



**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 2023**

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

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

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

## UNAUDITED RESULTS

The board of directors (the “**Board**”) of Neo Telemedia Limited (the “**Company**”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (hereinafter collectively referred to as the “**Group**”) for the three months and six months ended 30 June 2023 together with comparative unaudited figures for the corresponding period of 2022 as follows:

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six and three months ended 30 June 2023

|   | Notes | For the six months ended<br>30 June |                                 | For the three months ended<br>30 June |                                 |
|---|-------|-------------------------------------|---------------------------------|---------------------------------------|---------------------------------|
|   |       | 2023<br>HK\$'000<br>(Unaudited)     | 2022<br>HK\$'000<br>(Unaudited) | 2023<br>HK\$'000<br>(Unaudited)       | 2022<br>HK\$'000<br>(Unaudited) |
| Revenue   | 3     | 234,416                             | 260,321                         | 113,232                               | 130,428                         |
| Cost of sales   |       | (227,397)                           | (224,230)                       | (112,939)                             | (117,995)                       |
| Gross profit  |       | 7,019                               | 36,091                          | 293                                   | 12,433                          |
| Other income and gains  |       | 3,660                               | 9,879                           | 1,314                                 | 2,139                           |
| Gain on disposal of a subsidiary                                    |       | 5,019                               | 207,266                         | (3)                                   | 207,266                         |
| Net change in impairment losses<br>under expected credit loss model |       | (6,068)                             | (2,779)                         | (6,068)                               | (2,779)                         |
| Selling and marketing costs   |       | (11,480)                            | (16,513)                        | (5,632)                               | (8,170)                         |
| Administrative and other expenses                                   |       | (58,684)                            | (68,716)                        | (26,978)                              | (32,751)                        |
| Finance costs   | 4     | (76,014)                            | (49,248)                        | (39,374)                              | (23,670)                        |
| (Loss)/profit before tax  | 5     | (136,548)                           | 115,980                         | (76,448)                              | 154,468                         |
| Income tax credit/(expenses)  | 6     | 5,539                               | (12,101)                        | 4,524                                 | (12,971)                        |
| (Loss)/profit for the period  |       | <u>(131,009)</u>                    | <u>103,879</u>                  | <u>(71,924)</u>                       | <u>141,497</u>                  |
| <b>(Loss)/profit for the period<br/>attributable to:</b>            |       |                                     |                                 |                                       |                                 |
| Owners of the Company   |       | (123,682)                           | 39,979                          | (67,300)                              | 73,089                          |
| Non-controlling interests   |       | (7,327)                             | 63,900                          | (4,624)                               | 68,408                          |
|   |       | <u>(131,009)</u>                    | <u>103,879</u>                  | <u>(71,924)</u>                       | <u>141,497</u>                  |
|   |       | <i>HK cents</i>                     | <i>HK cents</i>                 | <i>HK cents</i>                       | <i>HK cents</i>                 |
| (Loss)/earnings per share<br>– basic and diluted                    | 8     | <u>(1.30)</u>                       | <u>0.42</u>                     | <u>(0.71)</u>                         | <u>0.77</u>                     |

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

*For the six and three months ended 30 June 2023*

|  | For the six months ended |                 | For the three months ended |                 |
|--|--------------------------|-----------------|----------------------------|-----------------|
|  | 30 June                  |                 | 30 June                    |                 |
|  | 2023                     | 2022            | 2023                       | 2022            |
|  | <i>HK\$'000</i>          | <i>HK\$'000</i> | <i>HK\$'000</i>            | <i>HK\$'000</i> |
|  | (Unaudited)              | (Unaudited)     | (Unaudited)                | (Unaudited)     |
| <b>(Loss)/profit for the period</b>  | <b>(131,009)</b>         | 103,879         | <b>(71,924)</b>            | 141,497         |
| <b>Other comprehensive (loss)/income for the period, net of tax</b>                                      |                          |                 |                            |                 |
| Items that may be subsequently reclassified to profit or loss:   |                          |                 |                            |                 |
| Exchange differences arising on translation of foreign operations  | (42,120)                 | (48,252)        | (44,693)                   | (52,972)        |
| Reclassification of cumulative translation reserve upon disposal of foreign operations during the period | 1,336                    | 4,669           | 307                        | 4,669           |
| Other comprehensive loss for the period, net of tax  | (40,784)                 | (43,583)        | (44,386)                   | (48,303)        |
| <b>Total comprehensive (loss)/income for the period</b>  | <b>(171,793)</b>         | 60,296          | <b>(116,310)</b>           | 93,194          |
| <b>Total comprehensive (loss)/income for the period attributable to:</b>                                 |                          |                 |                            |                 |
| Owners of the Company  | (160,182)                | 2,784           | (105,952)                  | 31,421          |
| Non-controlling interests  | (11,611)                 | 57,512          | (10,358)                   | 61,773          |
|  | <b>(171,793)</b>         | 60,296          | <b>(116,310)</b>           | 93,194          |

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2023

|  |              | 30 June<br>2023<br><i>HK\$'000</i><br>(Unaudited) | 31 December<br>2022<br><i>HK\$'000</i><br>(Audited) |
|--|--------------|---|---|
|  | <i>Notes</i> |   |   |
| <b>Non-current Assets</b>                    |              |   |   |
| Property, plant and equipment                | 9            | 1,642,220   | 1,765,779   |
| Right-of-use assets                          |              | 1,403,403   | 1,157,302   |
| Goodwill                                     | 10           | 50,859  | 50,859  |
| Intangible assets                            |              | 52,661  | 62,375  |
| Prepayment for property, plant and equipment |              | 13,941  | 76,849  |
| Deferred tax assets                          | 15           | 6,748   | 6,053   |
|  |              | <b>3,169,832</b>                                  | 3,119,217   |
| <b>Current Assets</b>                        |              |   |   |
| Inventories                                  |              | 255   | 330   |
| Accounts receivable                          | 11           | 159,289   | 146,929   |
| Prepayments, deposits and other receivables  |              | 551,283   | 552,765   |
| Cash and cash equivalents                    |              | 14,098  | 17,607  |
|  |              | 724,925   | 717,631   |
| Assets held for sale                         |              | 3,467   | 5,574   |
|  |              | <b>728,392</b>                                    | 723,205   |
| <b>Current Liabilities</b>                   |              |   |   |
| Accounts payable                             | 12           | 144,366   | 129,439   |
| Other payables and accruals                  | 13           | 514,644   | 377,437   |
| Contract liabilities                         |              | 28,754  | 20,669  |
| Lease liabilities                            |              | 543,297   | 317,463   |
| Borrowings                                   | 14           | 842,711   | 927,706   |
| Tax liabilities                              |              | 50,378  | 52,149  |
|  |              | <b>2,124,150</b>                                  | 1,824,863   |
| <b>Net Current Liabilities</b>               |              | <b>(1,395,758)</b>                                | (1,101,658)   |
| <b>Total Assets less Current Liabilities</b> |              | <b>1,774,074</b>                                  | 2,017,559   |

