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**BoardWare**

**BoardWare Intelligence Technology Limited**

**博維智慧科技有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1204)**

**ANNOUNCEMENT OF ANNUAL RESULTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**FINANCIAL HIGHLIGHTS**

Revenue of the Group increased from approximately HK\$534.3 million for FY2021 to approximately HK\$580.8 million for FY2022, representing an increase of approximately 8.7% as compared to that of FY2021.

Gross profit of the Group decreased from approximately HK\$112.1 million for FY2021 to approximately HK\$100.4 million FY2022, representing a decrease of approximately 10.4% as compared to that of FY2021.

Profit for the year of the Group decreased from approximately HK\$24.0 million for FY2021 to approximately HK\$3.2 million for FY2022, representing a decrease of approximately 86.7% as compared to that of FY2021.

Basic earnings per Share attributable to the Shareholders of the Group decreased from approximately HK6.97 cents for FY2021 to approximately HK0.78 cents for FY2022, representing a decrease of approximately 88.8% as compared to that of FY2021.

Net profit margin of the Group decreased from approximately 4.5% for FY2021 to approximately 0.6% for FY2022, representing a decrease by approximately 3.9 percentage points as compared to that of FY2021.

As at 31 December 2022, cash and cash equivalents of the Group amounted to approximately HK\$105.5 million (31 December 2021: approximately HK\$14.5 million).

The board (the “**Board**”) of directors (the “**Directors**”) of BoardWare Intelligence Technology Limited (the “**Company**”) is pleased to announce the consolidated annual results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2022 (“**FY2022**”) with the comparative figures for the year ended 31 December 2021 (“**FY2021**”) as follows:

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

The following table sets forth the Group’s consolidated statement of profit or loss for the years indicated:

	<i>Notes</i>	<b>FY2022</b> <i>HK\$’000</i>	FY2021 <i>HK\$’000</i>
Revenue	3	<b>580,833</b>	534,302
Cost of sales	4	<b>(480,481)</b>	(422,192)
<b>Gross profit</b>		<b>100,352</b>	112,110
Selling and distribution expenses	4	<b>(24,567)</b>	(18,687)
General and administrative expenses	4	<b>(67,230)</b>	(61,651)
Other income and other net gains		<b>4,807</b>	1,234
Research and development expenses	4	<b>(6,688)</b>	–
Reversal of/(provision for) impairment losses on financial assets and contract assets	4	<b>991</b>	(1,278)
<b>Operating profit</b>		<b>7,665</b>	31,728
Finance income	5	<b>1,264</b>	765
Finance costs	5	<b>(2,253)</b>	(2,491)
Finance costs – net	5	<b>(989)</b>	(1,726)
<b>Profit before income tax</b>		<b>6,676</b>	30,002
Income tax expense	6	<b>(3,428)</b>	(5,999)
<b>Profit for the year</b>		<b>3,248</b>	24,003
Profit for the year is attributable to:			
Owners of the Company		<b>3,252</b>	24,003
Non-controlling interests		<b>(4)</b>	–
		<b>3,248</b>	24,003
<b>Earnings per share attributable to shareholders of the Company</b> <i>(expressed in HK cents per Share)</i>			
Basic earnings per Share	8	<b>0.78</b>	6.97
Diluted earnings per Share	8	<b>0.78</b>	6.88

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

The following table sets forth the Group's consolidated statement of comprehensive income for the years indicated:

	<b>FY2022</b> <i>HK\$'000</i>	FY2021 <i>HK\$'000</i>
<b>Profit for the year</b>	<b>3,248</b>	24,003
<b>Other comprehensive (loss)/income</b>		
<i>Item that may be reclassified subsequently to profit or loss</i>		
Currency translation differences	<u>(2,442)</u>	<u>188</u>
<b>Total comprehensive income for the year attributable to shareholders of the Company, net of tax</b>	<b><u>806</u></b>	<b><u>24,191</u></b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The following table sets forth the Group's consolidated statement of financial position for the years indicated:

	<i>Notes</i>	<b>FY2022</b> <b>HK\$'000</b>	FY2021 <i>HK\$'000</i>
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<b>14,861</b>	10,858
Right-of-use assets		<b>11,398</b>	9,116
Intangible assets		<b>1,582</b>	2,422
Deferred tax assets		<b>1,379</b>	839
Finance lease receivables		<b>8,736</b>	12,652
Contract assets		<b>8,669</b>	6,318
Deposits		<b>11,503</b>	3,899
Prepayments and contract costs		<b>7,118</b>	10,904
		<hr/>	<hr/>
<b>Total non-current assets</b>		<b>65,246</b>	57,008
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
<b>Current assets</b>			
Inventories		<b>56,569</b>	29,994
Deposits and other receivables		<b>10,815</b>	6,999
Prepayments and contract costs		<b>49,024</b>	42,564
Finance lease receivables		<b>5,301</b>	14,326
Contract assets		<b>79,818</b>	78,656
Trade receivables	9	<b>147,447</b>	188,803
Income tax recoverable		–	357
Amount due from non-controlling interests		<b>4</b>	–
Restricted cash		<b>53,317</b>	2,925
Cash and cash equivalents		<b>105,519</b>	14,485
		<hr/>	<hr/>
<b>Total current assets</b>		<b>507,814</b>	379,109
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
<b>Total assets</b>		<b>573,060</b>	436,117
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## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

The following table sets forth the Group's consolidated statement of financial position for the years indicated: (continued)

	<i>Notes</i>	<b>FY2022</b> <b>HK\$'000</b>	FY2021 HK\$'000
<b>Equity</b>			
Share capital	11	<b>5,000</b>	—*
Share premium		<b>168,033</b>	48,101
Reserves		<b>157,990</b>	120,782
		<b>331,023</b>	168,883
Non-controlling interests		—*	—
<b>Total equity</b>		<b>331,023</b>	168,883
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Borrowings		—	5,933
Lease liabilities		<b>5,511</b>	3,983
Financial liability for redeemable rights		—	37,900
Contract liabilities		<b>3,503</b>	5,578
<b>Total non-current liabilities</b>		<b>9,014</b>	53,394
<b>Current liabilities</b>			
Trade and other payables	10	<b>135,553</b>	129,634
Contract liabilities		<b>84,735</b>	45,324
Lease liabilities		<b>6,647</b>	6,093
Income tax payable		<b>6,088</b>	7,267
Borrowings		—	25,522
<b>Total current liabilities</b>		<b>233,023</b>	213,840
<b>Total liabilities</b>		<b>242,037</b>	267,234
<b>Total equity and liabilities</b>		<b>573,060</b>	436,117

\* Less than HK\$1,000

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2022

### 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 18 February 2021 and registered as a non-Hong Kong company under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) on 7 June 2021. The address of the Company's registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company and its subsidiaries are principally engaged in provision of IT integrated solutions services ("**Professional IT services**"), support services from leasing contracts and security monitoring services ("**Managed services**"), IT equipment leasing, IT maintenance and consultancy services, and distribution and resale of packaged hardware and software in Macau, Hong Kong and the People's Republic of China (the "**PRC**", for the sole purpose of this announcement, excluding Macau, Hong Kong and Taiwan).

The ultimate holding company of the Company is Tai Wah (BVI) Holdings Limited ("**Tai Wah**"), a company incorporated in the British Virgin Islands and is wholly owned by Mr. Chao Ka Chon ("**Mr. Chao**").

The Company's shares (the "**Shares**") were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 15 July 2022 (the "**Listing**").

The consolidated financial statements for FY2022 are presented in Hong Kong dollars ("**HK\$**"), unless otherwise stated.

### 2. BASIS OF PRESENTATION

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("**IFRS**") and interpretations issued by the IFRS Interpretations Committee ("**IFRS IC**") applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board ("**IASB**") and the disclosure requirements of Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared under the historical cost convention.

The preparation of the financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

(a) New and amended standards adopted by the Group:

During the year, the Group has adopted the following amendments to existing standards which are relevant to the Group's operations and are mandatory for accounting periods beginning on 1 January 2022:

Annual Improvement Projects	Annual Improvements 2018 – 2020 Cycle
IAS 16 (Amendments)	Proceeds before Intended Use
IAS 37 (Amendments)	Onerous Contracts – Cost of Fulfilling a Contract
IFRS 3 (Amendments)	Reference to the Conceptual Framework

The adoption of these amendments to existing standards does not have a material impact to the Group's results of operations or financial position.

