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## NET-A-GO TECHNOLOGY COMPANY LIMITED

### 網譽科技有限公司

(formerly known as U Banquet Group Holding Limited 譽宴集團控股有限公司)

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1483)

## ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

### RESULTS

The Board of Directors announces the consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2021 together with the comparative figures for the immediately preceding year as follows:

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

		Year ended 31 December	
	Note	2021 HK\$'000	2020 HK\$'000
<b>Continuing operations</b>			
Revenue	4	332,047	255,443
Cost of revenue	6	(250,195)	(164,410)
<b>Gross profit</b>		<b>81,852</b>	91,033
General and administrative expenses	6	(71,434)	(51,601)
Other income	5	790	958
Other gain – net	5	40,142	14,500
<b>Operating profit</b>		<b>51,350</b>	54,890
Finance income	7	5,793	2,682
Finance costs	7	(64)	(852)
Finance income – net	7	5,729	1,830
<b>Profit before income tax</b>		<b>57,079</b>	56,720
Income tax expense	8	(8,782)	(13,637)
<b>Profit from continuing operations</b>		<b>48,297</b>	43,083

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	Year ended 31 December	
		2021 HK\$'000	2020 HK\$'000
Profit from discontinued operations (attributable to equity holders of the Company)		–	71,697
<b>Profit for the year</b>		<b>48,297</b>	<b>114,780</b>
<b>Other comprehensive income</b> <i>Items that may be reclassified to profit or loss</i>			
Currency translation differences		14,437	26,041
<b>Total comprehensive income for the year</b>		<b>62,734</b>	<b>140,821</b>
<b>Profit attributable to:</b>			
Equity holders of the Company		37,615	95,600
Non-controlling interests		10,682	19,180
		<b>48,297</b>	<b>114,780</b>
<b>Total comprehensive income attributable to:</b>			
Equity holders of the Company		48,439	114,394
Non-controlling interests		14,295	26,427
		<b>62,734</b>	<b>140,821</b>
<b>Total comprehensive income attributable to the equity holders of the Company arise from:</b>			
Continuing operations		48,439	42,697
Discontinued operations		–	71,697
		<b>48,439</b>	<b>114,394</b>
<b>Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the Company:</b>			
Basic earnings per share	9(a)	5 cents	3 cents
Diluted earnings per share	9(b)	5 cents	3 cents
<b>Earnings per share for profit attributable to the ordinary equity holders of the Company:</b>			
Basic earnings per share	9(a)	5 cents	14 cents
Diluted earnings per share	9(b)	5 cents	14 cents

**CONSOLIDATED BALANCE SHEET**  
AS AT 31 DECEMBER 2021

		As at 31 December	
	Note	2021 HK\$'000	2020 HK\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		62,347	49,611
Investment properties		100,050	95,294
Right-of-use assets		896	1,568
Goodwill	14	115,428	112,134
Intangible assets	14	24,282	41,884
Restricted cash		2,588	–
Non-current deposits		718	2,850
Contract assets	4	20,219	22,757
Deferred income tax assets		315	658
		<hr/>	<hr/>
Total non-current assets		326,843	326,756
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
<b>Current assets</b>			
Financial assets at fair value through profit and loss	15	96,609	119,508
Contract assets	4	12,407	7,733
Trade receivables	11	134,475	53,251
Deposits, prepayments and other receivables		36,977	27,368
Restricted cash		7,688	5,351
Cash and cash equivalents		233,608	129,132
		<hr/>	<hr/>
Total current assets		521,764	342,343
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
<b>Total assets</b>		<b>848,607</b>	<b>669,099</b>
		<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	12	7,950	7,050
Share premium	12	628,837	480,200
Reserves		(83,073)	(109,156)
		<hr/>	<hr/>
		553,714	378,094
<b>Non-controlling interests</b>		<b>102,487</b>	<b>90,040</b>
		<hr/>	<hr/>
		656,201	468,134
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>

## CONSOLIDATED BALANCE SHEET (CONTINUED)

AS AT 31 DECEMBER 2021

		As at 31 December	
		2021	2020
	Note	HK\$'000	HK\$'000
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities		247	962
Deposits received		341	846
Deferred income tax liabilities		<u>39,131</u>	<u>38,960</u>
Total non-current liabilities		<u>39,719</u>	<u>40,768</u>
<b>Current liabilities</b>			
Trade payables	13	25,156	19,968
Accruals, provisions and other payables		56,210	36,434
Deposits received		530	276
Consideration payables		60,293	60,293
Lease liabilities		715	681
Amount due to a related company		–	3,595
Loans from a shareholder		–	20,180
Current income tax liabilities		<u>9,783</u>	<u>18,770</u>
Total current liabilities		<u>152,687</u>	<u>160,197</u>
<b>Total liabilities</b>		<u>192,406</u>	<u>200,965</u>
<b>Total equity and liabilities</b>		<u>848,607</u>	<u>669,099</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1 GENERAL INFORMATION

Net-a-go Technology Company Limited (formerly known as U Banquet Group Holding Limited) (the “Company”) was incorporated in the Cayman Islands on 20 June 2013 as an exempted company with limited liability under the Companies Law (2010 Revision) of the Cayman Islands. The address of the Company’s registered office is P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands. The Company’s principal place of business is located at Suite 1201, 1111 King’s Road, Taikoo Shing, Hong Kong.

The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

The Company is an investment holding company and its subsidiaries (collectively, the “Group”) are principally engaged in environmental maintenance business, property leasing and securities trading business.

These consolidated financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand (HK\$’000) unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of directors on 28 March 2022.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated. The consolidated financial statements are for the Group consisting of Net-a-go Technology Company Limited (formerly known as U Banquet Group Holding Limited) and its subsidiaries.

### 2.1 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and financial assets at fair value through profit and loss, which are carried at fair values.

The preparation of the consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies.

**(a) Amended standards and revised conceptual framework adopted by the Group**

The Group has applied the following amendments to standards and revised conceptual framework for the first time for their annual reporting period commencing 1 January 2021:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2
Amendment to HKFRS 16	COVID-19-Related Rent Concessions Beyond 30 June 2021

The amendments to standards and revised conceptual framework listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

The Group also had elected to early adopted amendments to HKFRS 16 – Covid-19-Related Rent Concessions for the current year.

**(b) New and amended standards not yet adopted by the Group**

		<b>Effective for annual periods beginning on or after</b>
Amendments to IAS 16	Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8	Definition of Accounting Estimates	1 January 2023

The above new standards and amendments to existing standards have been published that are not mandatory for the annual reporting periods commencing 1 January 2021 and have not been early adopted by the Group. These new standards and amendments to existing standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions. The Group intends to adopt the above new standards and amendments to existing standards when they become effective.

### 3 SEGMENT INFORMATION

The chief operating decision-maker (the “CODM”) has been identified as the executive directors of the Company who review the Group’s internal reporting in order to assess performance and allocate resources. The CODM has determined the operating segments based on these reports.