|   |              | <b>30 June</b>     | 31 December     |
|---|--------------|--------------------|-----------------|
|   |              | <b>2023</b>        | 2022            |
|   |              | <b>HK\$'000</b>    | <b>HK\$'000</b> |
|   | <i>Notes</i> | <b>(Unaudited)</b> | (Audited)       |
| <b>Non-current Liabilities</b>                      |              |                    |                 |
| Other payables                                      | <i>13</i>    | <b>3,108</b>       | 3,251           |
| Deferred tax liabilities                            | <i>15</i>    | <b>13,165</b>      | 15,594          |
| Lease liabilities                                   |              | <b>921,378</b>     | 990,498         |
|   |              | <hr/>              | <hr/>           |
| <b>Total Non-current Liabilities</b>                |              | <b>937,651</b>     | 1,009,343       |
|   |              | <hr/>              | <hr/>           |
| <b>Net Assets</b>                                   |              | <b>836,423</b>     | 1,008,216       |
|   |              | <hr/> <hr/>        | <hr/> <hr/>     |
| <b>Capital and Reserves</b>                         |              |                    |                 |
| Share capital                                       | <i>16</i>    | <b>952,218</b>     | 952,218         |
| Reserves  |              | <b>(230,501)</b>   | (70,319)        |
|   |              | <hr/>              | <hr/>           |
| <b>Equity attributable to owners of the Company</b> |              | <b>721,717</b>     | 881,899         |
| Non-controlling interests                           |              | <b>114,706</b>     | 126,317         |
|   |              | <hr/>              | <hr/>           |
| <b>Total Equity</b>                                 |              | <b>836,423</b>     | 1,008,216       |
|   |              | <hr/> <hr/>        | <hr/> <hr/>     |

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*For the six months ended 30 June 2023*

|  | Attributable to owners of the Company |                              |                                    |                                  |                                   | Sub-total<br>HK\$'000 | Non-<br>controlling<br>interests<br>HK\$'000 | Total<br>HK\$'000 |
|--|---------------------------------------|------------------------------|------------------------------------|----------------------------------|-----------------------------------|-----------------------|--|-------------------|
|  | Share<br>capital<br>HK\$'000          | Share<br>premium<br>HK\$'000 | Translation<br>reserve<br>HK\$'000 | Statutory<br>reserve<br>HK\$'000 | Accumulated<br>losses<br>HK\$'000 |                       |  |                   |
| <b>At 1 January 2022 (audited)</b>   | 952,218                               | 1,759,494                    | 25,421                             | 1,893                            | (1,735,471)                       | 1,003,555             | 54,733                                       | 1,058,288         |
| Profit for the period  | –                                     | –                            | –                                  | –                                | 39,979                            | 39,979                | 63,900                                       | 103,879           |
| <b>Other comprehensive loss:</b>   |                                       |                              |                                    |                                  |                                   |                       |  |                   |
| Exchange differences on translation of foreign operations  | –                                     | –                            | (41,864)                           | –                                | –                                 | (41,864)              | (6,388)                                      | (48,252)          |
| Reclassification of cumulative translation reserve upon disposal of foreign operations during the period | –                                     | –                            | 4,669                              | –                                | –                                 | 4,669                 | –  | 4,669             |
| Total comprehensive income for the period  | –                                     | –                            | (37,195)                           | –                                | 39,979                            | 2,784                 | 57,512                                       | 60,296            |
| Disposal of a subsidiary   | –                                     | –                            | –                                  | –                                | –                                 | –                     | 29,650                                       | 29,650            |
| <b>At 30 June 2022 (unaudited)</b>   | <u>952,218</u>                        | <u>1,759,494</u>             | <u>(11,774)</u>                    | <u>1,893</u>                     | <u>(1,695,492)</u>                | <u>1,006,339</u>      | <u>141,895</u>                               | <u>1,148,234</u>  |
| <b>At 1 January 2023 (audited)</b>   | 952,218                               | 1,759,494                    | (40,578)                           | 1,893                            | (1,791,128)                       | 881,899               | 126,317                                      | 1,008,216         |
| Loss for the period  | –                                     | –                            | –                                  | –                                | (123,682)                         | (123,682)             | (7,327)                                      | (131,009)         |
| <b>Other comprehensive loss:</b>   |                                       |                              |                                    |                                  |                                   |                       |  |                   |
| Exchange differences on translation of foreign operations  | –                                     | –                            | (37,836)                           | –                                | –                                 | (37,836)              | (4,284)                                      | (42,120)          |
| Reclassification of cumulative translation reserve upon disposal of foreign operations during the period | –                                     | –                            | 1,336                              | –                                | –                                 | 1,336                 | –  | 1,336             |
| Total comprehensive loss for the period  | –                                     | –                            | (36,500)                           | –                                | (123,682)                         | (160,182)             | (11,611)                                     | (171,793)         |
| <b>At 30 June 2023 (unaudited)</b>   | <u>952,218</u>                        | <u>1,759,494</u>             | <u>(77,078)</u>                    | <u>1,893</u>                     | <u>(1,914,810)</u>                | <u>721,717</u>        | <u>114,706</u>                               | <u>836,423</u>    |

