



Neo Telemedia Limited
中國新電信集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8167)

THIRD QUARTERLY RESULTS ANNOUNCEMENT
FOR THE NINE AND THREE MONTHS ENDED 30 SEPTEMBER 2018

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*This announcement, for which the directors (the “**Directors**”) of Neo Telemedia Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief:*

- 1. the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive; and*
- 2. there are no other matters the omission of which would make any statement in this announcement misleading.*

UNAUDITED RESULTS

The board of directors (the “**Board**”) of Neo Telemedia Limited (the “**Company**”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (hereinafter collectively referred to as the “**Group**”) for the nine and three months ended 30 September 2018 together with comparative unaudited figures for the corresponding period of 2017 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		For the nine months ended 30 September		For the three months ended 30 September	
		2018 <i>HK\$'000</i> (Unaudited)	2017 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Unaudited)	2017 <i>HK\$'000</i> (Unaudited)
	<i>Notes</i>				
Turnover	3	2,073,703	432,259	621,564	140,594
Cost of sales		(1,895,661)	(294,481)	(585,367)	(80,837)
Gross profit		178,042	137,778	36,197	59,757
Other income and gains		21,612	21,991	5,965	4,578
Gain on disposal of subsidiaries		–	8,960	–	–
Change in fair value of contingent consideration payable		–	(2,152)	–	–
Selling and marketing costs		(28,989)	(23,865)	(7,398)	(11,023)
Administrative and other expenses		(163,203)	(111,619)	(43,205)	(43,319)
Impairment loss on accounts receivable	7	(43,174)	–	(43,174)	–
Share of results of joint venture		3	–	(109)	–
Finance costs		(6,255)	(2,610)	(2,484)	(1,216)
(Loss)/profit before tax		(41,964)	28,483	(54,208)	8,777
Income tax (expense)/credit	4	(6,029)	(5,142)	634	(3,019)
(Loss)/profit for the period		(47,993)	23,341	(53,574)	5,758
(Loss)/profit for the period attributable to:					
Owners of the Company		(21,150)	14,144	(30,633)	2,425
Non-controlling interests		(26,843)	9,197	(22,941)	3,333
		<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>
(Loss)/earnings per share	6				
– basic		(0.22)	0.15	(0.32)	0.03
– diluted		(0.22)	0.15	(0.32)	0.03

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	
	2018 <i>HK\$'000</i> (Unaudited)	2017 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Unaudited)	2017 <i>HK\$'000</i> (Unaudited)
(Loss)/profit for the period	<u>(47,993)</u>	<u>23,341</u>	<u>(53,574)</u>	<u>5,758</u>
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	(44,801)	44,678	(34,877)	16,738
Reclassification adjustment relating to disposal of foreign operations during the period	<u>–</u>	<u>(2,275)</u>	<u>–</u>	<u>–</u>
	<u>(44,801)</u>	<u>42,403</u>	<u>(34,877)</u>	<u>16,738</u>
Total comprehensive (loss)/ income for the period	<u>(92,794)</u>	<u>65,744</u>	<u>(88,451)</u>	<u>22,496</u>
Total comprehensive (loss)/ income for the period attributable to:				
Owners of the Company	(60,896)	53,357	(61,680)	17,658
Non-controlling interests	<u>(31,898)</u>	<u>12,387</u>	<u>(26,771)</u>	<u>4,838</u>

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. GENERAL INFORMATION

Neo Telemedia Limited (the “**Company**”) (together with its subsidiaries, collectively referred to as the “**Group**”) was 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 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 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.

In the current period, 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 the above new or revised HKFRSs has had no material effect on the Group’s financial statements.

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 2017.

The unaudited condensed consolidated financial statements for the nine months ended 30 September 2018 have not been audited or reviewed by the Company’s auditors, but have been reviewed by the audit committee of the Company.

3. TURNOVER

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 2018. An analysis of turnover is as follows:

	For the nine months ended 30 September		For the three months ended 30 September	
	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Sale of telecommunication products and services	2,016,092	349,131	615,470	103,676
Internet finance platform	43,833	78,222	4,119	34,890
Others	13,778	4,906	1,975	2,028
	<u>2,073,703</u>	<u>432,259</u>	<u>621,564</u>	<u>140,594</u>

Note: Others include logistics related business, insurance brokerage and software development business.

4. INCOME TAX (EXPENSE)/CREDIT

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.

5. 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 and paid during the nine months ended 30 September 2018.

The Directors resolved not to declare any dividend for the nine months ended 30 September 2018 (2017: 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	
	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
(Loss)/profit attributable to owners of the Company	<u>(21,150)</u>	<u>14,144</u>	<u>(30,633)</u>	<u>2,425</u>

	For the nine months ended 30 September		For the three months ended 30 September	
	2018	2017	2018	2017
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per ordinary share at the end of the period	<u>9,524,087,202</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>15,792,367</u>	<u>—</u>	<u>4,036,172</u>
Weighted average number of ordinary shares for the purpose of diluted (loss)/earnings per ordinary share at the end of the period	<u>9,524,087,202</u>	<u>9,544,636,712</u>	<u>9,522,184,345</u>	<u>9,532,880,517</u>

The computation of diluted loss per share for the nine-month and three-month periods ended 30 September 2018 did not assume the exercise of share options since it would result in an anti-dilutive effect on the loss per share.