- (b) New standard and amendments to existing standards issued but not yet effective for the financial year ended 31 December 2022 and have not been early adopted by the Group:

IAS 1 (Amendments) <sup>(ii)</sup>	Classification of Liabilities as Current or Non-Current
IAS 1 (Amendments) <sup>(ii)</sup>	Non-current Liabilities with Covenants
IAS 1 and IFRS Practice Statement 2 (Amendments) <sup>(i)</sup>	Disclosure of Accounting Policies
IAS 8 (Amendments) <sup>(i)</sup>	Definition of Accounting Estimates
IAS 12 (Amendments) <sup>(i)</sup>	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
IFRS 4 (Amendments) <sup>(i)</sup>	Expiry Date of the Deferral Approach
IFRS 10 and IAS 28 (Amendments) <sup>(iii)</sup>	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
IFRS 16 (Amendments) <sup>(ii)</sup>	Lease Liability in a Sale and Leaseback
IFRS 17 <sup>(i)</sup>	Insurance Contracts

<sup>(i)</sup> Effective for annual periods beginning on or after 1 January 2023

<sup>(ii)</sup> Effective for annual periods beginning on or after 1 January 2024

<sup>(iii)</sup> The original effective date of 1 January 2016 has been postponed until future announcement by the IASB

The Group is in the process of making an assessment of the impact of these new standard and amendments to existing standards upon initial application.

### 3. SEGMENT INFORMATION

The Group is principally engaged in the provision of Professional IT services, Managed services, IT equipment leasing, IT maintenance and consultancy services, as well as distribution and resale of packaged hardware and software. The performance of the Group is subject to seasonal fluctuations. The Group's business activities, for which discrete financial statements are available, are regularly reviewed and evaluated by the chief operating decision-makers ("CODMs"). The CODMs have been identified as the Directors. The Directors regard the Group's business as a single operating segment and review the consolidated financial statements of the Group accordingly. As the Group has only one operating segment qualified as reporting segment under IFRS 8 and the information that regularly reviewed by the Directors for the purposes of allocating resources and assessing performance of the operating segment is the financial statements of the Group, no separate segmental analysis is presented in the consolidated financial statements of the Group. The Directors assess the performance based on profit before income tax. The amounts provided to the Directors with respect to total assets and total liabilities are measured in a manner consistent with that in the consolidated statement of financial position of the Group.

(a) An analysis of the Group's revenue by business line and nature is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<i>Enterprise IT solutions</i>		
Professional IT services	262,606	289,223
Managed services	24,255	18,656
Lease income from IT equipment	699	16,697
IT maintenance and consultancy services	69,937	70,388
	<u>357,497</u>	<u>394,964</u>
<i>Distribution and resale</i>		
Distribution	143,879	99,860
Resale	79,457	39,478
	<u>223,336</u>	<u>139,338</u>
<b>Total revenue</b>	<b><u>580,833</u></b>	<b><u>534,302</u></b>

(b) An analysis of the Group's revenue by timing of satisfaction of performance obligation is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<i>Timing of revenue recognition</i>		
Recognised at a point in time	236,010	148,308
Recognised over time	344,124	369,297
Revenue from contracts with customers	580,134	517,605
Lease income from IT equipment	699	16,697
<b>Total revenue</b>	<b><u>580,833</u></b>	<b><u>534,302</u></b>

(c) An analysis of the Group's revenue by recognition method is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Recognised on a gross basis	570,276	509,489
Recognised on a net basis	9,858	8,116
Revenue from contracts with customers	580,134	517,605
Lease income from IT equipment	699	16,697
<b>Total revenue</b>	<b><u>580,833</u></b>	<b><u>534,302</u></b>



- (d) Revenue from external customers for the corresponding years contributing 10% or more of the total revenue of the Group are as follows:

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Customer A	–*	118,127
Customer B	–*	61,783
	<u>                    </u>	<u>                    </u>

\* The corresponding revenue did not contribute 10% or more of the total revenue of the Group for FY2022.

- (e) The following table sets out the Group's revenue from external customers by geographical location as determined by the country/region of domicile which the Group operates. The geographical location of revenue of the Group is based on the physical location of assets through which the services were provided or the location at which the goods were delivered.

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Macau	<b>371,777</b>	405,459
Hong Kong	<b>167,944</b>	128,602
The PRC	<b>41,112</b>	241
	<u>                    </u>	<u>                    </u>
<b>Total revenue</b>	<b>580,833</b>	534,302
	<u>                    </u>	<u>                    </u>

- (f) The following table sets out the Group's non-current assets other than financial instruments and deferred tax assets based on the physical location of the asset, the location of the operations to which they are allocated and the location of operation.