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

|  | <b>2023</b><br><b>HK\$'000</b><br><b>(Unaudited)</b> | 2022<br><i>HK\$'000</i><br>(Unaudited) |
|--|--|--|
| NET CASH FLOWS GENERATED FROM<br>OPERATING ACTIVITIES                                      | <b>165,400</b>                                       | 64,258                                 |
| NET CASH FLOWS GENERATED FROM<br>INVESTING ACTIVITIES                                      | <b>28,223</b>  | 173,252                                |
| NET CASH FLOWS USED IN FINANCING ACTIVITIES  | <b>(196,487)</b>                                     | (137,109)                              |
| <b>NET (DECREASE)/INCREASE IN CASH AND<br/>CASH EQUIVALENTS</b>                            | <b>(2,864)</b>                                       | 100,401                                |
| CASH AND CASH EQUIVALENTS AT<br>THE BEGINNING OF THE PERIOD                                | <b>17,607</b>  | 20,198                                 |
| Effect on foreign exchange rate changes  | <b>(645)</b>   | (3,962)                                |
| <b>CASH AND CASH EQUIVALENTS<br/>AT THE END OF THE PERIOD</b>                              | <b>14,098</b>  | 116,637                                |
| <b>ANALYSIS OF BALANCES OF CASH AND<br/>CASH EQUIVALENTS AT THE END OF<br/>THE PERIOD:</b> |  |  |
| Bank balance and cash  | <b>14,098</b>  | 116,637                                |

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

*For the three months and six months ended 30 June 2023*

### 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 activity of its subsidiaries is the provision of data centre services.

### 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**”). The unaudited condensed consolidated interim financial statements have been prepared under the historical cost convention.

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

The unaudited condensed consolidated interim financial statements have not been audited or reviewed by the Company’s auditors, but have been reviewed by the audit committee of the Company.

#### **Going Concern**

As at 30 June 2023, the Group’s current liabilities exceeded its current assets by approximately HK\$1,395,758,000. Notwithstanding the above, the consolidated financial statements have been prepared on a going concern basis, the validity of the going concern basis is dependent upon the success of the Group’s future operations, its ability to generate adequate cash flows in order to meet its obligations as and when fall due and its ability to refinance or restructure its borrowings such that the Group can meet its future working capital and financing requirements.

In the opinion of the directors of the Company (the “**Directors**”), the Group is able to maintain itself as a going concern by taking into consideration that:

- (i) the cash flow projections can be achieved that the Group would have sufficient working capital to finance its operation and to meet its financial obligations when they fall due within the next twelve months from the end of the reporting period;
- (ii) the net assets of the Group as at 30 June 2023 of approximately HK\$836,423,000, the Group should be able to secure additional loan facilities, if necessary;
- (iii) bank loans with carrying amount of approximately HK\$445,557,000 as at 30 June 2023 that are repayable more than one year after the end of the reporting period pursuant to the repayment schedule included in the loan agreements, with a repayment on demand clause, have been classified as current liabilities as at 30 June 2023 in accordance with Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (“**HK-Int 5**”). Taking into account the Group’s financial position and the security provided to the banks, the Directors believe that the banks will not exercise its discretionary rights to demand immediate repayment. The Directors believe that the bank loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreements;
- (iv) other loans with carrying amount of approximately HK\$171,442,000 as at 30 June 2023 that are repayable more than one year after the end of the reporting period pursuant to the repayment schedule included in the loan agreements, with a repayment on demand clause, have been classified as current liabilities as at 30 June 2022 in accordance with HK-Int 5. Taking into account the Group’s financial position and the security provided to the lenders, the Directors believe that the lenders will not exercise its discretionary rights to demand immediate repayment. The Directors believe that the other loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreements; and
- (v) as at 30 June 2023, there were unutilised banking facilities of approximately HK\$976,987,000 which are expiring between 2024 and 2028.

The accounting policies and methods of computation used in the unaudited condensed consolidated interim financial statements for the six months ended 30 June 2023 are the same as those adopted in the preparation of the Group’s annual financial statements for the year ended 31 December 2022. In the current interim period, the Group has applied, for the first time, the following new or amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the HKICPA that are mandatorily effective for the current period.

|  |   |
|--|---|
| HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17) | Insurance Contracts   |
| Amendments to HKFRS 10 and HKAS 28   | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture                               |
| Amendments to HKAS 16  | Lease Liability in a Sale and Leaseback   |
| Amendments to HKAS 1   | Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) |
| Amendments to HKAS 1 and HKFRS Practice Statement 2                            | Disclosure of Accounting Policies   |
| Amendments to HKAS 8   | Definition of Accounting Estimates  |
| Amendments to HKAS 12  | Deferred Tax related to Assets and Liabilities arising from a Single Transaction                                    |

The adoption of the above new or amended HKFRSs has had no significant impact on the Group’s financial performance and position.

### 3. REVENUE AND SEGMENT INFORMATION

Revenue 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.

Disaggregation of revenue from contracts with customers by major products or services line for the period is as follows:

|                                   | For the six months ended |                 | For the three months ended |                 |
|-----------------------------------|--------------------------|-----------------|----------------------------|-----------------|
|                                   | 30 June                  |                 | 30 June                    |                 |
|                                   | 2023                     | 2022            | 2023                       | 2022            |
|                                   | <i>HK\$'000</i>          | <i>HK\$'000</i> | <i>HK\$'000</i>            | <i>HK\$'000</i> |
|                                   | (Unaudited)              | (Unaudited)     | (Unaudited)                | (Unaudited)     |
| Provision of data centre services | 229,080                  | 255,013         | 110,682                    | 127,640         |
| Others ( <i>Note</i> )            | 5,336                    | 5,308           | 2,550                      | 2,788           |
|                                   | <u>234,416</u>           | <u>260,321</u>  | <u>113,232</u>             | <u>130,428</u>  |

*Note:* Others mainly represent income arising from the trading of telecommunication products, the provision of system integration services and leasing of properties.

