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## InvesTech Holdings Limited

### 威訊控股有限公司

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 1087)

## ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

HIGHLIGHTS	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Revenue	197,059	230,406
Gross profit	26,963	20,354
Loss before tax	<u>(13,514)</u>	<u>(14,773)</u>
(Loss)/profit for the period		
– Continuing operation	(14,096)	(13,526)
– Discontinued operation	–	1,329
	<u>(14,096)</u>	<u>(12,197)</u>
(Loss)/profit for the period attributable to owners of the parent		
– Continuing operation	(15,230)	(10,888)
– Discontinued operation	–	1,329
	<u>(15,230)</u>	<u>(9,559)</u>
Profit/(loss) for the period attributable to non-controlling interests		
– Continuing operation	<u>1,134</u>	<u>(2,638)</u>
(Loss)/earnings per share		(Restated)
From continuing and discontinued operation		
– Basic and diluted (RMB cents)	<u>(14.32)</u>	<u>(12.57)</u>
From continuing operation		
– Basic and diluted (RMB cents)	<u>(14.32)</u>	<u>(14.31)</u>
From discontinued operation		
– Basic and diluted (RMB cents)	<u>N/A</u>	<u>1.75</u>

## SELECTED FINANCIAL RATIOS

	<b>Six months ended 30 June</b>	
	<b>2022</b> <b>(approximate)</b>	2021 (approximate)
Gross profit margin	<b>13.7%</b>	8.8%
Net loss margin <sup>(1)</sup>	<b>(7.2%)</b>	(5.9%)
	<b>As at</b> <b>30 June</b> <b>2022</b> <b>(approximate)</b>	As at 31 December 2021 (approximate)
Current ratio ( <i>times</i> )	<b>1.5</b>	1.4
Gearing ratio <sup>(2)</sup>	<b>10.9%</b>	10.8%
Return on total assets <sup>(3)</sup>	<b>(2.1%)</b>	(3.1%)
Return on total equity <sup>(3)</sup>	<b>(4.2%)</b>	(5.6%)

<sup>(1)</sup> Calculated by using loss for the period from continuing operation divided by revenue.

<sup>(2)</sup> Calculated by using the total of interest-bearing bank and other borrowings and convertible bond divided by total assets.

<sup>(3)</sup> Calculated by using loss for the period divided by average balances of total assets or total equity.

## **BUSINESS REVIEW**

During the six months ended 30 June 2022 (the “Period”), the Group continued to focus on its core business of the IT infrastructure system integration and the sales of smart office software solutions. The majority of the Group’s revenue was generated from the market in the People’s Republic of China (the “PRC” or “China”).

During the Period, particularly in the second quarter of 2022, China faced its worst COVID-19 pandemic (the “COVID-19”) outbreak following the domestic height of the pandemic in early 2020. Stringent COVID-19 restrictions were imposed in major cities, including Shanghai and Beijing, curtailing business activity and causing supply chain disruptions. Although the central government took various steps to ease COVID-19 prevention measures in key cities, the situation in the late second quarter remained volatile. Intensifying economic uncertainty also dampened the business environment in the IT industry in general. As such, the Group’s sales decreased due to delays in project schedules during the Period, resulting in a decline in revenue by approximately RMB33.3 million, or approximately 14.5% as compared with that of the corresponding period in 2021. Despite this, an increase in gross profit by approximately RMB6.6 million was recorded during the Period, attributable mainly to the Group’s effective cost control measures and an increase in the proportion of sales of smart office software solutions and related services with relatively higher gross profit margins.

The Group continued to expedite the development of its traditional IT infrastructure system integration and smart office software solutions businesses during the Period. By deepening its business collaboration with technology giants, the Group continued to leverage its core competitiveness and provided advanced and customised IT infrastructure solutions to clients in segments including finance, manufacturing and retail. While the Group’s self-developed applications (apps) – namely MetaVisitor, MetaWorkspace and MetaMeeting – were launched on several platforms during the Period, the Group also redoubled its efforts to upgrade Virsical, its flagship smart office software solutions product. The Group strived to expand the customer base for its professional smart office solutions and property technology solutions (PropTech solutions), which provide professional tools such as intelligent building control systems and smart visitor management systems to clients in diversified sectors.

After the Group won a government contract for the provision of a smart library system for the Hong Kong government’s Leisure and Cultural Services Department last year, it began to carry out preliminary work, including the design of core library systems. The work performed during the first half of 2022 translated into the recognition of approximately RMB12.4 million of revenue during the Period. The Group expects that the project will provide a large, stable income stream as it is completed. During the Period, the Group strived to secure more contracts related to government and public sectors, with a focus on smart city and smart IT-related projects, aspiring to enhance the revenue of the Group.

## OUTLOOK

Looking ahead, the Group will maintain the stable development of its IT infrastructure system integration business, with a focus on expediting the development of its smart office software business, which will serve as its revenue growth engine. The Group will also continuously increase its investment and expand the professional team at its research and development (“R&D”) centre in the PRC city of Xi’an in order to optimise its R&D capabilities, thereby enhancing its core competence and strengthening its market position in the long run. To acquire new clients and offer cutting-edge solutions, the Group will continue to form strategic alliances with technology giants.

In addition to expanding its customer base in the PRC, the Group will also continue to explore bidding of both public and private projects in Hong Kong, striving to increase its market share. With the aim of expanding its business in overseas markets, the Group intends to explore its business opportunities in Southeast Asia and countries along the route of Belt and Road Initiative to expedite its business development and capture market opportunities.

Enterprise metaverse solutions, which deliver advantages such as increased access to talent, enhanced productivity and reduced operating costs, have become one of the latest trends in the IT industry. As many employees have switched to working from home due to recurrent COVID-19 outbreaks, technology giants have made immense investments to expedite the development of enterprise metaverse, leading to breakthroughs in this new technology. Leveraging InvesTech’s advanced digital-twin technology and solid experience in hybrid smart office solutions, the Group aims to modify and enhance its software products through built-in compatibility with the latest technology. At the same time, the Group will join hands with technology giants to offer highly realistic, virtual smart office solutions to customers, with the ultimate goal of facilitating the development of enterprise metaverse.

## UNAUDITED INTERIM CONSOLIDATED RESULTS

The board (the “Board”) of directors (the “Directors”) of the Company announces the unaudited interim consolidated financial results of the Group for the Period together with the unaudited comparative figures for the corresponding period in 2021. The interim consolidated financial results have been reviewed by the Company’s audit committee (the “Audit Committee”).

### INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2022

	Notes	Six months ended 30 June	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
<b>CONTINUING OPERATION</b>			
<b>Revenue</b>	4	<b>197,059</b>	230,406
Cost of sales		<b>(170,096)</b>	(210,052)
Gross profit		<b>26,963</b>	20,354
Other income and gains	4	<b>5,161</b>	2,190
Selling and distribution expenses		<b>(13,064)</b>	(12,495)
Administrative expenses		<b>(28,181)</b>	(23,684)
Other loss		<b>(654)</b>	–
Impairment losses of financial assets, net		<b>(2,474)</b>	(49)
Finance costs	5	<b>(1,265)</b>	(1,089)
<b>Loss before tax</b>	6	<b>(13,514)</b>	(14,773)
Income tax (expense)/credit	7	<b>(582)</b>	1,247
<b>Loss for the period from continuing operation</b>		<b>(14,096)</b>	(13,526)
<b>DISCONTINUED OPERATION</b>			
<b>Profit for the period from discontinued operation</b>	17	<b>–</b>	1,329
<b>LOSS FOR THE PERIOD</b>		<b>(14,096)</b>	(12,197)

	<b>Six months ended 30 June</b>	
<i>Note</i>	<b>2022</b>	2021
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
	<b>(Unaudited)</b>	(Unaudited)
(Loss)/profit attributable to:		
Owners of the parent		
– From continuing operation	<b>(15,230)</b>	(10,888)
– From discontinued operation	<u>–</u>	<u>1,329</u>
	<b>(15,230)</b>	(9,559)
Non-controlling interests		
– From continuing operation	<u><b>1,134</b></u>	<u>(2,638)</u>
	<u><b>(14,096)</b></u>	<u>(12,197)</u>
<b>(LOSS)/EARNINGS PER SHARE</b>		
<b>ATTRIBUTABLE TO OWNERS OF</b>		
<b>THE PARENT</b>	9	(Restated)
From continuing and discontinued operations		
– Basic and diluted	<u><b>RMB(14.32) cents</b></u>	<u>RMB(12.57) cents</u>
From continuing operation		
– Basic and diluted	<u><b>RMB(14.32) cents</b></u>	<u>RMB(14.31) cents</u>
From discontinued operation		
– Basic and diluted	<u><b>N/A</b></u>	<u>RMB1.75 cents</u>

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
<b>LOSS FOR THE PERIOD</b>	<b>(14,096)</b>	<b>(12,197)</b>
<b>OTHER COMPREHENSIVE (LOSS)/INCOME</b>		
<i>Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translation of foreign operation	(24,480)	13,845
Recycle of exchange differences upon disposal of foreign operations	–	(657)
	<b>(24,480)</b>	<b>13,188</b>
<i>Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translation of the Company's financial statements into presentation currency	27,814	(14,245)
Change in fair value of financial asset at fair value through other comprehensive income	(16,912)	(59,558)
	<b>10,902</b>	<b>(73,803)</b>
<b>OTHER COMPREHENSIVE LOSS FOR THE PERIOD</b>	<b>(13,578)</b>	<b>(60,615)</b>
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>	<b>(27,674)</b>	<b>(72,812)</b>
Total comprehensive (loss)/income attributable to:		
Owners of the parent	(29,155)	(70,151)
Non-controlling interests	1,481	(2,661)
	<b>(27,674)</b>	<b>(72,812)</b>

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 June 2022*

		30 June 2022	31 December 2021
	<i>Notes</i>	<b><i>RMB'000</i></b> <b>(Unaudited)</b>	<b><i>RMB'000</i></b> <b>(Audited)</b>
<b>NON-CURRENT ASSETS</b>			
Investment properties		8,566	–
Property, plant and equipment		2,195	1,995
Right-of-use assets		16,413	17,824
Goodwill	10	134,952	134,952
Other intangible assets		68,325	78,448
Deferred tax assets		3,718	3,718
Financial asset at fair value through other comprehensive income	11	23,174	40,086
<b>Total non-current assets</b>		<b>257,343</b>	277,023
<b>CURRENT ASSETS</b>			
Inventories		29,717	17,320
Trade and bills receivables and contract assets	13	207,560	208,047
Loan receivables	12	595	1,749
Prepayments, other receivables and other assets		64,150	55,195
Pledged deposits		25,270	25,765
Debt investment at fair value through profit or loss	15	11,945	12,530
Equity investments at fair value through profit or loss	14	13,023	2,880
Cash and cash equivalents		53,958	54,920
<b>Total current assets</b>		<b>406,218</b>	378,406
<b>CURRENT LIABILITIES</b>			
Trade payables	16	185,669	174,832
Contract liabilities		17,549	25,833
Other payables and accruals		20,038	25,047
Interest-bearing bank and other borrowings		38,920	36,347
Tax payable		16,167	14,877
<b>Total current liabilities</b>		<b>278,343</b>	276,936



	<b>30 June 2022 RMB'000 (Unaudited)</b>	31 December 2021 RMB'000 (Audited)
<b>NET CURRENT ASSETS</b>	<b>127,875</b>	101,470
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>385,218</b>	378,493
<b>NON-CURRENT LIABILITIES</b>		
Contract liabilities	–	2,831
Interest-bearing bank and other borrowings	<b>10,692</b>	12,921
Convertible bond	<b>22,702</b>	21,672
Deferred tax liabilities	<b>10,249</b>	11,768
<b>Total non-current liabilities</b>	<b>43,643</b>	49,192
<b>Net assets</b>	<b>341,575</b>	329,301
<b>EQUITY</b>		
<b>Equity attributable to owners of the parent</b>		
Issued capital	<b>7,553</b>	5,464
Reserves	<b>325,990</b>	317,286
	<b>333,543</b>	322,750
<b>Non-controlling interests</b>	<b>8,032</b>	6,551
<b>Total equity</b>	<b>341,575</b>	329,301

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Net cash flows used in operating activities	<u>(20,754)</u>	<u>(16,078)</u>
Net cash flows (used in)/from investing activities	<u>(13,267)</u>	<u>12,398</u>
Net cash flows from/(used in) financing activities	<u>32,266</u>	<u>(12,184)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(1,755)</b>	<b>(15,864)</b>
Cash and cash equivalents at beginning of period	<b>54,920</b>	76,128
Effect of foreign exchange rate changes, net	<u>793</u>	<u>(483)</u>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b><u>53,958</u></b>	<b><u>59,781</u></b>

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 1. CORPORATE INFORMATION

InvesTech Holdings Limited (the “Company”) was incorporated in the Cayman Islands on 16 November 2007 as an exempted company with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The Company changed the domicile of the Company from the Cayman Islands to Bermuda by way of deregistration in the Cayman Islands and continuation as an exempted company under the laws of Bermuda with effect from 7 July 2021 (Bermuda time). The Company’s registered office is located at Canon’s Court, 22 Victoria Street, Hamilton, HM 12, Bermuda after the change of domicile. The Company’s principal place of business in Hong Kong is Room 1201, 12/F., C C Wu Building, 302–308 Hennessy Road, Wanchai, Hong Kong.

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the “Group”) are mainly engaged in the provision of network system integration including the provision of network infrastructure solutions, network professional services and smart office software solutions, and the network equipment rental business.

### 2.1 BASIS OF PREPARATION

This interim condensed consolidated financial information of the Group for the six months ended 30 June 2022 has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange and International Accounting Standard 34 Interim Financial Reporting. This interim condensed consolidated financial information are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand except when otherwise indicated.

The accounting policies and basis of preparation used in the preparation of this interim condensed consolidated financial information are the same as those used in the Group’s annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of the amendments to International Financial Reporting Standards (“IFRSs”) (which also include International Accounting Standards (“IASs”) and Interpretations) and application of the accounting policy which became relevant to the Group.

This interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2021.

This interim condensed consolidated financial information is unaudited, but has been reviewed by the Company’s independent auditor in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of the following amendments to IFRSs for the first time for the current period's financial information and application of the accounting policy which became relevant to the Group.

Amendments to IAS 16	<i>Property, Plant and Equipment – Proceeds before intended use</i>
Amendments to IAS 37	<i>Onerous Contracts – Costs of Fulfilling a Contract</i>
Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41	<i>Annual Improvements to IFRS Standards 2018-2020</i>
Amendments to IFRS 3	<i>Reference to the Conceptual Framework</i>

The application of the above amendments did not have a significant impact on the interim condensed consolidated financial information.

## 3. OPERATING SEGMENT INFORMATION

Prior to the disposal of the Group's money lending segment as disclosed in note 17 to this announcement, for management purposes, the Group was organised into business units based on their products and services and had two reportable operating segments as follows:

- (a) the communication system segment, which is engaged in the provision of network system integration including the provision of network infrastructure solutions, network professional services, smart office software solutions, and the network equipment rental business; and
- (b) the money lending segment, which provides credit financing to entities and individuals in Hong Kong.

During the six months ended 30 June 2021, the Group's money lending segment was regarded as a discontinued operation which details are set out in note 17 to this announcement.

After the disposal of the Group's money lending segment and during the six months ended 30 June 2022, the Group's chief operating decision makers, also being the Directors, reorganised its internal reporting structure which resulted in changes to the composition of its reportable segment information reported, for the purposes of resources allocation and assessment focus on revenue analysis by products and services in the communication system business. No other discrete financial information is provided except for the Group's results and financial position as a whole. Accordingly, only entity wide disclosures and geographic information are presented.

Prior period's segment disclosures have been represented to conform with the current period's presentation.

#### 4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue, other income and gains, net, is as follows:

	Six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
<i>Continuing operation</i>		
Revenue from contracts with customers	<u>197,059</u>	<u>230,406</u>
<i>Discontinued operation</i>		
Interest income from money lending business	<u>–</u>	<u>48</u>

#### Disaggregated revenue information for revenue from contracts with customers

	Six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
<b>Types of goods or services</b>		
<i>Continuing operation</i>		
Sales of goods	118,335	154,384
Rendering of services	<u>78,724</u>	<u>76,022</u>
Total revenue from contracts with customers	<u>197,059</u>	<u>230,406</u>

	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
<b>Geographical markets</b>		
<i>Continuing operation</i>		
Mainland China	181,222	226,495
Vietnam	38	198
Hong Kong	14,960	1,040
United States of America	100	–
Other countries/regions	739	2,673
	<u>197,059</u>	<u>230,406</u>
Total revenue from contracts with customers	<u>197,059</u>	<u>230,406</u>
<b>Timing of revenue recognition</b>		
<i>Continuing operation</i>		
Goods transferred at a point in time	118,335	154,384
Services transferred over time	78,724	76,022
	<u>197,059</u>	<u>230,406</u>
Total revenue from contracts with customers	<u>197,059</u>	<u>230,406</u>
<b>Six months ended 30 June</b>		
	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
<b>Other income and gains</b>		
<i>Continuing operation</i>		
Bank interest income	101	124
Finance income on the net investment in a lease	42	120
Fair value gain on equity investments at fair value through profit or loss, net (note 14)	4,298	238
Fair value gain on debt investment at fair value through profit or loss (note 15)	–	736
Government grants released*	612	956
Others	108	16
	<u>5,161</u>	<u>2,190</u>

\* There are no unfulfilled conditions or contingencies relating to these grants.

## 5. FINANCE COSTS

	Six months ended 30 June	
	2022	2021
	<b>RMB'000</b>	<b>RMB'000</b>
	(Unaudited)	(Unaudited)
<i>Continuing operation</i>		
Interest on bank and other borrowings	734	798
Interest on lease liabilities	531	291
	<u>1,265</u>	<u>1,089</u>

## 6. LOSS BEFORE TAX FROM CONTINUING OPERATION

The Group's loss before tax, from continuing operation, is arrived at after charging/(crediting):

	Six months ended 30 June	
	2022	2021
	<b>RMB'000</b>	<b>RMB'000</b>
	(Unaudited)	(Unaudited)
<i>Continuing operation</i>		
Cost of inventories sold*	151,810	139,076
Depreciation of property, plant and equipment	472	368
Depreciation of right-of-use assets	3,263	2,883
Amortisation of other intangible assets**	10,123	10,121
Impairment of trade receivables, net	2,474	49
Short-term lease expense	382	635
Research and development costs***	9,825	7,842
Employee benefit expenses (including directors' and a chief executive's remuneration)		
– Wages and salaries	27,917	22,315
– Pension scheme contributions	6,731	5,656
– Share-based payments	241	–
	<u>34,889</u>	<u>27,971</u>
Fair value gain on equity investments at fair value through profit or loss, net ( <i>note 14</i> )	(4,298)	(238)
Fair value loss/(gain) on debt investment at fair value through profit or loss ( <i>note 15</i> )	654	(736)

\* Inclusive of (reversal of write-down)/write-down of inventories to net realisable value.

\*\* Included in “Cost of sales” in the interim condensed consolidated statement of profit or loss.

\*\*\* Included in “Administrative expenses” in the interim condensed consolidated statement of profit or loss.

## 7. INCOME TAX

No provision for Hong Kong profits tax has been made as the Group did not have any assessable profits arising in Hong Kong during the six months ended 30 June 2022 and 2021. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

Except for the following companies, the subsidiaries of the Company established in Mainland China are subject to corporate income tax ("CIT") at the statutory tax rate of 25% in the following periods:

Name of the subsidiaries	Six months ended 30 June	
	2022	2021
北京威發新世紀信息技術有限公司		
Beijing Wafer New Century Information Technology Co., Ltd.*^	15%	15%
威發(西安)軟件有限公司		
Wafer (Xi'an) Software Co., Ltd.**^	10%	10%

\* The entity is qualified as High and New Technology Enterprises and entitled to a preferential CIT rate of 15% for the six months ended 30 June 2022 and 2021.

\*\* The entity is qualified as Small Low-Profit Enterprises and entitled to a preferential CIT rate of 10% for the six months ended 30 June 2022 and 2021.

^ *The English names are for identification purposes only.*

The subsidiary which operates in Vietnam was subject to CIT at a rate of 20% (six months ended 30 June 2021: 14%) on taxable income for the six months ended 30 June 2022. This entity was entitled to enjoy 30% tax relief based on the condition that its revenue was less than VND200 billion (equivalent to RMB59,781,000) for the six months ended 30 June 2021.

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<i>Continuing operation</i>		
Current – Mainland China	2,100	271
Deferred	(1,518)	(1,518)
Income tax expense/(credit) for the period	582	(1,247)

## 8. DIVIDENDS

No dividend has been paid or proposed by the Company during the six months ended 30 June 2022 and subsequent to the end of the reporting period (six months ended 30 June 2021: Nil).