Subsequent to the disposal, the Group no longer carried on Chinese restaurant and wedding business. The result of this business was classified as discontinued operations of the Group for the years ended 31 December 2020.

The Group’s reportable segments under HKFRS 8 for continuing operations are as follows:

- (i) Environmental maintenance business
- (ii) Property leasing business
- (iii) Securities trading business

#### Segment revenue and results

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

	Environmental maintenance business		Property leasing business		Securities trading business		Continuing Operations Sub-total		Discontinued Operations		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Segment revenue</b>												
External revenue	325,957	253,704	3,133	1,665	2,957	74	332,047	255,443	-	21,523	332,047	276,966
Finance cost (Note)	-	(20)	-	-	(64)	(61)	(64)	(81)	-	(1,385)	(64)	(1,466)
Segment profit/(loss)	<b>30,065</b>	<b>50,881</b>	<b>600</b>	<b>(6,562)</b>	<b>30,406</b>	<b>10,620</b>	<b>61,071</b>	<b>54,939</b>	<b>-</b>	<b>71,697</b>	<b>61,071</b>	<b>126,636</b>
Finance income							5,793	2,682			5,793	2,682
Finance costs (Note)							-	(771)			-	(771)
Unallocated corporate expenses							(9,785)	(130)			(9,785)	(130)
Profit before income tax							<b>57,079</b>	<b>56,720</b>			<b>57,079</b>	<b>128,417</b>

The accounting policies of the operating segments are the same as the Group’s accounting policies. Segment profit/(loss) represents the profit earned by/loss incurred by each segment without allocation of central administration costs, depreciation of certain plant and equipment and right-of-use assets, directors’ emoluments, finance income, certain finance costs and exchange gain/loss. This is the measure reported to the CODM for purposes of resources allocation and performance assessment.

*Note:* Finance costs representing interest expenses associated with certain lease liabilities are included in the segment profit/(loss) of respective segments.

## Segment assets and liabilities

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

	Environmental maintenance business		Property leasing business		Securities trading business		Continuing Operations Sub-total		Discontinued Operations		Total	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
<b>Segment assets</b>	<b>378,392</b>	295,779	<b>137,529</b>	115,083	<b>97,865</b>	124,965	<b>613,786</b>	535,827	-	-	<b>613,786</b>	535,827
Cash and cash equivalents											<b>233,608</b>	129,132
Deferred income tax assets											<b>315</b>	658
Other unallocated corporate assets											<b>898</b>	3,482
<b>Total assets</b>											<b>848,607</b>	669,099
<b>Segment liabilities</b>	<b>76,064</b>	49,449	<b>1,878</b>	825	<b>3,601</b>	1,926	<b>81,543</b>	52,200	-	-	<b>81,543</b>	52,200
Deferred income tax liabilities											<b>39,131</b>	38,960
Amount due to a related company											-	3,595
Consideration payables											<b>60,293</b>	60,293
Loans from a shareholder											-	20,180
Current income tax liabilities											<b>9,783</b>	18,770
Other unallocated liabilities											<b>1,656</b>	6,967
<b>Total liabilities</b>											<b>192,406</b>	200,965

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than certain plant and equipment and right-of-use assets, cash and cash equivalents, certain deposits, prepayment and other receivables, and deferred income tax assets.
- all liabilities are allocated to operating segments other than certain deposits received, accruals and other payables, amount due to a related company, current income tax liabilities, deferred income tax liabilities and loans from a shareholder.



## Other segment information

	Environmental maintenance business		Property leasing business		Securities trading business		Continuing Operations Sub-total		Discontinued Operations		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Depreciation of property, plant and equipment and right-of-use assets	14,672	10,365	64	23	672	745	15,408	11,133	-	13,295	15,408	24,428
Impairment of goodwill	-	-	-	1,425	-	-	-	1,425	-	-	-	1,425
Amortisation of intangible assets	18,031	18,073	-	-	-	-	18,031	18,073	-	-	18,031	18,073
Fair value gain/(loss) on investments properties	-	-	1,874	(5,700)	-	-	1,874	(5,700)	-	-	1,874	(5,700)
Capital expenditure	26,790	14,117	-	1,792	-	-	26,790	15,909	-	591	26,790	16,500

## Geographical Information

The Group's operations are located in Hong Kong and Mainland China. Information about the Group's revenue from external customers is presented based on the location of the operations. Information about the Group's non-current assets is presented based on the geographical location of the assets.

	Revenue from			
	external customers		Non-current assets	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Continuing Operations</b>				
– Hong Kong	2,957	74	1,132	1,464
– Mainland China	329,090	255,369	325,711	325,292
	<u>332,047</u>	<u>255,443</u>	<u>326,843</u>	<u>326,756</u>
<b>Discontinued Operations</b>				
– Hong Kong	-	21,523	-	-
Total	<u>332,047</u>	<u>276,966</u>	<u>326,843</u>	<u>326,756</u>

The Group had no inter-segment sales for the year ended 31 December 2020 and 2021.

For the year ended 31 December 2021, there is one (2020: one) external customer contributed to more than 10% of revenue of the Group.

#### 4 REVENUE

An analysis of revenue, which is also the Group's turnover, is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>Securities trading business:</b>		
Dividend and interest income	2,957	74
<b>Property leasing business:</b>		
Rental income	3,133	1,665
<b>Environmental maintenance business</b>		
Services income for provision of environmental maintenance services	<u>325,957</u>	<u>253,704</u>
<b>Total revenue</b>	<b><u>332,047</u></b>	<b><u>255,443</u></b>
<b>Timing of revenue recognition</b>		
– Over time	329,090	255,369
– At a point in time	<u>2,957</u>	<u>74</u>
	<b><u>332,047</u></b>	<b><u>255,443</u></b>

The Group has recognised the following revenue-related contract assets:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>Contract assets</b>		
Classified under:		
– non-current assets	20,219	22,757
– current assets	<u>12,407</u>	<u>7,733</u>
	<b><u>32,626</u></b>	<b><u>30,490</u></b>

As at 31 December 2021, contract assets were arisen from a service contract with a customer of its environmental maintenance business in which the Group has provided the relevant services with an agreed payment schedule of 8 years. Up to the date of this announcement, the Group has recognised accumulated revenue of HK\$32,626,000 (2020: HK\$30,490,000) in relation to this project. Since the Group has yet to receive audited project report from the customer as at respective year end date, the contract assets have yet to be converted to trade receivables as at 31 December 2021 (2020: same).