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

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

- Provision of data centre services
- Others

Disaggregation by timing of revenue recognition for the period is as follows:

|                            | For the six months ended |                 | For the three months ended |                 |
|----------------------------|--------------------------|-----------------|----------------------------|-----------------|
|                            | 30 June                  |                 | 30 June                    |                 |
|                            | 2023                     | 2022            | 2023                       | 2022            |
|                            | <i>HK\$'000</i>          | <i>HK\$'000</i> | <i>HK\$'000</i>            | <i>HK\$'000</i> |
| At a point in time         | –                        | 70              | –                          | 15              |
| Over time                  | 230,355                  | 256,867         | 111,270                    | 128,679         |
| Revenue from other sources | 4,061                    | 3,384           | 1,962                      | 1,734           |
|                            | <u>234,416</u>           | <u>260,321</u>  | <u>113,232</u>             | <u>130,428</u>  |

(a) **Segment revenues and results**

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

|                                | Provision of data<br>centre services |                                 | Others                              |                                 | Total                               |                                 |
|--------------------------------|--------------------------------------|---------------------------------|-------------------------------------|---------------------------------|-------------------------------------|---------------------------------|
|                                | For the six months ended<br>30 June  |                                 | For the six months ended<br>30 June |                                 | For the six months ended<br>30 June |                                 |
|                                | 2023<br>HK\$'000<br>(Unaudited)      | 2022<br>HK\$'000<br>(Unaudited) | 2023<br>HK\$'000<br>(Unaudited)     | 2022<br>HK\$'000<br>(Unaudited) | 2023<br>HK\$'000<br>(Unaudited)     | 2022<br>HK\$'000<br>(Unaudited) |
| Revenue                        | <u>229,080</u>                       | <u>255,013</u>                  | <u>5,336</u>                        | <u>5,308</u>                    | <u>234,416</u>                      | <u>260,321</u>                  |
| Segment results                | <u>(135,989)</u>                     | <u>(89,753)</u>                 | <u>(1,779)</u>                      | <u>(1,803)</u>                  | <u>(137,768)</u>                    | <u>(91,556)</u>                 |
| Other income and gains         |                                      |                                 |                                     |                                 | 3,559                               | 9,558                           |
| Gain on disposal of subsidiary |                                      |                                 |                                     |                                 | 5,019                               | 207,266                         |
| Interest income                |                                      |                                 |                                     |                                 | 101                                 | 321                             |
| Unallocated corporate expenses |                                      |                                 |                                     |                                 | (7,459)                             | (9,609)                         |
| (Loss)/profit before tax       |                                      |                                 |                                     |                                 | (136,548)                           | 115,980                         |
| Income tax credit/(expenses)   |                                      |                                 |                                     |                                 | 5,539                               | (12,101)                        |
| (Loss)/profit for the period   |                                      |                                 |                                     |                                 | <u>(131,009)</u>                    | <u>103,879</u>                  |

(b) **Segment assets and liabilities**

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

|                                   | Provision of data<br>centre services       |  | Others                                     |  | Total                                      |  |
|-----------------------------------|--|--|--|--|--|--|
|                                   | 30 June<br>2023<br>HK\$'000<br>(Unaudited) | 31 December<br>2022<br>HK\$'000<br>(Audited) | 30 June<br>2023<br>HK\$'000<br>(Unaudited) | 31 December<br>2022<br>HK\$'000<br>(Audited) | 30 June<br>2023<br>HK\$'000<br>(Unaudited) | 31 December<br>2022<br>HK\$'000<br>(Audited) |
|                                   | Segment assets                             | <u>3,824,146</u>                             | <u>3,725,287</u>                           | <u>62,994</u>                                | <u>100,571</u>                             | <u>3,887,140</u>                             |
| Unallocated corporate assets      |  |  |  |  | <u>11,084</u>                              | <u>16,564</u>                                |
| <b>Total assets</b>               |  |  |  |  | <u><b>3,898,224</b></u>                    | <u><b>3,842,422</b></u>                      |
| Segment liabilities               | <u>2,985,357</u>                           | <u>2,758,542</u>                             | <u>56,776</u>                              | <u>58,168</u>                                | <u>3,042,133</u>                           | <u>2,816,710</u>                             |
| Unallocated corporate liabilities |  |  |  |  | <u>19,668</u>                              | <u>17,496</u>                                |
| <b>Total liabilities</b>          |  |  |  |  | <u><b>3,061,801</b></u>                    | <u><b>2,834,206</b></u>                      |

*Note:* Others represent other operating segments that are not reportable segments under HKFRS 8, which include the trading of telecommunication products, the provision of system integration services and leasing of properties.

#### 4. FINANCE COSTS

|  | For the six months ended |               | For the three months ended |               |
|--|--------------------------|---------------|----------------------------|---------------|
|  | 30 June                  |               | 30 June                    |               |
|  | 2023                     | 2022          | 2023                       | 2022          |
|  | HK\$'000                 | HK\$'000      | HK\$'000                   | HK\$'000      |
|  | (Unaudited)              | (Unaudited)   | (Unaudited)                | (Unaudited)   |
| Interest on borrowings   | 46,365                   | 45,090        | 29,513                     | 17,034        |
| Interest on lease liabilities  | 43,802                   | 28,294        | 21,723                     | 13,007        |
|  | <u>90,167</u>            | <u>73,384</u> | <u>51,236</u>              | <u>30,041</u> |
| Less: Capitalised in construction in progress<br>under property, plant and equipment | (14,153)                 | (24,136)      | (11,862)                   | (6,371)       |
|  | <u>76,014</u>            | <u>49,248</u> | <u>39,374</u>              | <u>23,670</u> |

#### 5. (LOSS)/PROFIT BEFORE TAX

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

|   | For the six months ended |              | For the three months ended |              |
|---|--------------------------|--------------|----------------------------|--------------|
|   | 30 June                  |              | 30 June                    |              |
|   | 2023                     | 2022         | 2023                       | 2022         |
|   | HK\$'000                 | HK\$'000     | HK\$'000                   | HK\$'000     |
|   | (Unaudited)              | (Unaudited)  | (Unaudited)                | (Unaudited)  |
| Interest income   | (101)                    | (321)        | (59)                       | (291)        |
| Depreciation of items of property,<br>plant and equipment | 22,595                   | 27,733       | 11,456                     | 13,669       |
| Depreciation of right-of-use assets                       | 41,376                   | 30,853       | 20,404                     | 13,877       |
| Amortisation of intangible assets*                        | 9,714                    | 9,714        | 4,857                      | 4,857        |
|   | <u>9,714</u>             | <u>9,714</u> | <u>4,857</u>               | <u>4,857</u> |

