and a non-executive director of the Company, respectively.

16. DEFERRED TAX LIABILITIES

The movements in deferred tax liabilities during the current period are as follows:

	Intangible assets HK\$'000
At 1 January 2018 (Audited)	65,830
Deferred tax credited to the consolidated statement of profit or loss and other comprehensive income during the period (<i>Note 6</i>)	<u>(4,196)</u>
At 30 June 2018 (Unaudited)	<u><u>61,634</u></u>

17. SHARE CAPITAL

	Par value per share HK\$	Number of shares	Amount HK\$'000
Authorised:			
At 1 January 2018 and 30 June 2018	<u>0.1</u>	<u>20,000,000,000</u>	<u>2,000,000</u>
Issued and fully paid:			
At 1 January 2018 (Audited)	0.1	9,528,844,345	952,884
Repurchases of shares	<u>0.1</u>	<u>(6,660,000)</u>	<u>(666)</u>
At 30 June 2018 (Unaudited)	<u>0.1</u>	<u>9,522,184,345</u>	<u>952,218</u>

During the six months ended 30 June 2018, the Company repurchased on the market a total of 6,660,000 ordinary shares of the Company with an aggregate consideration of approximately HK\$1,271,000. All of these shares were cancelled. The premium payable on repurchases of shares was charged to share premium account.

18. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Some of the Group's financial assets and liabilities are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets and liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial asset and liability	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)
	30 June 2018	31 December 2017		
	(HK\$'000)	(HK\$'000)		
Asset				
Financial assets at fair value through profit or loss	–	59,900	Level 2	Derived using discounted cash flow approach at a rate by reference to similar products in the markets
Liability				
Contingent consideration payable	–	(30,000)	Level 3	Derived using discounted cash flow approach at a rate of 18.26% (Note)

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated interim financial statements approximate their fair values.

RECONCILIATION OF LEVEL 3 FAIR VALUE MEASUREMENTS

	Contingent Consideration Payable HK\$'000
At 1 January 2018	30,000
Transfer to other payables	(30,000)
	<hr/>
At 30 June 2018	<hr/><hr/>–

19. CAPITAL COMMITMENTS

As at 30 June 2018, the Group had capital commitment of approximately HK\$398,250,000 (31 December 2017: HK\$25,605,000), HK\$9,480,000 (31 December 2017: HK\$9,584,000) and HK\$29,625,000 (31 December 2017: HK\$29,950,000) for acquisition of property, plant and equipment and capital contribution to an associate and a joint venture, respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

For the six months ended 30 June 2018, the Group recorded a turnover of approximately HK\$1,452,139,000 (2017: HK\$291,665,000), representing an increase of approximately HK\$1,160,474,000 or 397.9% as compared to the same period in last year. The increase in turnover was mainly due to the diversification of products by selling mobile phones of different brand names. The Group's profit attributable to owners of the Company for the six months ended 30 June 2018 is approximately HK\$9,483,000 (2017: HK\$11,719,000), representing a decrease of approximately HK\$2,236,000 or 19.1% compared to the corresponding period in last year. The decrease is mainly attributable to the net effect of: 1) strong performance of the sale of telecommunication products and services segment; 2) fluctuation of the Internet lending environment that leads to poor performance of the Internet finance platform segment; and 3) the grant of share options of the Company resulting in share-based payment expense of approximately HK\$17.2 million during the period.

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\$1,400,622,000 (2017: HK\$245,455,000). Sale of telecommunication products and services represented trading of telecommunication products, provision of Internet data center (“IDC”), WIFI, system integration and value-added Internet services and software development in the PRC and Hong Kong. The increase in turnover was mainly due to the revenue growth in the trading of telecommunication products business resulting from the diversification of products by selling mobile phones of different brand names.

Internet finance platform business

During the period under review, the Group continued to expand its customer base of its Internet finance platforms. The revenue of approximately HK\$39,714,000 (2017: HK\$43,332,000) contributed to the Group represented service or commission income through the operations of these platforms.

In view of the recent fluctuation of the Internet lending environment and investors' lack of confidence, with borrowers failing to repay debts, operations of our Internet finance platform have been negatively affected. As such, the Group has engaged lawyers to set up a working group to participate in managing the operations of our Internet finance platform to ensure that interests of the investors and shareholders are not compromised and to maintain the normal operation of the platform.