## 5 OTHER INCOME AND OTHER GAIN, NET

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>Other income</b>		
Miscellaneous income	<u>790</u>	<u>958</u>
	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>Other gain – net</b>		
Fair value gain upon disposal of financial assets at fair value through profit or loss	59,409	3,195
Fair value (loss)/gain of financial assets at fair value through profit or loss	(22,325)	14,807
Foreign exchange gain, net	1,184	2,198
Fair value gain/(loss) on investment properties	<u>1,874</u>	<u>(5,700)</u>
	<u>40,142</u>	<u>14,500</u>

## 6 EXPENSES BY NATURE

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Amortisation of the intangible assets ( <i>Note 14</i> )	18,031	18,073
Auditors' remuneration		
– Audit services	1,728	1,510
– Non-audit services	–	–
Cost of environmental maintenance business	57,663	28,891
Cost of property leasing	516	296
Consultancy service fee	233	800
Depreciation – Property, plant and equipment	14,736	9,919
Depreciation – Right of use assets	672	1,214
Employee benefits expenses	191,672	135,853
Insurance	1,831	1,062
Impairment of goodwill and intangible assets ( <i>Note 14</i> )	–	1,425
Legal and professional fee	2,454	2,434
Motor car expenses	4,270	3,474
Expenses related to short-term leases	1,850	1,196
Provision for loss allowance on financial assets	626	–
Repairs and maintenance	2,320	669
Security charges	1,068	515
Share-based payment expenses granted to consultants	9,602	323
Transportation charges	3,119	2,107
Utilities expenses	2,501	1,510
Write-off of property, plant and equipment	1,243	–
Others	5,494	4,740
	<u>321,629</u>	<u>216,011</u>
Representing:		
Cost of revenue	250,195	164,410
General and administrative expenses	71,434	51,601
	<u>321,629</u>	<u>216,011</u>

7 FINANCE INCOME - NET

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>Finance income</b>		
– Interest income on short-term bank deposits	882	1,694
– Other interest income	3,894	–
– Interest income on contract asset	<u>1,017</u>	<u>988</u>
	----- 5,793	----- 2,682
<b>Finance costs</b>		
– Interest expense on bank borrowings	–	(4)
– Interest expense on lease liabilities	(64)	(81)
– Interest expense on loans from a shareholder	<u>–</u>	<u>(767)</u>
	----- (64)	----- (852)
Finance income – net	<u><u>5,729</u></u>	<u><u>1,830</u></u>

## 8 INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made as the Group has no assessable profit arisen from Hong Kong for the year (2020: same). The applicable corporate income tax rate for the Group's PRC subsidiaries is 25% on the estimated assessable profits.

	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
Current income tax		
Hong Kong profit tax	–	–
PRC enterprise income tax	<b>9,454</b>	16,224
Deferred income tax		
Origination and reversal of temporary differences	<u>(672)</u>	<u>(2,587)</u>
Income tax expense	<u><b>8,782</b></u>	<u>13,637</u>

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using weighted average tax rate applicable to profits of the consolidated entities as follows:

	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
Profit from continuing operations before income tax expense	<b>57,079</b>	56,720
Profit from discontinued operations before income tax expense	<u>–</u>	<u>71,697</u>
	<b>57,079</b>	128,417
Tax calculated at the applicable tax rates	<b>13,750</b>	25,065
Income not subject to tax	<b>(10,556)</b>	(16,753)
Expenses not deductible for tax purposes	<b>6,520</b>	4,169
Deferred tax not recognised for tax losses	–	1,156
Utilization of previously unrecognized tax losses	<u>(932)</u>	<u>–</u>
	<u><b>8,782</b></u>	<u>13,637</u>

## 9 EARNINGS PER SHARE

### (a) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Profit attributable to the ordinary equity holders of the Company used in calculating basic earnings per share:		
– Continuing operations	37,615	23,903
– Discontinued operations	–	71,697
	<u>37,615</u>	<u>95,600</u>
Weighted average number of ordinary shares in issue (thousands)	769,356	703,077
Basic earnings per share from		
– Continuing operations	5 cents	3 cents
– Discontinued operations	–	11 cents
	<u>5 cents</u>	<u>14 cents</u>

### (b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding assuming conversion of all dilutive potential ordinary shares. The Company has one type of dilutive potential ordinary shares which is the share options granted to consultants in the current year.

Calculation is performed for the share options in order to determine the number of shares that could have been acquired at fair value, which is based on the monetary value of the subscription rights attached to outstanding share options.

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Profit attributable to the ordinary equity holders of the Company used in calculating basic earnings per share:		
– Continuing operations	37,615	23,903
– Discontinued operations	–	71,697
	<u>37,615</u>	<u>95,600</u>
Weighted average number of ordinary shares in issue (thousands)	769,356	703,077
Adjustments for share options (thousands)	<u>5,371</u>	–
Weighted average number of ordinary shares for diluted earnings per share (thousands)	<u>774,727</u>	<u>703,077</u>
Diluted earnings per share from		
– Continuing operations	5 cents	3 cents
– Discontinued operations	–	11 cents
	<u>5 cents</u>	<u>14 cents</u>

## 10 DIVIDENDS

The directors do not recommend the payment of final dividends for the year ended 31 December 2021 (2020: Nil).

## 11 TRADE RECEIVABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade receivables	135,101	53,251
Less: Loss allowance	<u>(626)</u>	–
Trade receivables, net	<u>134,475</u>	<u>53,251</u>



The ageing analysis of trade receivables based on invoice date is as follows:

	<b>2021</b>	2020
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
0 to 30 days	<b>28,571</b>	26,885
31 to 60 days	<b>22,140</b>	10,853
61 to 90 days	<b>16,295</b>	7,611
91 to 180 days	<b>68,095</b>	7,902
	<b>135,101</b>	53,251
Less: Loss allowance	<b>(626)</b>	–
Trade receivables, net	<b>134,475</b>	53,251

The credit periods granted by the Group to its customers for its environmental maintenance business and its tenants, are based on the agreed contract terms or subsequent mutual agreement, which range from 30 to 180 days. As at 31 December 2021 and 2020, the Group's trade receivables mainly comprised receivables from the Group's environmental maintenance business. They are related to customers for whom there was no recent history of default.

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Movements of loss allowance for trade receivables are as follows:

	<b>2021</b>	2020
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
At 1 January	–	–
Provision for loss allowance on financial assets	<b>626</b>	–
At 31 December	<b>626</b>	–

The carrying amounts of trade receivables approximate their fair values and are denominated in RMB. The maximum exposure to credit risk at the balance sheet date is the carrying values of trade receivables mentioned above. The Group does not hold any collateral as security.

## 12 SHARE CAPITAL AND SHARE PREMIUM

	Number of ordinary shares <i>Thousand</i>	Nominal value of ordinary shares <i>HK\$'000</i>	Share premium <i>HK\$'000</i>
<b>Authorised:</b>			
Ordinary shares of HK\$0.01 each as at 31 December 2020 and 31 December 2021	<u>10,000,000</u>	<u>100,000</u>	<u>–</u>
<b>Issued and fully paid:</b>			
At 1 January 2020	588,000	5,880	304,370
Issue of ordinary shares by subscription	<u>117,000</u>	<u>1,170</u>	<u>175,830</u>
At 31 December 2020	<u>705,000</u>	<u>7,050</u>	<u>480,200</u>
At 1 January 2021	705,000	7,050	480,200
Issue of ordinary shares by subscription (Note (a))	<u>90,000</u>	<u>900</u>	<u>148,637</u>
At 31 December 2021	<u>795,000</u>	<u>7,950</u>	<u>628,837</u>

Note (a):

On 23 March 2021, the Company entered into the Placing Agreement with the Placing Agent. Pursuant to the Placing Agreement, the Company has conditionally agreed to allot and issue, and the Placing Agent has conditionally agreed to place, on a best effort basis, up to 90,000,000 new Shares to not less than six Places at the Placing Price of HK\$1.68 per Placing Share. The Places and (where appropriate) their respective ultimate beneficial owner(s) shall be independent third parties.