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

#### 6. INCOME TAX

|  | For the six months ended |               | For the three months ended |               |
|--|--------------------------|---------------|----------------------------|---------------|
|  | 30 June                  |               | 30 June                    |               |
|  | 2023                     | 2022          | 2023                       | 2022          |
|  | HK\$'000                 | HK\$'000      | HK\$'000                   | HK\$'000      |
|  | (Unaudited)              | (Unaudited)   | (Unaudited)                | (Unaudited)   |
| Current tax:                                   |                          |               |                            |               |
| – Hong Kong                                    | –                        | –             | –                          | –             |
| – PRC  | (2,103)                  | 15,595        | (2,303)                    | 14,857        |
| Deferred tax (Note 15)                         | (3,436)                  | (3,494)       | (2,221)                    | (1,886)       |
|  | <u>(5,539)</u>           | <u>12,101</u> | <u>(4,524)</u>             | <u>12,971</u> |
| Total income tax (credit)/ loss for the period | <u>(5,539)</u>           | <u>12,101</u> | <u>(4,524)</u>             | <u>12,971</u> |

No provision for taxation in Hong Kong has been made as the Group's income neither arises in, nor is derived from, Hong Kong during the six months ended 30 June 2023 and 2022.

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%.

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

The Directors resolved not to declare any dividend for the six months ended 30 June 2023 (2022: Nil).

## 8. (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 six months ended<br>30 June |                                 | For the three months ended<br>30 June |                                 |
|--|-------------------------------------|---------------------------------|---------------------------------------|---------------------------------|
|  | 2023<br>HK\$'000<br>(Unaudited)     | 2022<br>HK\$'000<br>(Unaudited) | 2023<br>HK\$'000<br>(Unaudited)       | 2022<br>HK\$'000<br>(Unaudited) |
| (Loss)/earnings attributable to owners of<br>the Company   | <u>(123,682)</u>                    | <u>39,979</u>                   | <u>(67,300)</u>                       | <u>73,089</u>                   |
|  |                                     |                                 |                                       |                                 |
|  | For the six months ended<br>30 June |                                 | For the three months ended<br>30 June |                                 |
|  | 2023<br>(Unaudited)                 | 2022<br>(Unaudited)             | 2023<br>(Unaudited)                   | 2022<br>(Unaudited)             |
| Weighted average number of ordinary shares<br>for the purpose of basic and diluted<br>(loss)/earnings per ordinary share<br>at the end of the period | <u>9,522,184,345</u>                | <u>9,522,184,345</u>            | <u>9,522,184,345</u>                  | <u>9,522,184,345</u>            |

No diluted (loss)/earnings per share for the six months ended 30 June 2023 and 2022 was presented as there were no potential ordinary shares in issue for the period.

## 9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2023, the Group incurred approximately HK\$7,953,000 (31 December 2022: HK\$191,158,000) on acquisition of property, plant and equipment.

## 10. GOODWILL

|  | <i>HK\$'000</i> |
|--|-----------------|
| <b>Cost</b>  |                 |
| At 1 January 2022 (Audited)  | 382,591         |
| Disposal of a subsidiary   | (28,942)        |
|  | <hr/>           |
| At 31 December 2022 (Audited), 1 January 2023 (Audited) and 30 June 2023 (Unaudited) | <u>353,649</u>  |
| <b>Accumulated impairment</b>  |                 |
| At 1 January 2022 (Audited)  | 266,544         |
| Impairment loss recognised   | 36,246          |
|  | <hr/>           |
| At 31 December 2022 (Audited), 1 January 2023 (Audited) and 30 June 2023 (Unaudited) | <u>302,790</u>  |
| <b>Carrying value</b>  |                 |
| At 30 June 2023 (Unaudited)  | <u>50,859</u>   |
| At 31 December 2022 (Audited)  | <u>50,859</u>   |

## 11. ACCOUNTS RECEIVABLE

|                                   | <b>30 June<br/>2023<br/><i>HK\$'000</i><br/>(Unaudited)</b> | 31 December<br>2022<br><i>HK\$'000</i><br>(Audited) |
|-----------------------------------|---|---|
| Accounts receivable               | <b>190,211</b>  | 174,860   |
| Less: Allowance for credit losses | <b>(30,922)</b>   | (27,931)  |
|                                   | <hr/>   | <hr/>   |
|                                   | <b><u>159,289</u></b>                                       | <u>146,929</u>                                      |

The Group allows an average credit period of 90 days (31 December 2022: 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 ageing analysis of accounts receivable, net of allowance for doubtful debts, presented based on the invoice date at the end of the reporting period:

|                | <b>30 June<br/>2023<br/><i>HK\$'000</i><br/>(Unaudited)</b> | 31 December<br>2022<br><i>HK\$'000</i><br>(Audited) |
|----------------|---|---|
| Within 30 days | <b>24,662</b>   | 37,448  |
| 31 to 60 days  | <b>14,388</b>   | 8,658   |
| 61 to 90 days  | <b>12,964</b>   | 15,878  |
| 91 to 180 days | <b>9,599</b>  | 9,923   |
| Over 180 days  | <b>97,676</b>   | 75,022  |
|                | <hr/>   | <hr/>   |
|                | <b><u>159,289</u></b>                                       | <u>146,929</u>                                      |

## 12. ACCOUNTS PAYABLE

|                  | <b>30 June<br/>2023<br/>HK\$'000<br/>(Unaudited)</b> | 31 December<br>2022<br>HK\$'000<br>(Audited) |
|------------------|--|--|
| Accounts payable | <u><b>144,366</b></u>                                | <u>129,439</u>                               |