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Macau	<b>22,724</b>	18,308
Hong Kong	<b>5,956</b>	8,245
The PRC	<b>14,948</b>	13,065
	<u>                    </u>	<u>                    </u>
	<b>43,628</b>	39,618
	<u>                    </u>	<u>                    </u>

#### 4. EXPENSES BY NATURE

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Cost of inventories sold and services provided	443,953	383,620
Employee benefits expenses (including directors' emoluments)	90,221	72,695
Entertaining and travelling expenses	3,750	2,592
Depreciation of property, plant and equipment	4,329	4,061
Depreciation of right-of-use assets	7,351	6,589
Amortisation of intangible assets	1,000	830
Short-term operating lease expenses	290	460
Network security maintenance expenses	2,063	1,821
Legal and professional services	1,300	319
Auditors' remuneration		
– Audit services	2,601	604
– Non-audit services	17	99
Listing expenses	8,616	17,536
Provision for impairment of inventories	1,475	1,147
(Reversal of)/provision for impairment losses on financial assets and contract assets	(991)	1,278
Others	12,000	10,157
	<u>577,975</u>	<u>503,808</u>
	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<i>Analysed by</i>		
Cost of sales	480,481	422,192
Selling and distribution expenses	24,567	18,687
General and administrative expenses	67,230	61,651
Research and development expenses	6,688	–
(Reversal of)/provision for impairment losses on financial assets and contract assets	(991)	1,278
	<u>577,975</u>	<u>503,808</u>

## 5. FINANCE INCOME AND COSTS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Finance income		
– Bank deposits	569	43
– Finance lease receivables	595	618
– Financing components in relation to contracts with customers	100	104
	<u>1,264</u>	<u>765</u>
Finance costs		
– Lease liabilities	(472)	(532)
– Borrowings	(664)	(433)
– Financial liability for redeemable rights	(1,091)	(1,502)
– Others	(26)	(24)
	<u>(2,253)</u>	<u>(2,491)</u>
Finance costs – net	<u>(989)</u>	<u>(1,726)</u>

## 6. INCOME TAX EXPENSE

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current income tax		
– Macau complementary tax	3,210	5,059
– Hong Kong profits tax	888	916
– Adjustments for current income tax of prior years	(130)	357
	<u>3,968</u>	<u>6,332</u>
Deferred income tax credit	(540)	(333)
Income tax expense	<u>3,428</u>	<u>5,999</u>

The Group's principal applicable taxes and tax rates are as follows:

### Cayman Islands and British Virgin Islands

Under the prevailing laws of the Cayman Islands, the Company is not subject to tax on income or capital gains. In addition, no Cayman Islands withholding tax is payable on dividend payments by the Company to its shareholders. The Group's entities incorporated in the British Virgin Islands are not subject to tax on income or capital gains.

## **Macau**

The entity within the Group incorporated in Macau is subject to Macau complementary tax at progressive rates ranging from 3% to 9% on the taxable income above MOP32,000 but below MOP300,000, and thereafter at a fixed rate of 12%. For FY2022 and FY2021, the Macau Complementary Tax Law states that special tax incentives were provided to the effect that the tax-free income threshold was increased from MOP32,000 to MOP600,000 and the profit thereafter being taxed at a fixed rate of 12%. Furthermore, in response to the economic downturn as a result of the COVID-19 outbreak, the Macau Legislative Assembly passed a one-off measure to deduct MOP300,000 (equivalent to approximately HK\$291,000) from the 2020 Macau complementary tax payments.

## **Hong Kong**

In March 2018, the government of Hong Kong Special Administrative Region introduced a two-tiered profits tax rates regime by enacting the Inland Revenue (Amendment) (No. 3) Ordinance 2018 (the “**Ordinance**”). Under the two-tiered profits tax rates regime, the first HK\$2 million of assessable profits of qualifying corporations is taxed at 8.25% and the remaining assessable profits at 16.5%. The Ordinance had been effective since the year of assessment 2018 to 2019. The provisions for Hong Kong profits tax of the nominated subsidiary for FY2022 and FY2021 are calculated in accordance with the two-tiered profits tax rates regime; while the provisions, if any, for the other subsidiary incorporated in Hong Kong remain calculated at 16.5% of the assessable profits.