## 9. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT

The calculation of the basic (loss)/earnings per share amount is based on the (loss)/profit for the period attributable to owners of the parent, and the weighted average number of ordinary shares of 106,329,796 (six months ended 30 June 2021: 76,065,912 (Restated)) in issue during the period.

The weighted average number of ordinary shares in issue used in the calculation of basic and diluted (loss)/earnings per share for the six months ended 30 June 2022 and 2021 have been accounted for the bonus elements in the issue of shares of the Company completed on 6 September 2021 and 11 March 2022, as if effective since 1 January 2021. The comparative figures have been restated accordingly.

The calculation of diluted loss per share for the six months ended 30 June 2022 had not taken into account the effect of the potential ordinary shares on convertible bond as the assumed conversion would result in a decrease in loss per share.

No adjustment has been made to the basic (loss)/earnings per share amounts presented for the six months ended 30 June 2022 and 2021 in respect of a dilution as the impact of share options outstanding had an anti-dilutive effect on the basic (loss)/earnings per share amounts presented.

The calculations of basic and diluted (loss)/earnings per share are based on:

	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
<b>(Loss)/earnings</b>		
(Loss)/profit attributable to owners of the parent, used in the basic and diluted (loss)/earnings per share calculation:		
– From continuing operation	(15,230)	(10,888)
– From discontinued operation	–	1,329
	<u>(15,230)</u>	<u>1,329</u>
	<u>(15,230)</u>	<u>(9,559)</u>
<b>Number of shares</b>		
<b>Six months ended 30 June</b>		
	<b>2022</b>	2021
		(Restated)
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the period used in the basic and diluted (loss)/earnings per share calculation		
	<u>106,329,796</u>	<u>76,065,912</u>
<b>(Loss)/earnings per share:</b>		
Basic and diluted		
– From continuing operation	<b>RMB(14.32) cents</b>	RMB(14.31) cents
– From discontinued operation	<u>N/A</u>	<u>RMB1.75 cents</u>

## 10. GOODWILL

	<b>30 June 2022 RMB'000 (Unaudited)</b>	31 December 2021 RMB'000 (Audited)
Cost:		
At beginning and end of the period/year	<u>207,580</u>	<u>207,580</u>
Accumulated impairment:		
At beginning and end of the period/year	<u>(72,628)</u>	<u>(72,628)</u>
Net carrying amount:		
At end of the period/year	<u><u>134,952</u></u>	<u><u>134,952</u></u>

### Impairment testing of goodwill

#### *Network system integration cash-generating unit*

Goodwill related to the network system integration cash-generating unit arose from the acquisition of Fortune Grace Management Limited in 2015. Details of the acquisition are set out in the announcements of the Company dated 6 and 13 November 2015. To support the management to determine the recoverable amount of the network system integration cash-generating unit (the “Recoverable Amount of CGU”), the Group engaged an independent professional valuer, Jones Lang LaSalle Corporate Appraisal and Advisory Limited, to perform a valuation.

The Recoverable Amount of CGU has been determined based on a value-in-use calculation using cash flow projections based on financial budgets approved by senior management covering a five-year period with the budgeted revenue growth rates, the budgeted gross margins, the discount rate and the long term growth rate applied in the cash flow projections. As at 30 June 2022, based on the goodwill impairment assessment results, the Recoverable Amount of CGU and the carrying amount of the network system integration cash-generating unit is approximately RMB308,163,000 (31 December 2021: RMB252,568,000) and RMB221,885,000 (31 December 2021: RMB233,219,000) respectively. No impairment loss was recorded for the six months ended 30 June 2022 as the recoverable amount of CGU exceeds its carrying amount, which includes the net carrying amount of the goodwill.

The cash flow projections have taken into account the outbreak of COVID-19 pandemic (“COVID-19”) would continuously affect the global economy but become stabilised in coming years, the Group expects continuous growth for its network infrastructure business by strengthening its core competitiveness, and the contribution from a sizeable government contract for the provision of smart library system, and the Group foresees that the improvement on gross profit margin, as the increase in the contribution from Group’s software solutions resulting from the change of customers’ demand and operating practice due to the outbreak of COVID-19. The directors of the Company considered that these reasons directly affected the parameters applied in the assumptions used in the value-in-use calculation for network system integration cash-generating unit as at 30 June 2022 as mentioned below:

Assumptions used in the value-in-use calculation for network system integration cash-generating unit as at 30 June 2022 are the same as those used as at 31 December 2021. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

**Budgeted revenue growth rates** – The budgeted revenue growth rates are based on the historical revenue growth data and market outlook perceived by management. The estimated revenue growth rates applied at 30 June 2022 for the five-year budget period range from –2.15% to 19.79% per annum (31 December 2021: 1.00% to 23.28% per annum).

**Budgeted gross margins** – The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budget year, increased for expected market development. The gross margins applied in the five-year cash flow projections range from 24.64% to 30.21% (31 December 2021: 25.43% to 30.18%).

**Discount rate** – The discount rates used are before tax and reflect specific risks relating to the relevant unit. The discount rate applied at 30 June 2022 is 27.04% (31 December 2021: 26.67%).

**Long term growth rate** – The long term growth rate is based on market data and management's expectation on the future development of the technology industry. The long term growth rate applied at 30 June 2022 is 3% (31 December 2021: 3%).

The values assigned to the key assumptions on market development and discount rate are consistent with external information sources.

If the key assumptions on which the Group had based its determination of the Recoverable Amount of CGU changed in an unfavourable extent, the changes would cause a further impairment loss.

## 11. FINANCIAL ASSET AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

On 17 February 2017, the Company entered into a capital injection agreement (“Agreement”) with 華訊方舟 科技有限公司 (China Communication Technology Co., Ltd.\* (“CCT”)) which was established in Shenzhen, Guangdong Province of the PRC, and certain shareholders of CCT, pursuant to which the Company would inject an amount of RMB600,000,000 to CCT. The capital injection was completed on 25 July 2018 when the Company became a non-substantial shareholder of CCT and owned approximately 3.95% of the enlarged registered capital of CCT. Upon completion of the capital injection into CCT and other conditions as stipulated in the Agreement, the Group has irrevocably designated this unlisted equity investment at fair value through other comprehensive income at initial recognition as the Group considers this investment to be strategic in nature. As at 31 December 2019, resulting from CCT’s capital increase during the year ended 31 December 2019, the Company’s interest in the shareholding percentage decreased to approximately 3.91% of the enlarged registered capital of CCT. There is no change on the shareholding percentage during the six months ended 30 June 2022.

	<b>30 June 2022</b>	31 December 2021
	<b><i>RMB’000</i></b>	<i>RMB’000</i>
	<b>(Unaudited)</b>	(Audited)
Financial asset at fair value through other comprehensive income		
Unlisted equity investment, at fair value		
CCT	<u><b>23,174</b></u>	<u>40,086</u>

During the six months ended 30 June 2022, the fair value loss net of the income tax effect in respect of the above unlisted equity investment recognised in other comprehensive loss amounted to RMB16,912,000 (six months ended 30 June 2021: RMB59,558,000; 31 December 2021: RMB70,992,000). The fair value loss for the six months ended 30 June 2022 was primarily attributable to (i) the dissatisfactory performance of share price of its major subsidiary, Huaxun Fangzhou Co., Ltd., which was delisted in the Shenzhen Stock Exchange on 17 June 2022; (ii) the decrease in value of equity investments held by CCT; and (iii) the unenforced amount under various litigations for enforcement to CCT.