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

|                | <b>30 June<br/>2023<br/>HK\$'000<br/>(Unaudited)</b> | 31 December<br>2022<br>HK\$'000<br>(Audited) |
|----------------|--|--|
| Within 30 days | <b>34,832</b>  | 54,217                                       |
| 31 to 60 days  | <b>21,384</b>  | 9,387  |
| 61 to 90 days  | <b>10,978</b>  | 9,591  |
| Over 90 days   | <u><b>77,172</b></u>                                 | <u>56,244</u>                                |
|                | <u><b>144,366</b></u>                                | <u>129,439</u>                               |

## 13. OTHER PAYABLES AND ACCRUALS

|   | <b>30 June<br/>2023<br/>HK\$'000<br/>(Unaudited)</b> | 31 December<br>2022<br>HK\$'000<br>(Audited) |
|---|--|--|
| Deposits received from sales and lease transactions | <b>111,129</b>                                       | 116,251                                      |
| Other payables                                      | <b>385,759</b>                                       | 244,587                                      |
| Accruals  | <u><b>20,864</b></u>                                 | <u>19,850</u>                                |
|   | <b>517,752</b>                                       | 380,688                                      |
| Less: non-current portion                           | <u><b>(3,108)</b></u>                                | <u>(3,251)</u>                               |
| Current portion                                     | <u><b>514,644</b></u>                                | <u>377,437</u>                               |

## 14. BORROWINGS

|   | <i>Notes</i> | <b>30 June<br/>2023<br/>HK\$'000<br/>(Unaudited)</b> | 31 December<br>2022<br>HK\$'000<br>(Audited) |
|---|--------------|--|--|
| <b>Bank loans</b>   |              |  |  |
| Short-term bank loan, unsecured and guaranteed                        | <i>a</i>     | <b>21,568</b>  | 11,281                                       |
| Portion of bank loans, secured and guaranteed                         | <i>b</i>     |  |  |
| – repayable within one year   |              | <b>68,829</b>  | 69,378                                       |
| – repayable after one year which contain a repayment on demand clause |              | <b>436,391</b>                                       | 477,756                                      |
| Portion of bank loans, unsecured and guaranteed                       | <i>c</i>     |  |  |
| – repayable within one year   |              | <b>1,618</b>   | 2,256  |
| – repayable after one year which contain a repayment on demand clause |              | <b>9,166</b>   | 9,025  |
| Portion of bank loan, secured and unguaranteed                        |              |  |  |
| – repayable after one year which contain a repayment on demand clause | <i>d</i>     | <b>10,784</b>  | –  |
| Total bank loans  |              | <b>548,356</b>                                       | 569,696                                      |
| <b>Other loans</b>  |              |  |  |
| Portion of other loans, secured and guaranteed                        | <i>e</i>     |  |  |
| – repayable within one year   |              | <b>77,947</b>  | 79,155                                       |
| – repayable after one year which contain a repayment on demand clause |              | <b>135,940</b>                                       | 183,621                                      |
| Portion of other loans, unsecured and unguaranteed                    |              |  |  |
| – repayable within one year   |              | <b>44,966</b>  | 51,431                                       |
| – repayable after one year which contain a repayment on demand clause |              | <b>35,502</b>  | 43,803                                       |
| Total other loans   |              | <b>294,355</b>                                       | 358,010                                      |
| Total borrowings  |              | <b>842,711</b>                                       | 927,706                                      |

### Notes:

- a) As at 30 June 2023 and 31 December 2022, the bank loans were guaranteed by (i) Mr. WANG Kun (“**Mr. Wang**”), who is the legal representative, a director and a substantial shareholder of the Group’s subsidiaries, and (ii) Ms. TAO Huiqin (“**Ms. Tao**”), spouse of Mr. Wang.
- b) As at 30 June 2023 and 31 December 2022, bank loans of approximately HK\$500,421,000 (2022: HK\$547,134,000) were guaranteed by Dr. LIE Haiquan (“**Dr. Lie**”), an executive Director and a controlling shareholder of the Company, and secured by the pledge of certain properties, plant and equipment of the Group with net book value of approximately HK\$161,878,000 (31 December 2022: HK\$167,766,000) and certain properties of companies substantially owned by Dr. Lie.

As at 30 June 2023, a bank loan of approximately HK\$4,799,000 was guaranteed by Mr. Wang and Ms. Tao and secured by the pledge of property owned by Ms. Tao.

- c) As at 30 June 2023 and 31 December 2022, the bank loan was guaranteed by (i) Dr. Lie, and (ii) Mr. Wang.

- d) As at 30 June 2023, the bank loan was secured by the pledge of certain properties, plant and equipment of the Group with net book value of approximately HK\$19,008,000.
- e) As at 30 June 2023 and 31 December 2022, the Group's other loans were guaranteed by Dr. Lie and secured by the Group's properties, plant and equipment with net book value of approximately HK\$456,666,000 (31 December 2022: HK\$491,741,000), accounts receivable with carrying value of approximately HK\$34,354,000 (31 December 2022: HK\$54,982,000) and equity interest of one of the subsidiary of the Group.

As at 30 June 2023 and 31 December 2022, all of the borrowings are denominated in Renminbi and bear interest from 3.5% to 8% (31 December 2022: 3.8% to 8%) per annum.

As at 30 June 2023, the Group's banking facilities were approximately HK\$1,525,343,000 (31 December 2022: HK\$1,568,059,000), of which approximately HK\$548,356,000 (31 December 2022: HK\$569,696,000) had been utilised as at the end of the reporting period.