On 15 April 2021, the conditions set out in the placing agreement was fulfilled and the placing was completed on the same date, in which 90,000,000 shares were placed to not less than six places at HK\$1.68 per share. The net proceeds of HK\$149,537,000 (after deduction of the placing commission and other expenses from the gross proceeds of HK\$151,200,000) were raised from the placing and credited to the share capital and share premium account of the Company.

## 13 TRADE PAYABLES

The ageing analysis of trade payables based on invoice date is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0 to 30 days	9,011	7,899
31 to 60 days	2,854	1,372
61 to 90 days	2,497	290
91 to 120 days	1,179	8,260
Over 120 days	<u>9,615</u>	<u>2,147</u>
	<u>25,156</u>	<u>19,968</u>

The carrying amounts of trade payables approximate their fair values and are denominated in RMB.

## 14 GOODWILL AND INTANGIBLE ASSETS

	<b>Goodwill</b> <i>HK\$'000</i>	<b>Customer backlog</b> <i>HK\$'000</i>	<b>Customer relationship</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
<b>Year ended 31 December 2020</b>				
Opening net book amount	106,774	28,893	28,509	164,176
Amortisation charge	–	(14,896)	(3,177)	(18,073)
Impairment	(1,425)	–	–	(1,425)
Exchange differences	6,785	920	1,635	9,340
Closing net book amount	<u>112,134</u>	<u>14,917</u>	<u>26,967</u>	<u>154,018</u>
<b>At 31 December 2020</b>				
Cost	115,817	48,724	34,017	198,558
Accumulated amortisation and impairment	<u>(3,683)</u>	<u>(33,807)</u>	<u>(7,050)</u>	<u>(44,540)</u>
Net book amount	<u>112,134</u>	<u>14,917</u>	<u>26,967</u>	<u>154,018</u>
<b>Year ended 31 December 2021</b>				
Opening net book amount	112,134	14,917	26,967	154,018
Amortisation charge	–	(14,702)	(3,329)	(18,031)
Exchange differences	3,294	(215)	644	3,723
Closing net book amount	<u>115,428</u>	<u>–</u>	<u>24,282</u>	<u>139,710</u>
<b>At 31 December 2021</b>				
Cost	119,219	48,509	34,661	202,389
Accumulated amortisation and impairment	<u>(3,791)</u>	<u>(48,509)</u>	<u>(10,379)</u>	<u>(62,679)</u>
Net book amount	<u>115,428</u>	<u>–</u>	<u>24,282</u>	<u>139,710</u>

During the year ended 31 December 2021, amortisation of intangible assets charged to the “general and administrative expenses” is HK\$18,031,000 (2020: HK\$18,073,000).

### Impairment assessments of Goodwill and intangible assets

Goodwill acquired through business combinations in previous years are allocated to cash generating units, namely New Fortune Group CGU and BYL Group CGU respectively, for impairment test. The recoverable amounts of the New Fortune Group CGU and BYL Group CGU have been determined by reference to the value-in-use calculation, which are higher than their respective fair value less costs of disposal.

<b>As at 31 December 2021</b>	<b>Opening</b> <i>HK\$'000</i>	<b>Exchange difference</b> <i>HK\$'000</i>	<b>Closing</b> <i>HK\$'000</i>
Property leasing business – New Fortune Group CGU	18,703	550	19,253
Environmental maintenance business – BYL Group CGU	93,431	2,744	96,175
	<u>112,134</u>	<u>3,294</u>	<u>115,428</u>

#### **Property leasing business – New Fortune Group CGU**

In assessing the value-in-use calculation, references were made to the valuation of the investment properties and the carrying amount of the business unit's other assets and liabilities which approximated to their fair values, excluding any deferred tax liabilities initially recognised on acquisition relevant to this business unit. Fair values of the properties were determined based on valuations performed by independent valuer at year end.

The directors determined that, after having made all reasonable and careful enquiries, the valuation methods, basis and key assumptions applied in the valuation of the investment properties held by the New Fortune Group CG, no additional provision for impairment loss on the New Fortune Group CGU is required. (2020: HK\$1,425,000).

Since the carrying amount of the New Fortune Group CGU is not sensitive to the change in assumption, no sensitivity analysis is disclosed.

#### **Environmental maintenance business – BYL Group CGU**

The recoverable amount of the BYL Group CGU calculated based on value-in-use was determined based on valuation performed by CHFT Advisory and Appraisal Limited, an independent professional valuer, which was higher than its fair value loss of sales and exceeded the carrying amount by HK\$67,848,257 (2020: HK\$132,459,000).

In assessing the value-in-use calculation, references were made to the calculations use pre-tax cash flow projections based on financial plans approved by management covering a forecast period of 5 years. Cash flows beyond the forecast period are extrapolated using the estimated long-term growth rates. The long-term growth rate of the CGU does not exceed the long-term average growth rate for the environmental maintenance business in which the CGU operates. The key assumptions applied includes pre-tax discount rate of 15.5% (2020: 16.2%), revenue negative growth rate of 10% (2020: +20%) for the first year of projection, 10% (2020: 3%) for the second and third year, 5% for the forth year (2020: 3%) and 3% for the final year (2020: 3%) of the five year budget period. The terminal growth rate of 2% (2020: 2%) and an average gross profit margin percentage of 26.7% (2020: 28.6%) were used. The revenue growth rate in the first year of projection was arrived at by taking into account of the expected renewal of existing service contracts, the committed services contracts awarded to BYL Group and the successful bidding and execution of new potential services contracts as at the date of the assessment by management.

Since the carrying amount of the BYL Group CGU is not sensitive to the change in assumption, no sensitivity analysis is disclosed.

The directors of the Company, to the best of their knowledge information and belief, are not aware of any indications that an impairment of the goodwill and intangible assets of BYL Group CGU is required as at 31 December 2021 and 2020 after considering the above value-in-use calculation and the nature, prospects, financial condition and business risks of the respective CGUs. Accordingly, no impairment loss was considered necessary as at 31 December 2021 and 2020.