To support management to determine the fair value of CCT, the Group engaged an independent professional valuer, Jones Lang LaSalle Corporate Appraisal and Advisory Limited, to perform a valuation.

\* *The English name is for identification purpose only.*

## 12. LOAN RECEIVABLES

	<b>30 June 2022 RMB'000 (Unaudited)</b>	31 December 2021 RMB'000 (Audited)
Finance lease receivables	<b>595</b>	1,749

### Finance lease receivables

	<b>Minimum lease receivables</b>		<b>Present value of minimum lease receivables</b>	
	<b>30 June 2022 RMB'000 (Unaudited)</b>	31 December 2021 RMB'000 (Audited)	<b>30 June 2022 RMB'000 (Unaudited)</b>	31 December 2021 RMB'000 (Audited)
Within one year	<b>608</b>	1,825	<b>595</b>	1,749
	<b>608</b>	1,825	<b>595</b>	1,749
Less: Unearned finance income	<b>(13)</b>	(76)		
Present value of minimum lease receivables	<b>595</b>	1,749		

The Group's finance lease receivables are denominated in RMB. The effective interest rate of the receivables is 8.9% per annum (31 December 2021: 8.9% per annum). There is no unguaranteed residual value of assets leased under finance leases and no contingent rent arrangement that needs to be recognised for the six months ended 30 June 2022 and 2021.

### 13. TRADE AND BILLS RECEIVABLES AND CONTRACT ASSETS

	<b>30 June 2022 RMB'000 (Unaudited)</b>	31 December 2021 RMB'000 (Audited)
Trade receivables	<b>210,132</b>	204,207
Impairment	<b>(11,545)</b>	(9,156)
	<hr/>	<hr/>
Trade receivables, net	<b>198,587</b>	195,051
Bills receivable	<b>2,457</b>	6,744
	<hr/>	<hr/>
	<b>201,044</b>	201,795
	<hr/>	<hr/>
Contract assets	<b>6,516</b>	6,252
	<hr/>	<hr/>
Trade and bills receivables and contract sales	<b>207,560</b>	208,047
	<hr/> <hr/>	<hr/> <hr/>

Trade receivables of the Group represented proceeds receivable from the sale of goods and rendering of services. The Group's trading terms with its customers are mainly on credit, except for new customers where payment in advance is normally required. The credit term generally ranges from 30 to 90 days, and a longer credit term will be granted to certain major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control management system to minimise credit risk. Overdue balances are reviewed regularly by senior management. As at 30 June 2022, except for an amount due from one (31 December 2021: one) customer exceeding 10% of the Group's total trade and bills receivables, the remaining balances of the trade receivables related to a large number of diversified customers. In view of the aforementioned, there is no significant concentration of credit risk as at 30 June 2022. Trade receivables were interest-free and unsecured as at 30 June 2022.

An aging analysis of the trade receivables and contract assets of the Group as at the end of the reporting period, based on the transaction dates and net of loss allowance, is as follows:

	<b>30 June 2022 RMB'000 (Unaudited)</b>	31 December 2021 RMB'000 (Audited)
Within 3 months	<b>127,896</b>	144,031
3 to 6 months	<b>50,683</b>	23,832
6 to 12 months	<b>18,352</b>	24,066
1 to 2 years	<b>8,172</b>	9,374
	<hr/>	<hr/>
	<b>205,103</b>	201,303
	<hr/> <hr/>	<hr/> <hr/>

The movements in the loss allowance for impairment of trade receivables are as follows:

	<b>30 June 2022 RMB'000 (Unaudited)</b>	31 December 2021 RMB'000 (Audited)
At beginning of the period/year	9,156	8,189
Provision for impairment losses, net (note 6)	2,474	1,136
Amounts written off as uncollectible	–	(110)
Exchange realignment	(85)	(59)
	<u>11,545</u>	<u>9,156</u>

The maturity profile of the bills receivable of the Group as at the end of the reporting period is as follows:

	<b>30 June 2022 RMB'000 (Unaudited)</b>	31 December 2021 RMB'000 (Audited)
Within 3 months	338	4,845
3 to 6 months	1,221	237
6 to 12 months	898	1,662
	<u>2,457</u>	<u>6,744</u>

#### 14. EQUITY INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<b>30 June 2022 RMB'000 (Unaudited)</b>	31 December 2021 RMB'000 (Audited)
Listed equity investments, at fair value	<u>13,023</u>	<u>2,880</u>

The balance represented listed equity securities investments that offer the Group the opportunity for return by way of fair value changes and dividend income. The equity investments are classified as held for trading and measured at fair value through profit or loss.

As at 30 June 2022, equity investments at fair value through profit or loss represents an investment portfolio comprising nine (31 December 2021: one) equity securities listed in Hong Kong of which eight (31 December 2021: one) are listed on the Main Board of the Stock Exchange and the remaining one (31 December 2021: nil) is listed on GEM of the Stock Exchange.

A fair value gain of RMB4,298,000 (six months ended 30 June 2021: RMB238,000) was recognised for changes in fair value of equity investments at fair value through profit or loss in the interim condensed consolidated statement of profit or loss for the six months ended 30 June 2022.

## 15. DEBT INVESTMENT AT FAIR VALUE THROUGH PROFIT OR LOSS

	<b>30 June 2022 RMB'000 (Unaudited)</b>	31 December 2021 RMB'000 (Audited)
Unlisted debt investment	<b>11,945</b>	12,530

The investment was measured at fair value through profit or loss and matured within one year from the end of the reporting period.

On 20 March 2019, the Group subscribed an unlisted bond issued by an independent third party with an aggregate principal amount of HK\$15,000,000 (equivalent to RMB12,980,000), bearing interest at a rate of 12% per annum. On 18 March 2020, 18 March 2021, 18 June 2021 and 12 October 2021, the Company entered into supplemental subscription agreements, pursuant to which the maturity dates of the debt investment were extended to 19 March 2021, 19 June 2021, 19 September 2021 and 19 January 2022 respectively. Subsequent to the end of reporting period, on 9 August 2022, the Company entered into supplemental subscription agreements, pursuant to which the maturity date of the debt investment was extended to 8 February 2023.

Pursuant to the supplemental subscription agreements, the interest rate of the debt instrument was revised to 9.0% per annum and 9.5% per annum effective from 19 June 2021 and 20 January 2022 respectively.

A fair value loss of RMB654,000 (six months ended 30 June 2021: fair value gain of RMB736,000) was recognised for changes in fair value of debt investment at fair value through profit or loss in the interim condensed consolidated statement of profit or loss for the six months ended 30 June 2022.