## 15. DEFERRED TAX

The movements in deferred tax assets/(liabilities) during the current period are as follows:

|   | Deferred tax assets       |                                 |                   | Deferred tax liabilities                                   | Total<br>HK\$'000 |
|---|---------------------------|---------------------------------|-------------------|--|-------------------|
|   | ECL provision<br>HK\$'000 | Right-of-use assets<br>HK\$'000 | Total<br>HK\$'000 | Fair value adjustments on business combination<br>HK\$'000 |                   |
| At 1 January 2023 (Audited)   | 4,738                     | 1,315                           | 6,053             | (15,594)   | (9,541)           |
| Credited to consolidated statement of profit or loss and other comprehensive income | 980                       | 27                              | 1,007             | 2,429  | 3,436             |
| Exchange realignment  | (253)                     | (59)                            | (312)             | -  | (312)             |
| As 30 June 2023 (Unaudited)   | <u>5,465</u>              | <u>1,283</u>                    | <u>6,748</u>      | <u>(13,165)</u>  | <u>(6,417)</u>    |

## 16. SHARE CAPITAL

|  | Par value per share<br>HK\$ | Number of shares      | Amount<br>HK\$'000 |
|--|-----------------------------|-----------------------|--------------------|
| Authorised:  |                             |                       |                    |
| At 1 January 2023 and 30 June 2023                       | <u>0.1</u>                  | <u>20,000,000,000</u> | <u>2,000,000</u>   |
| Issued and fully paid:                                   |                             |                       |                    |
| At 1 January 2023 (Audited) and 30 June 2023 (Unaudited) | <u>0.1</u>                  | <u>9,522,184,345</u>  | <u>952,218</u>     |

## 17. CAPITAL COMMITMENTS

As at 30 June 2023, the Group had capital commitment of approximately HK\$402,647,000 (31 December 2022: HK\$412,865,000), for acquisition of property, plant and equipment.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial Review

For the six months ended 30 June 2023 (the “**Period**”), the Group recorded a revenue of approximately HK\$234.4 million (2022: HK\$260.3 million), representing a decrease of approximately HK\$25.9 million or 10% as compared to the same period in last year. The decrease in revenue was mainly due to the negative impact of the COVID-19 pandemic on the business environment which led to a decrease in the average rate per server cabinet charged to the Group’s customers and the utilisation rate of the Group’s self-developed data centres.

The Group recorded a loss attributable to owners of the Company of approximately HK\$123.7 million for the six months ended 30 June 2023 as compared to a profit attributable to the owners of the Company for the six months ended 30 June 2022 of approximately HK\$40 million. The increase in loss for the period is mainly due to the net effect of (i) the gain of approximately HK\$5 million on the disposal of the entire equity interest in an indirect wholly owned subsidiary of the Company completed during the Period (2022: HK\$207 million) and (ii) increase in depreciation of approximately HK\$32.1 million and finance cost of approximately HK\$26.8 million as compared to the same period in last year as a result of certain sale and lease arrangements completed in the third quarter of 2022.

### Other Financial Information

|                   | For the six months ended |             |
|-------------------|--------------------------|-------------|
|                   | 30 June                  |             |
|                   | 2023                     | 2022        |
|                   | (Unaudited)              | (Unaudited) |
|                   | HK\$'000                 | HK\$'000    |
| EBITDA (a)        | 13,050                   | 233,206     |
| EBITDA margin (b) | 5.6%                     | 89.6%       |

Notes:

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

### Business Review

#### Provision of Data Centre Services

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

A summary of the Group's self-developed data centres by data centre as of 30 June 2023 is set out below.

| Name of data centre                                      | Number of server cabinets |                                   |               | Server cabinets<br>% of total |
|--|---------------------------|-----------------------------------|---------------|-------------------------------|
|  | Available<br>for service  | Under<br>construction<br>(Note 1) | Total         |                               |
| Guangzhou Lotus Hill Data Centre                         | 1,499                     | –                                 | 1,499         | 4.6                           |
| Guangzhou (Nanxiang) Cloud Data Centre                   | 2,871                     | –                                 | 2,871         | 8.8                           |
| Bluesea Intelligence Valley Mega Data Centre<br>(Note 2) | 8,112                     | 18,900                            | 27,012        | 82.8                          |
| Shanghai Baoshan Data Centre                             | 310                       | 942                               | 1,252         | 3.8                           |
| Total  | <u>12,792</u>             | <u>19,842</u>                     | <u>32,634</u> | <u>100.0</u>                  |

Notes:

- 1) This is an estimate and is subject to change upon completion of the construction.
- 2) 8,112 server cabinets included herein were under sale and leaseback arrangements with an independent third party as at 30 June 2023.

Save for the above, the Group also operated an aggregate of approximately 408 server cabinets that were leased from third parties.

The Group's profitability is largely determined by the utilisation of its self-developed data centres. As of 30 June 2023, based on the number of server cabinets available for service, the utilisation rates of the Group's self-developed data centres was approximately 24.6% (2022: 46.2%). The decrease in the utilisation rate is mainly due to the increase in the number of server cabinets available for service from 8,592 as at 30 June 2022 to 12,792 as at 30 June 2023.

During the Period, revenue from the provision of data centre services was approximately HK\$229 million (2022: HK\$255 million), representing a decrease of approximately HK\$26 million or 10.2% as compared to the same period in last year. The decrease was mainly due to the negative impact of the ongoing COVID-19 pandemic on the business environment which led to the decrease in the average rate per server cabinet charged to the Group's customers and the utilisation rate of the Group's self-developed data centres. Revenue for the period under review is analysed as follows:

|   | For the six months ended<br>30 June |                                 |
|---|-------------------------------------|---------------------------------|
|   | 2023<br>(Unaudited)<br>HK\$'000     | 2022<br>(Unaudited)<br>HK\$'000 |
| Self-developed data centres               | 194,645                             | 205,168                         |
| Server cabinets leased from third parties | 34,435                              | 49,845                          |
| Total                                     | <u>229,080</u>                      | <u>255,013</u>                  |

As the server cabinets available for service are not fully utilised and the construction of approximately 4,000 server cabinets is expected to complete in 2023, financial performance of the Group is expected to improve over the next few years when China's economy has shown recovery after COVID reopening.

### ***Others***

Others mainly consist of the trading of telecommunication products, provision of system integration services and leasing of properties. The revenue, results and assets of which are individually immaterial to the Group.

During the Period, revenue from others was approximately HK\$5.3 million (2022: HK\$5.3 million).