In addition, in December 2017, the Office of the Leading Group for the Special Campaign against Peer-to-peer Lending Risks issued the Notice on Rectification and Inspection Acceptance of Risk of Online Lending, which provides further clarification on several matters in connection with the rectification and record-filing of online lending information intermediaries. In January 2018, the local financial regulatory department has formally issued the rectification notice to the Group.

Due to the aforesaid, our business volume has decreased since the second quarter of 2018 and we have focused on taking measures to comply with the laws and regulations that are applicable to our Internet finance platform business.

Business Prospects

Looking forward, the Group will continue to expand its IDC business. The construction of the IDCs in Huizhou and Heshan City will be completed and expected to be put in service in 2019. We expect more revenue will be contributed from these IDCs 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.

Share Capital

As at 30 June 2018, the authorised share capital of the Company was HK\$2,000,000,000 divided into 20,000,000,000 shares of HK\$0.10 each and the issued share capital of the Company was approximately HK\$952,218,435 divided into 9,522,184,345 shares of HK\$0.10 each.

Financial Position

During the period under review, the Group generally financed its operations with internally generated resources and bank borrowings. As at 30 June 2018, the Group had total assets of approximately HK\$2,381.7 million (31 December 2017: HK\$2,505.5 million) and total liabilities of approximately HK\$754.3 million (31 December 2017: HK\$858.7 million), representing a gearing ratio (expressed as total liabilities to total assets) of approximately 31.7% as at 30 June 2018 (31 December 2017: 34.3%).

As at 30 June 2018, the Group had current assets of approximately HK\$1,086.6 million (31 December 2017: HK\$1,315 million), including cash and equivalents of approximately HK\$44.3 million (31 December 2017: HK\$164.4 million), and trade receivables, prepayments, deposits and other receivables, note receivable and other financial assets of approximately HK\$1,030.2 million (31 December 2017: HK\$1,142.4 million); and current liabilities of approximately HK\$614.5 million (31 December 2017: HK\$792.9 million). The Group's current ratio had increased from approximately 1.7 times as at 31 December 2017 to approximately 1.8 times as at 30 June 2018.

Charges on the Group's Assets

Except for the pledged properties of approximately HK\$74,797,000, there were no material charges on the Group's assets as at 30 June 2018.

Foreign Exchange Exposure and Treasury Policies

Most of the Group's cash balances and income 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 six months ended 30 June 2018. Nevertheless, the management will continue to monitor the Group's foreign exchange exposure and will take prudent measures as and when appropriate.

Employee Information

As at 30 June 2018, the Group had approximately 366 employees. Salaries and benefits of the Group's employees were kept at a market level and employees were rewarded on a performance-related basis. Remuneration is reviewed annually. Staff benefits include contribution to mandatory contribution fund, discretionary bonus and share options.

Segmental Information

Details of segmental information of the Group as at 30 June 2018 are set out in note 3 to the Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2018.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SECURITIES

As at 30 June 2018, 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	2,072,016,000	9,000,000	21.85%
	Interest in controlled corporations (Note 1)	2,091,923,357	–	21.97%
Mr. CHEUNG Sing Tai	Beneficial owner	–	18,000,000	0.19%
Mr. ZHANG Xinyu	Beneficial owner	–	6,000,000	0.06%
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 Bo	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:

1. 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.
2. These underlying shares are derived from the share options granted by the Company.
3. 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 June 2018.

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 share options under the Old Scheme and their movements during the six months ended 30 June 2018 are set out below:

Name of category of participant	Date of grant	Exercise period	Exercise price per share (HK\$)	Number of share options			
				At 1 January 2018	Exercised during the period	Lapsed during the period	At 30 June 2018
Employees and others							
In aggregate	8/4/2011	8/4/2011-7/4/2021	0.469	6,840,000	—	—	6,840,000
Total				6,840,000	—	—	6,840,000

Particulars of the share options under the New Scheme and their movements during the six months ended 30 June 2018 are set out below:

				Number of share options					
Name of category of participant	Date of grant	Exercise period	Exercise price per share (HK\$)	At	Granted	Exercised	Lapsed	Cancelled	At
				1 January 2018	during the period	during the period	during the period	during the period	30 June 2018
Directors									
Dr. LIE Haiquan	31/1/2018	31/1/2018–30/1/2021	0.250	–	9,000,000	–	–	(9,000,000)	–
	9/4/2018	9/4/2018–8/4/2021	0.250	–	9,000,000	–	–	–	9,000,000
Mr. CHEUNG Sing Tai	31/1/2018	31/1/2018–30/1/2021	0.250	–	18,000,000	–	–	(18,000,000)	–
	9/4/2018	9/4/2018–8/4/2021	0.250	–	18,000,000	–	–	–	18,000,000
Mr. ZHANG Xinyu	3/4/2013	3/4/2013–2/4/2018	0.275	45,600,000	–	–	(45,600,000)	–	–
	31/1/2018	31/1/2018–30/1/2021	0.250	–	6,000,000	–	–	(6,000,000)	–
	9/4/2018	9/4/2018–8/4/2021	0.250	–	6,000,000	–	–	–	6,000,000
Mr. XU Gang	31/1/2018	31/1/2018–30/1/2021	0.250	–	6,000,000	–	–	(6,000,000)	–
	9/4/2018	9/4/2018–8/4/2021	0.250	–	6,000,000	–	–	–	6,000,000
Mr. TAO Wei	31/1/2018	31/1/2018–30/1/2021	0.250	–	6,000,000	–	–	(6,000,000)	–
	9/4/2018	9/4/2018–8/4/2021	0.250	–	6,000,000	–	–	–	6,000,000
Mr. ZHANG Bo	31/1/2018	31/1/2018–30/1/2021	0.250	–	6,000,000	–	–	(6,000,000)	–
	9/4/2018	9/4/2018–8/4/2021	0.250	–	6,000,000	–	–	–	6,000,000
Mr. ZHANG Zihua	31/1/2018	31/1/2018–30/1/2021	0.250	–	1,000,000	–	–	(1,000,000)	–
	9/4/2018	9/4/2018–8/4/2021	0.250	–	1,000,000	–	–	–	1,000,000
Ms. XI Lina	31/1/2018	31/1/2018–30/1/2021	0.250	–	1,000,000	–	–	(1,000,000)	–
	9/4/2018	9/4/2018–8/4/2021	0.250	–	1,000,000	–	–	–	1,000,000
Mr. HUANG Zhixiong	31/1/2018	31/1/2018–30/1/2021	0.250	–	1,000,000	–	–	(1,000,000)	–
	9/4/2018	9/4/2018–8/4/2021	0.250	–	1,000,000	–	–	–	1,000,000
Subtotal				45,600,000	108,000,000	–	(45,600,000)	(54,000,000)	54,000,000
Employees and others									
In aggregate	3/4/2013	3/4/2013–2/4/2018	0.275	68,400,000	–	–	(68,400,000)	–	–
In aggregate	31/1/2018	31/1/2018–30/1/2021	0.250	–	195,000,000	–	–	–	195,000,000
In aggregate	9/4/2018	9/4/2018–8/4/2021	0.250	–	100,000,000	–	–	–	100,000,000
Subtotal				68,400,000	295,000,000	–	(68,400,000)	–	295,000,000
Total				114,000,000	403,000,000	–	(114,000,000)	(54,000,000)	349,000,000

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

So far is known to the Directors, as at 30 June 2018, 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</i>)	Beneficial owner	2,055,887,357	21.59%

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

CORPORATE GOVERNANCE PRACTICES

The Company's corporate governance practices are based on the principles and the code provisions (the "Code") as set out in the Code on Corporate Governance Practices 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. The Company has complied with the Code throughout the period under review, 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 (the "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 provision.

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 Mr. CHEUNG Sing Tai, and Mr. ZHANG Xinyu, 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.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company 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 the Directors during the six months ended 30 June 2018.

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 six months ended 30 June 2018.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

During the six months ended 30 June 2018, the Company had repurchased a total of 6,660,000 shares of HK\$0.10 each on the Stock Exchange at an aggregate consideration of approximately HK\$1,271,000. All of the repurchased shares were cancelled and accordingly the issued share capital of the Company was reduced by the nominal value of these shares. Details of the repurchases are as follows:

Month/Year	Number of shares repurchased	Highest price paid per share <i>HK\$</i>	Lowest price paid per share <i>HK\$</i>	Aggregate consideration <i>HK\$'000</i>
February 2018	6,660,000	0.198	0.179	1,271

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2018.

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 six months ended 30 June 2018 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, 10 August 2018

As at the date of this announcement, the Board comprises five executive Directors, namely Mr. CHEUNG Sing Tai (Deputy Chairman and Chief Executive Officer), Mr. ZHANG Xinyu, Mr. XU Gang, Mr. TAO Wei and Mr. ZHANG Bo, 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 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.