## 16. TRADE PAYABLES

An aging analysis of the trade payables of the Group, based on the invoice date, as at the end of the reporting period is as follows:

	<b>30 June 2022 RMB'000 (Unaudited)</b>	31 December 2021 RMB'000 (Audited)
Within 3 months	<b>97,391</b>	94,105
3 to 12 months	<b>52,683</b>	48,709
1 to 2 years	<b>8,404</b>	12,924
Over 2 years	<b>27,191</b>	19,094
	<b>185,669</b>	174,832

The Group normally obtains credit terms ranging from 1 to 3 months from its suppliers. Trade payables are unsecured and interest-free.



## 17. DISCONTINUED OPERATION

On 25 March 2021, the Company entered into a sale and purchase agreement, pursuant to which the Company has conditionally agreed to sell all issued share of InvesTech Finance (International) Limited (which directly owned 100% of InvesTech Finance Limited, and collectively “Disposal Group”) for a cash consideration of HK\$16,000,000 (equivalent a approximately RMB13,355,000) (the “Disposal”). The Disposal Group was principally engaged in money lending business in Hong Kong. Details of the Disposal have been set out in the announcement of the Company dated 25 March 2021. The Disposal has been completed on 30 March 2021, and the Disposal Group ceased to be the subsidiaries of the Company and was regarded as a discontinued operation in accordance with IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”. Accordingly, the results of the money lending business was not included in the continuing operations for the six months ended 30 June 2021.

The results from the discontinued operation for the period from 1 January 2021 to 30 March 2021 are presented below:

	Period from 1 January 2021 to 30 March 2021 <i>RMB'000</i> (Unaudited)
Revenue	48
Administrative expenses*	(15)
	<hr/>
	33
Gain on disposal of subsidiaries	1,296
	<hr/>
<b>Profit for the period from discontinued operation</b>	<b>1,329</b>
	<hr/> <hr/>

\* Including short-term lease expense of RMB15,000.

The assets and liabilities of the discontinued operation as at 30 March 2021 are stated as follows:

	<i>RMB '000</i> (Unaudited)
Loan receivables	12,511
Interest receivables	195
Prepayments, other receivables and other assets	8
Tax recoverable	9
Cash and cash equivalents	1
Other payables and accruals	(8)
	<hr/>
Net assets disposed of	12,716
Gain on disposal of subsidiaries	1,296
Reclassification of foreign currency translation reserve upon disposal	(657)
	<hr/>
Total consideration	<u><u>13,355</u></u>

The net cash flow incurred by the discontinued operation for the period from 1 January 2021 to 30 March 2021 are stated as follows:

	Period from 1 January 2021 to 30 March 2021 <i>RMB '000</i> (Unaudited)
Operating activities	183
Investing activities	–
Financing activities	(245)
	<hr/>
Net cash outflow	<u><u>(62)</u></u>

## 18. EVENTS AFTER THE REPORTING PERIOD

- (a) On 27 July 2022, the Group disposed of 553,500 shares of Redco Healthy Living Company Limited (“Redco Healthy”), which are traded and listed on the Main Board of the Stock Exchange (Stock Code: 2370), through an on-market transaction (the “Disposal”). The Disposal was made at an average price of approximately HK\$17.97 per share of Redco Healthy (the “Redco Share(s)”), representing the market price of Redco Shares at the time of the Disposal and the consideration in aggregate was approximately HK\$9,946,000 (exclusive of transaction costs incurred under the Disposal). The Disposal is completed on the second trading day following the execution date of the transaction, i.e. 29 July 2022. Details of the Disposal are set out in the announcement of the Company dated 28 July 2022.
- (b) On 9 August 2022, the Group entered into the fifth supplemental subscription agreement with Elite Foster International Investment Limited (“Elite Foster”), pursuant to which, the maturity date of the unlisted bond issued by Elite Foster, in the aggregate principal amount of HK\$15,000,000 (the “Bond”), is further extended to 8 February 2023 (the “Extension”), with effect from 20 January 2022, and the interest rate of the Bond is revised as to 9.5% per annum. Details of the Extension are set out in the announcement of the Company dated 9 August 2022.

## 19. COMPARATIVE AMOUNTS

Certain comparative figures have been restated as a result of the bonus elements in the issue of shares of the Company, and details are set out in note 9 to this announcement.

## **FINANCIAL REVIEW**

### **Revenue and cost of sales**

Revenue of the Group for the Period was approximately RMB197.1 million (six months ended 30 June 2021: approximately RMB230.4 million), representing a decrease of approximately RMB33.3 million, or approximately 14.5% as compared with that of the corresponding period in 2021. The decrease in revenue was primarily attributable to the decline in sales resulted from the delays in project schedules affected by the lockdown of cities in China during the Period.

Following the decrease in revenue, the cost of sales of the Group decreased by approximately RMB40.0 million, or approximately 19.0% to approximately RMB170.1 million for the Period (six months ended 30 June 2021: approximately RMB210.1 million).

### **Gross profit and gross profit margin**

The Group achieved gross profit for the Period amounted to approximately RMB27.0 million (six months ended 30 June 2021: approximately RMB20.4 million), representing an increase of approximately RMB6.6 million, or approximately 32.4% as compared with that of the corresponding period in 2021. The gross profit margin for the Period was approximately 13.7% (six months ended 30 June 2021: approximately 8.8%), representing an increase of approximately 4.9% as compared with that of the corresponding period in 2021. The increase in gross profit margin was primarily attributable to the increase in the proportion of sales contributed by the sales of software solutions and related services of the Group, which had a relatively high profit margin as compared to sales of hardware products of the Group.

### **Other income and gains**

The Group recorded other income and gains of approximately RMB5.2 million for the Period (six months ended 30 June 2021: approximately RMB2.2 million), mainly consisted of (i) fair value gain on equity investments at fair value through profit or loss of approximately RMB4.3 million (six months ended 30 June 2021: approximately RMB0.2 million); and (ii) the government grants released to the Group of approximately RMB0.6 million (six months ended 30 June 2021: approximately RMB1.0 million).

### **Selling and distribution expenses**

The selling and distribution expenses of the Group increased by approximately RMB0.6 million or approximately 4.8% to approximately RMB13.1 million for the Period (six months ended 30 June 2021: approximately RMB12.5 million), primarily due to the increase in marketing and promotion expenses.

## **Administrative expenses**

The administrative expenses of the Group increased by approximately RMB4.5 million or approximately 19.0% to approximately RMB28.2 million for the Period (six months ended 30 June 2021: approximately RMB23.7 million), primarily attributable to the increase in staff cost as a result of the increased headcount to cope with the expansion of business operations.

## **Other loss**

The other loss for the Period represented fair value loss on debt investment at fair value through profit or loss of approximately RMB0.7 million (six months ended 30 June 2021: fair value gain of approximately RMB0.7 million recorded in other income and gains).

## **Finance costs**

The finance costs of the Group increased by approximately RMB0.2 million to approximately RMB1.3 million for the Period (six months ended 30 June 2021: approximately RMB1.1 million). The increase was mainly attributable to the increase in interest on lease liabilities by approximately RMB0.2 million.