## 15 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

The Group classifies the following financial assets at FVPL:

- debt investments that do not qualify for measurement at either amortised cost or FVOCI
- equity investments that are held for trading, and
- equity investments for which the entity has not elected to recognise fair value gains and losses through OCI

Financial assets measured at FVPL include the following:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Equity securities listed in Hong Kong	28,958	45,817
Equity securities listed outside Hong Kong	46,570	–
Unlisted equity investments	21,081	53,497
Listed debt instruments	–	20,194
	<u>96,609</u>	<u>119,508</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS AND OPERATIONAL REVIEW

For the year ended 31 December 2021 (“the Year”), the Group was principally engaged in three operating segments, (i) environmental maintenance business; (ii) property leasing business; and (iii) securities trading business.

The Group recorded a revenue of approximately HK\$332,047,000 for the Year, compared to a revenue of approximately HK\$255,443,000 for the year ended 31 December 2020, representing an increase of approximately 30.0%. However, the gross profit ratio for the Year was approximately 24.7%, which was lower than gross profit ratio of approximately 35.6% for the year ended 31 December 2020. The drop in gross profit ratio was mainly attributable from the environmental maintenance business because of:

- a) Certain environmental maintenance service contracts with high gross profit margin (Gross profit ratio ranged from 37.0% to 56.0%) were completed and did not renew during the year of 2021.
- b) Certain new environmental maintenance service contracts engaged in the year of 2021 have comparative low profit margin (Gross profit ratio ranged from 5.7% to 11.1%).
- c) Decrease in relief related to value-added-tax (“VAT Relief”) granted by the local government in the PRC due to the COVID-19 pandemic from the amount of approximately RMB14,000,000 for the year ended 31 December 2020 to approximately RMB2,100,000 for the Year.

Gross profit for the Year amounted to approximately HK\$81,852,000 (2020: Approximately HK\$91,033,000). After taking into account of the general and administrative expenses, other income and net other gain, net finance income, income tax expenses and other comprehensive income, the Group recorded total comprehensive income attributable to the equity holders of the Company from continuing operations of approximately HK\$48,439,000 (2020: Approximately HK\$42,697,000).

## **Environmental Maintenance Business**

The environmental maintenance business is headquartered in Chengdu, and is penetrating into other regions in the PRC such as Xinjiang Autonomous Region, Hebei Province and Inner Mongolia Autonomous Region. Its scope of services mainly includes (i) janitorial services for public areas in cities; (ii) classification management of solid waste, bulky garbage and food waste; and (iii) facility maintenance management of refuse collection points.

During the Year, the environmental maintenance business recorded a revenue of approximately HK\$325,957,000, compared to a revenue of approximately HK\$253,704,000 for the year ended 31 December 2020.

As of 31 December 2021, the Group had a total of 21 environmental maintenance service contracts in progress with the total contract amount of approximately RMB730,000,000 for the remaining contract term.

## **Property Leasing Business**

During the Year, the Group recorded a rental income of approximately HK\$3,133,000 for the leasing of an office in Beijing (2020: Approximately HK\$1,665,000). The increase in rental income was resulted from the recovery of office vacancy in the Year.

## **Securities Trading Business**

The Board is of the view that reasonable and effective use of temporary idle funds can enhance the overall return on capital of the Group. The acquisition of financial assets was made for treasury management purpose with a view to increasing the return on the idle funds of the Group and with an aim of increasing the total income of the Company and generating better investment return to the Company and its Shareholders as a whole after taking into account, among others, the level of risk and return on investment.

During the Year, the Group invested in the security market with a more conservative manner which disposed various higher risk exposure listed equity securities to recognized significant fair value gain, and subscribe a listed money market fund in the PRC. The Board considers that subscription is a conservative investment with a reasonable return, acceptable risk and high liquidity, which are in line with the internal risk management and treasury management policy of the Group.

For the Year, the Group recorded gain on disposal of financial assets at fair value through profit or loss in the amount of approximately HK\$59,409,000 (2020: HK\$3,195,000) and fair value loss of financial assets at fair value through profit and loss in the amount of approximately HK\$22,325,000 (2020: Fair value gain of approximately HK\$14,807,000), which were classified as “Other gain-net” in the consolidated statement of comprehensive income.

The table below sets forth the performance of different financial assets acquired by the Group as at 31 December 2021:

Nature of financial assets	Name of the underlying company	Remarks	Value as at 1 January 2021 HK\$'000	Investment for the year HK\$'000	Disposal for the year HK\$'000	Realised gain/(loss) for the year HK\$'000	Unrealised fair value gain/(loss) for the year HK\$'000	Market value as at 31 December 2021 HK\$'000	Size relative to total assets as at 31 December 2021
Unlisted Equity Investments	AMC Wanhai Securities Limited	<i>a</i>	53,497	-	(56,052)	2,555	-	-	
Unlisted Equity Investments	Pentamount Global SPC – Global Income SP	<i>b</i>	-	29,838	-	-	(8,757)	21,081	2.48%
Hong Kong Listed Equity Securities	A listed company engaged in information technology business	<i>c</i>	42,956	-	(59,230)	16,274	-	-	
Hong Kong Listed Equity Securities	Various listed companies in HK	<i>c</i>	2,861	-	(3,393)	532	-	-	
Hong Kong Listed Equity Securities	Various listed companies in HK	<i>c</i>	-	36,667	(10,960)	4,012	(761)	28,958	3.41%
Listed Debt Instruments	Various listed debt instruments	<i>d</i>	20,194	-	(20,042)	(152)	-	-	
Listed Equity Investment	A Listed money market fund in PRC	<i>e</i>	-	46,486	-	-	84	46,570	5.49%
			<u>119,508</u>					<u>96,609</u>	

- a. The unlisted equity investments represent the investment in Deep Blue SP I which were designated as a segregated portfolio of Deep Blue Fund SPC (the “Fund”) by the board of directors of the Fund in July 2017. The investment objective of the segregated portfolio is to maximize capital appreciation by investing a wide range of instruments mainly in listed bond. The fair value of the segregated portfolio was valued by the respective investment managers at the last business day in March, June, September and December in each year. For details, please refer to the announcements of the Company dated 2 July 2020 and 13 July 2020.
- b. The unlisted equity investments represented the investment in Pentamount Global SPC – Global Income SP in 2021. The investment objective of the segregated portfolio is to maximize capital appreciation by investing a wide range of instruments mainly in listed bond.
- c. The fair value of the listed equity securities is determined based on a quoted market bid price in a relevant stock exchange.
- d. The fair value of the listed debt instruments is determined based on a quoted market bid price in a relevant stock exchange.
- e. The Fund is an open-end money market fund. The Fund was approved by the China Securities Regulatory Commission and was listed on the Shanghai Stock Exchange since 28 January 2013. The fair value of the fund is determined based on a quoted market bid price in a relevant stock exchange. For details please refer to the announcement of the Company dated 14 January 2022.