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

7. IMPAIRMENT LOSS ON ACCOUNTS RECEIVABLE

An analysis of the Group's impairment loss recognised on accounts receivable for the period is as follows:

	For the nine months ended 30 September		For the three months ended 30 September	
	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Sale of telecommunication products and services	<u>2,979</u>	<u>—</u>	<u>2,979</u>	<u>—</u>
Internet finance platform	<u>40,195</u>	<u>—</u>	<u>40,195</u>	<u>—</u>
	<u>43,174</u>	<u>—</u>	<u>43,174</u>	<u>—</u>

The directors of the Company considered that the recoverability of the relevant accounts receivable as at 30 September 2018 was uncertain.

8. 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 2017 (audited)	952,884	1,832,493	15,040	(45,387)	7,375	(1,319,999)	1,442,406	105,101	1,547,507
Profit for the period	–	–	–	–	–	14,144	14,144	9,197	23,341
Other comprehensive income/(loss):									
Exchange difference on translation of foreign operations	–	–	–	41,488	–	–	41,488	3,190	44,678
Reclassification adjustment relating to disposal of foreign operations during the period	–	–	–	(2,275)	–	–	(2,275)	–	(2,275)
Total comprehensive income for the period	–	–	–	39,213	–	14,144	53,357	12,387	65,744
Disposal of subsidiaries	–	–	–	–	–	–	–	(5,491)	(5,491)
Release of reserve upon disposal of subsidiaries	–	–	–	–	(6,345)	6,345	–	–	–
Acquisition of non-controlling interests	–	–	–	–	–	409	409	(1,994)	(1,585)
Final dividend for 2016	–	(36,210)	–	–	–	–	(36,210)	–	(36,210)
Capital contribution by non-controlling interest	–	–	–	–	–	–	–	11,953	11,953
At 30 September 2017 (unaudited)	<u>952,884</u>	<u>1,796,283</u>	<u>15,040</u>	<u>(6,174)</u>	<u>1,030</u>	<u>(1,299,101)</u>	<u>1,459,962</u>	<u>121,956</u>	<u>1,581,918</u>
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)	<u>952,218</u>	<u>1,759,494</u>	<u>18,199</u>	<u>(24,381)</u>	<u>1,893</u>	<u>(1,279,215)</u>	<u>1,428,208</u>	<u>111,828</u>	<u>1,540,036</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

For the nine months ended 30 September 2018, the Group recorded a turnover of approximately HK\$2,073,703,000 (2017: HK\$432,259,000), representing an increase of approximately HK\$1,641,444,000 or 379.7% 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 recorded a loss attributable to owners of the Company of approximately HK\$21,150,000 for the nine months ended 30 September 2018 compared to a profit attributable to owners of the Company of approximately HK\$14,144,000 for the nine months ended 30 September 2017, primarily due to the impairment loss of approximately HK\$40,195,000 on accounts receivable in relation to the Internet finance platform business as the recoverability of such receivables became uncertain.

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\$2,016,092,000 (2017: HK\$349,131,000). 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 revenue of Internet finance platform business was approximately HK\$43,833,000 (2017: HK\$78,222,000) representing the service or commission income through the operations of these platforms.

In view of the recent fluctuation of the Internet lending environment in mainland China which resulted in investors' lack of confidence and borrowers' failure to repay debts, operations of the Group's Internet finance platform (the "**Platform**") have been negatively affected. In order to ensure that interests of the Group and the investors of the Platform are not compromised, in July 2018, the Group engaged lawyers to provide services to the Group in relation to the operations of the Platform, particularly conducting due diligence review of the operations, identifying defaulted loans and receivables (including the impaired accounts receivable as mentioned below) and taking necessary actions to recover the same, and assisting the Group to: 1) comply with the laws and regulations that are applicable to the Internet finance platform business, and 2) carry out rectification work on the operations of the Platform in accordance with the rectification notice that the local financial regulatory department issued to the Group in January 2018 and complete the relevant filings.

Based on the preliminary results of the due diligence review conducted by the lawyers, the management considered that the recoverability of the accounts receivable of Internet finance platform business became uncertain. Therefore, impairment loss of approximately HK\$40,195,000 was recognised in respect of those receivables. As the lawyers have commenced the procedures of recovering the aforesaid accounts receivable, the Company will update its shareholders on any material development as and when appropriate.

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 IDC in Heshan City will be completed and expected to be put in service in 2019. We expect more revenue will 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.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SECURITIES

As at 30 September 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	2,085,300,000	9,000,000	21.99%
	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 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:

- 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 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 nine months ended 30 September 2018 are set out below:

Name and category of participant	Date of grant	Exercisable period	Exercise price per share (HK\$)	Number of share options			
				At 1 January 2018	Exercised during the period	Lapsed during the period	At 30 September 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 nine months ended 30 September 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 1 January 2018	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period	Reallocated during the period (Note)	At 30 September 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)	(6,000,000)	48,000,000
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	–	–	–	6,000,000	106,000,000
Subtotal				68,400,000	295,000,000	–	(68,400,000)	–	6,000,000	301,000,000
Total				114,000,000	403,000,000	–	(114,000,000)	(54,000,000)	–	349,000,000

Note: Mr. ZHANG Xinyu resigned as a Director on 31 August 2018 and has remained as a director of a subsidiary of the Company since then. His share options have been reallocated to “Employee and others”.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

So far is known to any Director, as at 30 September 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.

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 2018.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

During the nine months ended 30 September 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 HK\$	Lowest price paid per share HK\$	Aggregate consideration HK\$'000
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 nine months ended 30 September 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 three months and the nine months ended 30 September 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, 12 November 2018

As at the date of this announcement, the Board comprises four executive Directors, namely Mr. CHEUNG Sing Tai (Deputy Chairman and Chief Executive Officer), 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.