## **Income tax**

The income tax of the Group comprised provision of income tax expense and deferred tax. The Group recorded income tax expense of approximately RMB2.1 million (six months ended 30 June 2021: approximately RMB0.3 million) for the Period, and the increase in income tax expense was mainly due to the increase in assessable profit of the Group's subsidiary in China during the Period. The Group recorded tax expense for the Period of approximately RMB0.6 million (six months ended 30 June 2021: tax credit of approximately RMB1.2 million), primarily due to the recognition of the deferred tax credit of approximately RMB1.5 million (six months ended 30 June 2021: approximately RMB1.5 million) arising from the amortisation of other intangible assets, which offset the impact of income tax expense.

## **Loss for the Period from continuing operation**

The Group recorded a loss for the Period from continuing operation of approximately RMB14.1 million for the Period (six months ended 30 June 2021: approximately RMB13.5 million). The increase in loss was mainly attributable to the increase in income tax expenses for the Period.

## **Liquidity and financial resources**

As at 30 June 2022, the Group's gearing ratio, which is calculated by total of interest-bearing bank and other borrowings and convertible bond divided by total assets, was approximately 10.9% (31 December 2021: approximately 10.8%). The gearing ratio of the Group remained constant.

As at 30 June 2022, the total interest-bearing bank and other borrowings of the Group amounted to approximately RMB49.6 million (31 December 2021: approximately RMB49.3 million), among which approximately RMB31.9 million (31 December 2021: approximately RMB29.3 million) was unsecured and guaranteed by a director of the Company. As at 30 June 2022, the interest-bearing bank and other borrowings of approximately RMB20.0 million (31 December 2021: approximately RMB24.9 million) carried at fixed interest rates and approximately RMB29.6 million (31 December 2021: approximately RMB24.4 million) carried at floating interest rates.

As at 30 June 2022, the carrying amount of convertible bond of the Group amounted to approximately RMB22.7 million (31 December 2021: approximately RMB21.7 million).

Save as aforesaid or as otherwise disclosed in this announcement, and apart from intragroup liabilities, the Company did not have any other outstanding indebtednesses or contingent liabilities as at 30 June 2022.

## **Foreign currency risk**

As certain of the Group's trade and other receivables, cash and cash equivalents and trade and other payables are denominated in foreign currency, exposure to exchange rate fluctuation arises. The Group has relevant policy to monitor the risk associated with the fluctuation of foreign currency and control such risk, if necessary.

## **Cash flows**

The net cash used in operating activities for the Period amounted to approximately RMB20.8 million.

The net cash used in investing activities for the Period of approximately RMB13.3 million was mainly attributable to the purchases of equity investments at fair value through profit or loss of approximately RMB10.3 million.

The net cash generated from financing activities for the Period of approximately RMB32.3 million was primarily attributable to the combined effect of (i) the gross proceeds from the issue of shares of approximately RMB40.1 million; (ii) repayment of bank and other borrowings of approximately RMB29.3 million; (iii) new bank and other borrowings of approximately RMB31.9 million; and (iv) payment of principal portion of lease payments of approximately RMB4.7 million.

## **Capital expenditures**

The Group had capital expenditures of approximately RMB11.0 million for the Period (six months ended 30 June 2021: approximately RMB15.8 million) for additions to property, plant and equipment, investment properties and right-of-use assets.

## **Capital commitments**

The Group had no significant capital commitments as at 30 June 2022.

## **CAPITAL STRUCTURE**

### **Placing of new shares under specific mandate**

On 22 November 2021, a placing agent and the Company entered into a conditional placing agreement pursuant to which the Company has conditionally agreed to place through the placing agent, on a best effort basis, a maximum of 33,000,000 ordinary shares of the par value of US\$0.01 each in the share capital of the Company (“Placing Share(s)”) at the placing price of HK\$1.5 per Placing Share (the “Placing”). Completion of the Placing took place on 11 March 2022, and an aggregate of 33,000,000 Placing Shares have been fully placed by the placing agent, the gross proceeds from the Placing was HK\$49.5 million, and the net proceeds from the Placing, after deducting the placing commission and other expenses incurred in the Placing, was approximately HK\$48.0 million. The net proceeds were intended to be used for the tender project for supply of the smart library system for the Leisure and Cultural Services Department of the Government of Hong Kong (the “Tender Project”). Details of the Placing are set out in the announcements of the Company dated 22 November 2021, 23 December 2021, 13 January 2022, 27 January 2022, and 11 March 2022, and the circular of the Company dated 24 December 2021.

On 7 June 2022, the Company resolved to change the use of the unutilised net proceeds from Tender Project to general working capital for network system integration business. Up to the date of this announcement, the net proceeds from the Placing of approximately HK\$20.7 million are utilised for Tender Project while that of approximately HK\$15.4 million are utilised for the general working capital for network system integration business. As such, the remaining net proceeds from the Placing of approximately HK\$11.9 million are expected to be utilised by the end of 2022. The details of the change in use of proceeds are set out in the announcement of the Company dated 7 June 2022.

## INVESTMENT IN LISTED EQUITY INVESTMENTS

During the Period, the Group recorded fair value gain on equity investments at fair value through profit or loss of approximately RMB4.3 million (six months ended 30 June 2021: approximately RMB0.2 million), which was related to the fair value gain from the Group's investment in listed securities. As at 30 June 2022, the Group's equity investments at fair value through profit or loss consisted of nine listed equity investments (31 December 2021: one), all of them were shares listed on the Stock Exchange.

As at 30 June 2022, the fair value of each of the equity investments at fair value through profit or loss was less than 5% of the Group's total assets.

## INVESTMENT IN NON-LISTED EQUITY INVESTMENT

### Investee company's principal business, performance and future prospect

#### *China Communication Technology Co., Ltd.\* ("CCT")*

CCT is a company incorporated in the PRC with limited liability which together with its subsidiaries are principally engaged in research and development, design, production and sales of computer software and hardware, communication products, metal, semi-conductor and provision of network information service. Its major businesses include high-frequency satellite communication systems, military communication and provision of related supporting services.

During the year ended 31 December 2017, the Company entered into a capital injection agreement to inject an amount of RMB600 million to CCT (the "CCT Investment"). The CCT Investment was completed on 25 July 2018 and the Company had interested in approximately 3.91% of the enlarged registered capital of CCT as at 30 June 2022. The CCT Investment was recorded as a financial asset at fair value through other comprehensive income of the Group. The fair value of the CCT Investment as at 30 June 2022 was approximately RMB23.2 million which accounted for approximately 3.5% of the Company's total asset as at 30 June 2022.

During the Period, the fair value loss (net of the income tax) in respect of such unlisted equity investment recognised in other comprehensive loss amounted to RMB16,912,000 (30 June 2021: RMB59,558,000). The fair value loss for the Period was mainly attributable to (i) the dissatisfactory performance of share price of its major subsidiary, Huaxun Fangzhou Co., Ltd., which was delisted in the Shenzhen Stock Exchange on 17 June 2022; (ii) the decrease in value of equity investments held by CCT; and (iii) the unenforced amount under various litigations for enforcement to CCT. In addition, there were several factors affecting its operating capabilities, including the frozen and seizure of important assets and the suspension of its major construction projects, etc. Notwithstanding the above, the management of CCT will proactively take feasible improvement and supportive measures to reorganise its businesses in order to improve its financial position.