### **Business Prospects**

With the pick-up of the Chinese economy as a result of the lifting of the COVID-19 epidemic prevention and containment measures, and the rapid growth in data traffic and accelerating trend of digitalisation, demand for high quality data centres in mainland China will continuously increase over the next few years. Thus, we are cautiously optimistic about the outlook of the Group for the coming years. Increase the Group's revenue growth and utilisation rate of its data centres will continue to be our top priorities for 2023. The Group has always committed to providing first-class data centre services to support our customers' operational needs. Our Bluesea Intelligence Valley Mega Data Centre had more than 8,000 server cabinets available for service as at 30 June 2023. With the construction of an additional 4,000 server cabinets expected to be completed in 2023, over 12,000 server cabinets in Bluesea Intelligence Valley Mega Data Centre will be available for service by 2023 and the occupation of these server cabinets have been committed by two of the major telecommunication operators in mainland China. Together with the growing capacity of data centres in other locations, the Group will be able to provide our customers ample room for growth.

### **Share Capital**

As at 30 June 2023, 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, the Group generally financed its operations with internally generated resources and bank borrowings. As at 30 June 2023, the Group had total assets of approximately HK\$3,898.2 million (31 December 2022: HK\$3,842.4 million) and total liabilities of approximately HK\$3,061.8 million (31 December 2022: HK\$2,834.2 million), representing a gearing ratio (expressed as total liabilities to total assets) of approximately 78.5% as at 30 June 2023 (31 December 2022: 73.8%).

As at 30 June 2023, the Group had current assets of approximately HK\$728.4 million (31 December 2022: HK\$723.2 million), including cash and equivalents of approximately HK\$14.1 million (31 December 2022: HK\$17.6 million), and accounts receivable, prepayments, deposits and other receivables and other financial assets of approximately HK\$710.6 million (31 December 2022: HK\$699.7 million); and current liabilities of approximately HK\$2,124.2 million (31 December 2022: HK\$1,824.9 million). The Group's current ratio had been decreased from approximately 0.4 times as at 31 December 2022 to approximately 0.33 times as at 30 June 2023.

### **Charges on the Group's Assets**

As at 30 June 2023, bank loans of approximately HK\$516 million (31 December 2022: HK\$547.1 million) were secured by certain properties, plant and equipment of the Group with net book value of approximately HK\$180.9 million (31 December 2022: properties, plant and equipment of the Group with net book value of approximately HK\$167.8 million).

As at 30 June 2023, other loans of approximately HK\$213.9 million (31 December 2022: HK\$262.8 million) were secured by certain properties, plant and equipment of the Group with net book value of approximately HK\$456.7 million (31 December 2022: HK\$491.7 million) and accounts receivable with carrying value of approximately HK\$34.4 million (31 December 2022: HK\$55 million).

Except for the aforesaid, there were no material charges on the Group's assets as at 30 June 2023.

### **Foreign Exchange Exposure and Treasury Policies**

Most of the Group's cash balances and income are 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 2023. 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 2023, the Group had approximately 245 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 2023 are set out in Note 3 to the Group's unaudited condensed consolidated interim financial statements for the six months ended 30 June 2023.

## DIRECTORS' INTERESTS AND SHORT POSITIONS IN SECURITIES

As at 30 June 2023, 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 5.67 of the GEM Listing Rules relating to securities transactions by directors, to be notified to the Company and the Stock Exchange, were as follows:

### Long positions in the securities of the Company

| Name of Director | Capacity  | Number of shares held | Approximate percentage of shareholding |
|------------------|---|-----------------------|--|
| Dr. LIE Haiquan  | Beneficial owner                                    | 2,289,432,000         | 24.04%                                 |
|                  | Interest in controlled corporations ( <i>Note</i> ) | 2,091,923,357         | 21.97%                                 |

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

Save as disclosed above, the Directors did not have any interests or short positions in the securities of the Company as at 30 June 2023.

## INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

So far is known to the Directors, as at 30 June 2023, shareholders who had interests or short positions in the securities of the Company which would fall to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO, or who were deemed to be directly and indirectly interested in 5% or more of the issued share capital of the Company, or which were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

### Long positions in the shares of the Company

| Name                          | Nature of interests                  | Number of shares/ underlying shares held | Approximate percentage of shareholding |
|-------------------------------|--------------------------------------|--|--|
| Winner Mind ( <i>Note 1</i> ) | Beneficial owner                     | 2,055,887,357                            | 21.59%                                 |
| Mr. YAN Wai Ping              | Beneficial owner                     | 504,832,000                              | 5.30%                                  |
|                               | Interest of spouse ( <i>Note 2</i> ) | 106,702,000                              | 1.12%                                  |

*Notes:*

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

## **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 Corporate Governance Code in Appendix 15 to the GEM Listing Rules. The principles adopted by the Company emphasis a quality board, transparency and accountability to shareholders. In the opinion of the Board, the Company has complied with the Code for the six months ended 30 June 2023, with the exception of the following deviations:

Under code provision C.3.3, the Company should have formal letters of appointment for Directors setting out the key terms and conditions of their appointment. Except for Dr. LIE Haiquan and Mr. CHEUNG Sing Tai, the Company did not have formal letters of appointment for Directors. However, the Directors shall be subject to retirement by rotation in accordance with the Articles. In addition, the Directors are required to refer to the guidelines set out in "A Guide on Directors' Duties" issued by the Companies Registry and "Guidelines for Directors" and "Guide for Independent Non-executive Directors" (if applicable) published by the Hong Kong Institute of Directors in performing their duties and responsibilities as Directors. Besides, the Directors are required to comply with the requirements under statute and common law, the GEM Listing Rules, legal and other regulatory requirements and the Company's business and governance policies.

Under code provision F.2.2, the chairman of the board should attend the annual general meeting. Dr. LIE Haiquan, the Chairman of the Board, was unable to attend the annual general meeting of the Company held on 12 May 2023 (the "AGM") due to his other engagement. Mr. CHEUNG Sing Tai, deputy chairman of the Board and Chief Executive Officer of the Company who took the chair of the AGM, together with other members of the Board who attended the AGM, were of sufficient calibre for answering questions at the AGM.

## **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 2023.

## **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 2023.

## **PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES**

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 June 2023.

## 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 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 2023 and is of the opinion that such statements have complied with the applicable accounting standards and disclosure requirements.

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

Hong Kong, 10 August 2023

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

*This announcement will remain on the “Latest Listed Company Information” page of the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) for at least seven days from the date of its posting and on the website of the Company at [www.neo-telemedia.com](http://www.neo-telemedia.com).*