## FINANCIAL REVIEW

### Revenue

The table below sets forth the revenue breakdown of the Group's for the years ended 31 December 2021 and 31 December 2020:

	<b>2021</b>	2020
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Revenue		
– from environmental maintenance business	<b>325,957</b>	253,704
– from property leasing business	<b>3,133</b>	1,665
– from securities trading business	<b>2,957</b>	74
	<b><u>332,047</u></b>	<u>255,443</u>

### Significant expenses for the year:

#### *Cost of Revenue*

The cost of revenue is mainly comprised of service fees to workers, material consumed, depreciation on machinery and motor vehicles, motor vehicles expenses and utilities expenses from the environmental maintenance business. Cost of revenue for the year amounted to approximately HK\$250,195,000 (2020: HK\$164,410,000), representing an increase of approximately 52.2% as compared to last year. The increase in cost of revenue mainly arose from the increase of revenue from the environmental maintenance business.

#### *General and administrative expenses*

The Group's administrative expenses mainly consisted of (i) employee benefits expenses for staff; (ii) legal and professional fee; (iii) share-based payment expenses; and (iv) other administrative expenses, which amounted to approximately HK\$71,434,000 (2020: Approximately HK\$51,601,000) which representing an increase of approximately 38.4% compared to last year. The increase in general and administrative expenses was in line with the increase of revenue of the Group in addition to the increase in share-based payment expenses which was results from the grant of 29,600,000 share options on 5 February 2021.

### ***Employee benefit expenses***

The Group had 902 staff and 3,788 labour, total 4,690 employees as at 31 December 2021 (31 December 2020: 1,377 staff and 2,808 labour, total 4,185 employees). The increase in the number of employees is in line with the increase of revenue from the environmental maintenance business. Total employee benefits expenses for the year amounted to approximately HK\$191,672,000 (2020: HK\$135,853,000) representing an increase of approximately 41.1% compared to last year. The increase in employee benefits expenses was mainly because of the increase of number of labour and the increase in the minimum salary rate for the labour of environmental maintenance business. The Group would regularly review the work allocation of the staff to improve and maintain a high quality of service.

### ***Amortisation expenses in intangible assets***

As a result of the acquisition of the BYL Group in 2018, the Group has carrying amount of intangible assets for customer relationship of approximately HK\$24,282,000 as at 31 December 2021. Customer relationship represents the long-time business relationship and history with its key customers in Chengdu and is to be amortised over a period of 10 years.

During the year ended 31 December 2021, amortisation of intangible assets amounts to approximately HK\$18,031,000 (2020: HK\$18,073,000), which was classified as “General and administrative expenses” in the consolidated statement of comprehensive income.

### ***Fair value gain of investment properties and impairment of goodwill***

As a result of the acquisition of New Fortune Holdings Group Limited (裕祥控股集團有限公司) which holds an investment property and engages in property leasing business, the Group recognised goodwill of approximately HK\$20,920,000 as at completion on 30 June 2017. The Group assess at the end of each reporting period whether there is any indication that an asset maybe impaired.

After considering the valuation of investment property as at 31 December 2021 performed by an independent professional valuer, the Group recognised a fair value gain on investment properties amounted to approximately HK\$1,874,000 which was classified as “Other gain – net” in the consolidated statement of comprehensive income (2020: Fair value loss of approximately HK\$5,700,000).

In assessing the value-in-use calculation for the goodwill, references were made to the valuation of the investment properties and the carrying amount of the business unit's other assets and liabilities which approximated to their fair values, excluding any deferred tax liabilities initially recognised on acquisition relevant to this business unit.

The directors determined that, after having made all reasonable and careful enquiries, the valuation methods, basis and key assumptions applied in the valuation of the investment properties held by the New Fortune Group CGU, no additional provision for impairment loss on the New Fortune Group CGU is required (2020: HK\$1,425,000).

## **Liquidity, Financial Resources and Capital Resources**

### ***Capital structure***

The Group's objectives for managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry, the Group monitors its capital on the basis of the gearing ratio. The Group's strategy, which was unchanged during the year ended 31 December 2021, was to lower the gearing ratio to an acceptable level.

### ***Cash position and restricted cash***

As at 31 December 2021, the Group's cash and cash equivalents were approximately HK\$233,608,000, representing an increase of 80.9% as compared to approximately HK\$129,132,000 as at 31 December 2020. The increase mainly arose from the net proceeds of approximately HK\$149,537,000 for the placing of new shares under general mandate in April 2021.

Restricted cash in the amount of approximately HK\$10,276,000 were pledged as performance guarantee of various projects from the environmental maintenance business as at 31 December 2021 (2020: HK\$5,351,000).

### ***Trade receivables***

As at 31 December 2021, the Group's trade receivables were approximately HK\$134,475,000 (2020: HK\$53,251,000). The increase in trade receivables were arose from the continuing growth of the environmental maintenance business across various regions in the PRC.

### ***Gearing ratio***

The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as consideration payables, loans from a shareholder, borrowings less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt. As at 31 December 2021 and 31 December 2020, the Group is at a net cash position, hence, no gearing ratio is disclosed.

### ***Dividends***

The directors do not recommend payment of final dividends in respect of the year ended 31 December 2021 (2020: Nil).

## **SIGNIFICANT INVESTMENT HELD, MATERIAL ACQUISITION OR DISPOSAL OF SUBSIDIARIES AND AFFILIATED COMPANIES AND PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSETS**

### **Subscription of New Shares under General Mandate**

On 23 March 2021, the Company entered into an agreement for the placing of up to an aggregate of 90,000,000 new ordinary shares of the Company to not less than six places at a price of HK\$1.68 per share (the "2021 Share Placing"). All the conditions precedent set out in the agreement have been fulfilled and completion of the Share Placing took place on 15 April 2021. For details, please refer to the announcements of the Company dated 23 March 2021 and 15 April 2021.

## **Termination of Memorandum of Understanding (“MOU”) in Relation to a Possible Acquisition and Capital Injection**

On 23 March 2021, the Company entered into a MOU with Beijing Yunling Technology Co., Ltd.\* (北京雲聆科技有限公司) (“the Target Company”) and Mr. Guo Peng in relation to the acquisition made to Aikuyou (HK) Limited (“the Transferor”) for the entire equity interest in the Target Company held by the Transferor and the capital injection into the Target Company (“the Possible Acquisition”).

On 30 April 2021, the Company entered into a deed of termination to terminate the MOU with effect from 30 April 2021 as each of the parties to the MOU could not agree on the material terms for the Possible Acquisition. Each of the parties to the MOU has confirmed that there shall be no claim against each other in respect of any matters under or arising from the MOU. For details, please refer to the announcements of the Company dated 23 March 2021 and 30 April 2021.

## **Lapse of Disclosable Transaction in Relation to the Deemed Disposal of the Equity Interest in a Subsidiary**

On 7 September 2020, Shenzhen BYL Ecological Technology Company Limited\* (深圳寶潤來生態科技有限公司) (“Shenzhen BYL”), an indirectly non wholly-owned subsidiary of the Company which currently holds 100% equity interests in the Aerospace Sanchuang Environmental Technology Chengdu Co., Ltd.\* (航天三創環保科技(成都)有限公司) (“the Target Company”), entered into the capital increase agreement with Sichuan Aerospace Science and Technology Environmental Protection Equity Investment Fund Management Center (Limited Partnership)\* (四川航天航科環保股權投資基金管理中心(有限合夥)) (“the Investor”) and the Target Company, pursuant to which the Investor will invest RMB80,000,000 (equivalent to approximately HK\$90,480,000) to the Target Company and the registered capital of the Target Company will increase from RMB60,000,000 to RMB75,000,000.