Looking ahead, the Group will continue to monitor the operations of CCT for its turnaround in the future.

\* *The English name is for identification purpose only.*

## EMPLOYEES

As at 30 June 2022, the total number of employees of the Group was 301 (31 December 2021: 285). The breakdown of employees of the Group as at 30 June 2022 and 31 December 2021 is as follows:

	<b>As at 30 June 2022</b>	As at 31 December 2021
Manufacturing and technical engineering	<b>107</b>	93
Sales and marketing	<b>64</b>	61
General and administration	<b>51</b>	52
Research and development	<b>79</b>	79
	<hr/>	<hr/>
Total	<b>301</b>	285
	<hr/> <hr/>	<hr/> <hr/>

Compensation policy of the Group is determined by evaluating individual performance of the employees and has been reviewed regularly.

## EVENTS AFTER THE END OF THE REPORTING PERIOD

### Disposal of shares in a listed company

On 27 July 2022, the Group disposed of 553,500 shares of Redco Healthy Living Company Limited (“Redco Healthy”), which are traded and listed on the Main Board of the Stock Exchange (Stock Code: 2370), through an on-market transaction (the “Disposal”). The Disposal was made at an average price of approximately HK\$17.97 per share of Redco Healthy (“Redco Share(s)”), representing the market price of Redco Shares at the time of the Disposal and the consideration in aggregate was approximately HK\$9,946,000 (exclusive of transaction costs incurred under the Disposal). The Disposal is completed on the second trading day following the execution date of the transaction, i.e. 29 July 2022. Details of the Disposal are set out in the announcement of the Company dated 28 July 2022.

### Extension of the maturity date of the Group’s debt investment

On 9 August 2022, the Group entered into the fifth supplemental subscription agreement with Elite Foster International Investment Limited (“Elite Foster”), pursuant to which, the maturity date of the unlisted bond issued by Elite Foster, in the aggregate principal amount of HK\$15,000,000 (the “Bond”), is further extended to 8 February 2023 (the “Extension”), with effect from 20 January 2022, and the interest rate of the Bond is revised as to 9.5% per annum. Details of the Extension are set out in the announcement of the Company dated 9 August 2022.

Save as disclosed in the announcements mentioned above, the Group has no other significant event taken place subsequent to 30 June 2022 and up to the date of this announcement.



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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2022.

## **CORPORATE GOVERNANCE**

The Directors recognise the importance of incorporating the elements of good corporate governance into the management structures and internal control procedures of the Group so as to achieve effective accountability to the Shareholders as a whole. The Board strives to uphold good corporate governance and adopt sound corporate governance practices continuously in the interest of Shareholders to enhance the overall performance of the Group. The Company has adopted and complied with the principles and applicable code provisions of the Corporate Governance Code (the "CG Code") contained in the Appendix 14 to the Listing Rules throughout the six months ended 30 June 2022 except for the following deviations:

Code provision A.2.1 (re-numbered as CG Code C.2.1 under the new Corporate Governance Code that came into effect on January 1, 2022) of the CG Code states that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Being aware of the said deviation from code provision A.2.1 (which has been re-numbered as CG Code C.2.1 under the new Corporate Governance Code that came into effect on January 1, 2022), but in view of the current rapid development of the Group, the Board believes that with the support of the management, vesting the roles of both chairman and CEO by Mr. Chan Sek Keung, Ringo can facilitate execution of the Group's business strategies and boost effectiveness of its operation. In addition, under the supervision by the Board which consists of three independent non-executive Directors, the interests of the Shareholders will be adequately and fairly represented. The Company will seek to re-comply with code provision A.2.1 (which has been re-numbered as CG Code C.2.1 under the new Corporate Governance Code that came into effect on January 1, 2022) by identifying and appointing a suitable and qualified candidate to the position of the CEO in future.

Code provision A.6.7 (which has been re-numbered as CG Code C.1.6 under the new Corporate Governance Code that came into effect on January 1, 2022) of the CG Code provides that independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. Some of the Directors were not able to attend the annual general meeting held on 23 May 2022 due to their respective business engagements. Other Board members who attend the general meetings were of sufficient calibre and number for answering questions raised by the Shareholders at the relevant general meeting.

## **AUDIT COMMITTEE**

The primary responsibilities of the Audit Committee are to make recommendation to the Board on the appointment and removal of external auditors, review the financial statements and material advice in respect of financial reporting, and oversee the risk management and internal control procedures of the Company. As at 30 June 2022 and up to the date of this announcement, the Audit Committee consists of three independent non-executive Directors, being Mr. David Tsoi, Mr. Lu, Brian Yong Chen and Mr. Yuen Shiu Wai. Mr. David Tsoi currently serves as the chairman of the Audit Committee. The Audit Committee has adopted the terms of reference which are in line with the Listing Rules and the CG Code. During the six months ended 30 June 2022 under review, the Audit Committee convened one meeting.

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed about the auditing, risk management, internal controls, and financial reporting matters including the review of the unaudited interim condensed consolidated financial statements for the six months ended 30 June 2022.

## **MODEL CODE FOR SECURITIES TRANSACTION BY THE DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by the Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 of the Listing Rules as its code of conduct regarding securities transactions by the Directors. On specific enquiries made, all Directors confirmed that they have complied with the required standards set out in the Model Code and its code of conduct regarding the Directors’ securities transactions during the six months ended 30 June 2022.

## **INTERIM DIVIDEND**

The Directors do not recommend the payment of any interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

## **REVIEW OF INTERIM CONSOLIDATED RESULTS**

The interim consolidated results of the Group for the six months ended 30 June 2022 are unaudited but have been reviewed and approved by the Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements as well as the Listing Rules and that adequate disclosures have been made. The Company’s independent auditor, BDO Limited, had conducted a review of the interim condensed consolidated financial statements for the six months ended 30 June 2022, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

## **SUFFICIENCY OF PUBLIC FLOAT**

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this announcement, the Company has maintained the prescribed public float of not less than 25% of the Company's issued shares as required under the Listing Rules during the six months ended 30 June 2022.

## **PUBLICATION OF INTERIM REPORT**

The interim report of the Company for the six months ended 30 June 2022 containing all the applicable information required by the Listing Rules will be published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and of the Company ([www.investech-holdings.com](http://www.investech-holdings.com)). The printed copies of the interim report will be dispatched to the Shareholders in due course.

By Order of the Board  
**InvesTech Holdings Limited**  
**Chan Sek Keung, Ringo**  
*Chairman and Chief Executive Officer*

Hong Kong, 31 August 2022

*As at the date of this announcement, the executive Directors are Mr. Chan Sek Keung, Ringo (Chairman and Chief Executive Officer), Ms. Wang Fang, Ms. Tin Yat Yu, Carol and Mr. Lu Chengye, the non-executive Director is Mr. Wong Tsu Wai, Derek and the independent non-executive Directors are Mr. David Tsoi, Mr. Lu Brian Yong Chen and Mr. Yuen Shiu Wai.*