\* *for identification purposes only*

Supplemental agreement and second supplemental agreement were signed by Shenzhen BYL, the Target Company and the Investor on 30 December 2020 and 20 May 2021 which extended the settlement date to 10 July 2021. As stated in the second supplemental agreement, if the conditions precedent to the capital increase agreement have not been duly satisfied before 10 July 2021, the capital increase agreement shall be automatically terminated, and the New Investor shall transfer back any equity interests in the Target Company to Shenzhen BYL at no consideration.

On 12 July 2021, a certain conditions precedent under the capital increase agreement have not been fully fulfilled, therefore the capital increase agreement has lapsed accordingly, whereupon none of the parties to the capital increase agreements shall have any obligations and liabilities towards each other thereunder. For details, please refer to the announcements of the Company dated 7 September 2020, 17 September 2020, 30 December 2020, 20 May 2021 and 12 July 2021.

### **Redemption of Interest in a Segregated Portfolio of a Fund**

On 2 July 2020, Wah Shuk Holdings Limited (華成控股有限公司), (“the Subscriber”), a wholly-owned subsidiary of the Company, had entered into a subscription agreement with the Deep Blue Fund SPC, pursuant to which the Subscriber had agreed to subscribe for the Class B shares in the Deep Blue SP I of the Fund in a sum of US\$7,000,000. The subscription amount was determined after arm’s length negotiations between the parties with reference to, among other things, the prospect and the return of the Deep Blue SP I of the Fund and the financial resources available to the Group. For details, please refer to the announcements of the Company dated 2 July 2020 and 13 July 2020.

On 27 April 2021, the Subscriber has served a redemption request to the Fund, pursuant to which the Subscriber intended to redeem all of its Class B Shares in the Fund. The proceeds from the Redemption is approximately US\$7,233,000. After completion of the redemption on 7 May 2021, the Subscriber did not hold any Class B Shares in the Fund. The Group recorded a gain of approximately US\$233,000 from the redemption, being the difference between the proceeds of the redemption and the initial subscription price of the Class B Share being redeemed. For details, please refer to the announcements of the Company dated 2 July 2020, 13 July 2020 and 27 April 2021.

## **Adoption of Share Reward Scheme**

On 10 August 2021, the Company adopted a Share Reward Scheme, with a term of 10 years, which represents a provisional award of the Group's existing ordinary shares of HK\$0.01 each awarded to selected participants pursuant to the Scheme's terms.

The shares may be purchased by the trustee from the market and/or off the market by utilising the funds allocated by the Board out of the Company's resources and be held in trust for relevant selected participants until the shares are vested. The details of the scheme have been disclosed in the Company's announcement on 10 August 2021 regarding "Adoption of Share Award Scheme".

During the year, 22,894,000 (2020: Nil) ordinary shares of the Company have been acquired at an aggregate cost of HK\$33,806,000 (2020: Nil). A total of 22,894,000 ordinary shares of the Company were held by the trustee of the 2021 Share Award Scheme at 31 December 2021. The trustee shall transfer the relevant shares to those eligible persons on vesting date.

## **Subscription of Interest in a Fund**

On 1 December 2021 and 24 December 2021, Aerospace Huatai Environmental Company Limited\* (航天華泰環保有限公司), an indirect wholly-owned subsidiary of the Company, respectively made two subscriptions from the HwaBao WP Fund Management Co., Ltd for units of the HwaBao Cash Increase Transactional Money Market Fund (Class A shares) (華寶現金添益交易型貨幣市場基金(A類份額)) with an aggregate subscription amount of RMB38,006,959 (equivalent to approximately HK\$46,368,490).

The Board considers that subscriptions for the Fund are conservative investments with a reasonable return, acceptable risk and high liquidity, which are in line with the internal risk management and treasury management policy of the Group. The Board considered that the subscriptions of the Fund can make good use of the currently idle financial resources of the Group and have not caused any adverse impact on the working capital of the Group. In addition, the Fund is listed on the Shanghai Stock Exchange and also available for redemption on each Working Day, and therefore, the Directors consider that there will be no liquidity issue after making the subscriptions. The Directors consider that the terms and conditions of the subscriptions are fair and reasonable and on normal commercial terms, and the subscriptions are in the interests of the Company and its Shareholders as a whole.

For details, please refer to the announcements of the Company dated 14 January 2022.



## **Share Option**

On 5 February 2021, the Company granted share options under its share option scheme adopted on 19 November 2013 (“2013 Share Option Scheme”) to certain eligible grantees (the “Grantees”), which, subject to acceptance by the Grantees, will enable the Grantees to subscribe for an aggregate of 29,600,000 ordinary shares of the Company of HK\$0.01 each in the share capital of the Company at the exercise price of HK\$1.21 per share as stated in the announcement of the Company dated 5 February 2021 and 9 February 2021.

On 16 June 2021, the adoption of a new share option scheme (the “2021 Share Option Scheme”) was approved by the shareholders of the Company. The total number of ordinary shares which may be issued upon the exercise of all options to be granted under the 2021 Share Option Scheme must not in aggregate exceed 79,500,000 Shares (representing 10.00% of the total issued share capital of the Company as at the date of approval of the 2021 Share Option Scheme).

Save and except the 29,600,000 options granted on 5 February 2021, no options had been granted, exercised, lapsed or forfeited during the Year, and there were 40,000,000 options remained outstanding as at 31 December 2021 under the 2013 Share Option Scheme.

No options had been granted, exercised, lapsed or forfeited during the Year, and there were nil options remained outstanding as at 31 December 2021 under the 2021 Share Option Scheme.

## **Fulfillment of Profit Guarantee in Relation to the Acquisition**

Reference was made to the announcements of the Company dated 9 February 2018, 16 March 2018, 16 April 2018, 16 May 2018, 29 May 2018 and 12 June 2018 in respect of the acquisition of BYL Property Holdings Group Limited (“Target Company”). Pursuant to the sales and purchase agreement signed between Wild South Limited (“the Purchaser”), a wholly-owned subsidiary of the Company, and Mr. Wan Zhong (“the Vendor”), the Vendor irrevocably and unconditionally warrants and guarantees the Purchaser that the aggregated audited consolidated net profit (after taxation and excluding any profit or loss deriving from activities not within the ordinary and usual course of business) (the “Audited Profit”) of the Target Company together with its subsidiaries (the “Target Group”) for the three financial years ending 31 December 2020 (the “Relevant Period”) as stated in the audited consolidated financial statements of the Target Group for the Relevant Period (the “Audited Accounts”) to be prepared by a Hong Kong certified public accountants’ firm (as approved by the Purchaser) shall not be less than the total sum of RMB94,500,000 (equivalent to approximately HK\$118,125,000) (the “Guaranteed Amount”). If the Audited Profit is less than the Guaranteed Amount, the Vendor will pay the Purchaser a compensation based on the formula prescribed in the sales and purchase agreement.



The Audited Accounts indicates that the Audited Profit had exceeded RMB94,500,000 which implied that the guaranteed profit of the Target Group for the three financial years ending 31 December 2020 has been met. For details, please refer to the announcement of the Company dated 15 April 2021.

Save as disclosed above, the Company has not conducted any other equity fund raising activities in the Year and the period immediately prior to the date of this announcement.

## **USE OF PROCEEDS**

The Company has conducted the following equity fund raising activities during the Year.

### **Use of Proceeds from the 2020 Subscriptions**

On 16 December 2019, the Company entered into a subscription agreement with Goldpalm Offshore Limited (金棕欄海外有限公司) (“Goldpalm”), a limited company incorporated in the British Virgin Islands, pursuant to which Goldpalm has conditionally agreed to subscribe for (or procure the subscription by its nominee(s)) and the Company has agreed to allot and issue 117,000,000 new Shares at the subscription price of HK\$1.53 per subscription share to Goldpalm or its nominee(s) (“the Subscription Agreement”). All the conditions precedent under the Subscription Agreement have been fulfilled and completion of the subscription took place on 7 January 2020 (the “2020 Subscription”). For details, please refer to the announcements of the Company dated 16 December 2019, 19 December 2019 and 7 January 2020.

The net proceeds from the 2020 Subscription were approximately HK\$177,000,000 and the Company intends to apply the net proceeds in (i) the settlement of outstanding consideration payable for the acquisition of BYL Property Holdings Group Limited in 2018 (“Settlement of Consideration Payable”) amounting to approximately HK\$74,571,000 as at 31 December 2019; and (ii) general working capital as to the remaining balance. Up to the date of this announcement, the Company had paid approximately HK\$13,920,000 for the Settlement of outstanding consideration payable, with the remaining balance to be utilised as intended. Approximately HK\$102,429,000 has been utilised as general working capital as intended. The Group has no intention to change the use of proceeds from the 2020 Subscriptions.

## **Use of Proceeds from the 2021 Share Placing**

The net proceeds from the 2021 Share Placing were approximately HK\$149,537,000 and the Company intends to apply HK\$93,800,000 for the Possible Acquisition and the transactions contemplated thereunder, HK\$41,700,000 for funding the operating costs and expenses of the initial stages of the new environmental maintenance projects secured by the Group, and HK\$14,037,000 as general working capital of the Group.

Despite of the termination of MOU, the Board maintains its view that investments in highgrowth businesses in the PRC, including high technology, software consulting and internet service related business, will generate a stable and constant stream of income to the Group and create long term value for the Shareholders. Therefore, the Board will adhere to the original plan for the use of net proceeds of the Share Placing as stated in the completion announcement dated 15 April 2021 and apply the abovementioned net proceeds which were originally allocated to the Possible Acquisition and the transactions contemplated thereunder for the possible investment and transactions in the future with similar nature as the transaction contemplated under the MOU.

For details, please refer to the announcements of the Company dated 23 March 2021, 15 April 2021 and 3 May 2021.

Up to the date of this announcement, the Company had used HK\$41,700,000 for funding the operating costs and expenses of the initial stages of the new environmental maintenance projects and HK\$14,037,000 has been utilized as general working capital as intended. The Group has no intention to change the use of proceeds from the 2021 Share Placing.

## **IMPACT OF COVID-19**

As at the date of this announcement, the Group was not aware of any material adverse effects on the financial statements as a result of the COVID-19 outbreak. The revenue from the Group's environmental maintenance business for the Year increased by 28.5% as compared with corresponding year in 2020.

## **PROSPECTS**

During the Year, the environmental maintenance business maintained its continuing growth as a result of securing various service contracts across various regions in the PRC including Chengdu, Xinjiang Autonomous Region, Hebei, Inner Mongolia Autonomous Region. It is expected that with the increasing number of service contracts secured by the Group, the environmental maintenance business shall continue to contribute stable income stream for the Group.

Looking forward, the Group will continue to utilize its available resources to engage and develop its core business. Apart from the environmental maintenance business, the Group will explore business opportunities in other industries and double down on investments in high growth businesses in the PRC (including but not limited to high technology and internet business) that will flourish in the post-pandemic economic environment in order to generate a stable and constant stream of income to the Group and create long term value for our shareholder.

## **CORPORATE GOVERNANCE**

The Company has complied with the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) throughout the year. The Company has applied the principles of, and complied with, the applicable code provisions of the CG Code during the year ended 31 December 2021. The Board of the Company will keep reviewing and updating such practices from time to time to ensure compliance with legal and commercial standards.

Further information on the Company’s corporate governance practices will be set out in the Corporate Governance Report contained in the Company’s annual report for the year ended 31 December 2021, which will be sent to the shareholders in due course.

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

The Group had adopted Appendix 10 of the Listing Rules (the “Model Code”) as its own code of conduct regarding directors’ securities transactions on terms no less exacting than the required standard of dealings.

Having made specific enquiries to all the directors and all the directors of the Company had confirmed compliance with the required standard of dealings and the code of conduct for directors’ securities transactions during the year ended 31 December 2021.

## **REVIEW OF FINANCIAL INFORMATION**

The figures in respect of the Group's consolidated balance sheet, consolidated statement of comprehensive income, and the related notes thereto for the year ended 31 December 2021 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

## **PURCHASE, SALE OR REDEMPTION OF SHARES**

Except for the 22,894,000 ordinary shares of the Company acquired by the trustee of the 2021 Share Award Schemes, neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the listed securities of the Company during the year.

## **AUDIT COMMITTEE REVIEW**

Pursuant to the requirements of the CG Code and the Listing Rules, the Company has established an audit committee (the "Audit Committee") which comprises three independent non-executive directors. Mr. Lam Ka Tak is the chairman of the Audit Committee. The annual results for the year ended 31 December 2021 have been reviewed by the Audit Committee.

## **COMPETING BUSINESS**

During the year and up to the date of this announcement, the directors are not aware of any business or interest of the directors, the management of the Company and their respective associates (as defined under the Listing Rules) that compete or may compete with the business of the Group and any other conflict of interest which any such person has or may have with the Group.

## **APPRECIATION**

On behalf of the Board, I would like to take this opportunity to express my sincere gratitude to our customers, shareholders, bankers, and in turn the management and staff for their unreserved support for the Group during the year.

By Order of the Board  
**Net-A-Go Technology Company Limited**  
**Sang Kangqiao**  
*Chairman and Executive Director*

Hong Kong, 28 March 2022

*As at the date of this announcement, the Executive Directors are Mr. Sang Kangqiao, Mr. Xu Wenzhe and Mr. Cui Peng; and the Independent Non-executive Directors are Mr. Xu Zhihao, Mr. Lam Ka Tak and Mr. Wong Sincere.*