## **The PRC**

Mainland corporate income tax (“**CIT**”) was made on the estimated assessable profits of the entities within the Group incorporated and operating in the PRC and was calculated in accordance with the relevant tax rules and regulations of the PRC. The general CIT rate is 25% for FY2022 and FY2021.

### **Withholding tax on undistributed profits**

According to the relevant tax rules and regulations of the PRC, distribution to foreign investors of profits earned by PRC companies since 1 January 2008 is subject to withholding tax of 5% or 10%, depending on the country of incorporation of the foreign investors’ foreign incorporated immediate holding companies.

During FY2022 and FY2021, there were no unremitted earnings whose distribution to owners from PRC subsidiaries that are subject to withholding tax of 5%. No deferred tax liabilities were provided on the unremitted earnings.

## **7. DIVIDEND**

No final dividend was paid or declared by the Company during FY2022 and FY2021.

## 8. EARNINGS PER SHARE

In determining the weighted average number of ordinary Shares in issue during FY2022 and FY2021, the ordinary Shares issued upon the incorporation of the Company, and the capitalisation issue (Note 11), were deemed to be issued on 1 January 2021 as if the Company has been incorporated by then.

### (a) Basic earnings per Share

Basic earnings per Share is calculated by dividing the profit attributable to shareholders of the Company (the “Shareholders”) by the weighted average number of ordinary Shares in issue during FY2022 and FY2021.

	2022	2021
Profits attributable to the Shareholders ( <i>HK\$'000</i> )	3,252	24,003
Weighted average number of ordinary Shares in issue for basic earnings per Share ( <i>thousand shares</i> )	<u>417,803</u>	<u>344,601</u>
<b>Basic earnings per Share (<i>HK cents</i>)</b>	<b><u>0.78</u></b>	<b><u>6.97</u></b>

### (b) Diluted earnings per Share

Diluted earnings per Share is calculated by adjusting the profit attributable to the Shareholders and the weighted average number of ordinary Shares outstanding to assume conversion of all potentially dilutive Shares.

From FY2021 up till the Listing on 15 July 2022, the Group has one category of potentially dilutive Shares – ordinary Shares with redemption rights. The exercise of the redemption rights would be dilutive if the exercise price of such Shares is above the average market price. However, the potentially dilutive shares are not considered as their dilutive impact does not decrease the basic earnings per share for FY2022.

	2022	2021
Profits attributable to the Shareholders ( <i>HK\$'000</i> )	3,252	24,003
Weighted average number of ordinary Shares in issue for diluted earnings per Share ( <i>thousand shares</i> )	<u>417,803</u>	<u>348,824</u>
<b>Diluted earnings per Share (<i>HK cents</i>)</b>	<b><u>0.78</u></b>	<b><u>6.88</u></b>

## 9. TRADE RECEIVABLES

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Due from third parties	149,253	192,273
Less: provision for impairment loss	<u>(1,806)</u>	<u>(3,470)</u>
Total trade receivables, net	<b><u>147,447</u></b>	<b><u>188,803</u></b>

Due to the short-term nature of the trade receivables, their carrying amounts are considered to be approximately the same as their fair values.

The credit terms of trade receivables granted by the Group are generally one to three months. The ageing analysis of the trade receivables before provision for impairment loss based on invoice date at the end of each reporting period is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Up to 3 months	114,727	163,479
Over 3 months and within 6 months	12,385	12,522
Over 6 months and within 1 year	4,058	13,935
Over 1 year	18,083	2,337
	<hr/>	<hr/>
Total trade receivables	<b>149,253</b>	192,273
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#### 10. TRADE AND OTHER PAYABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade payables	116,385	108,753
Salaries payable	10,148	7,472
Accrued listing expenses	–	8,973
Accrued expenses	4,235	1,690
Other taxes payable	785	539
Other payables	2,107	2,207
Provision for onerous contract	1,893	–
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	<b>135,553</b>	129,634
	<hr/> <hr/>	<hr/> <hr/>

Other than the bank guarantee requested by a supplier, trade payables are unsecured and are usually paid within one to three months from recognition.

The carrying amounts of trade and other payables are considered to be approximately the same as their fair values, due to their short-term nature.

Trade payables primarily represent payables for inventories. The ageing analysis of the trade payables based on invoice date at the end of each reporting period is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within 1 month	83,283	81,940
Over 1 month and within 3 months	26,314	19,522
Over 3 months and within 1 year	6,702	6,916
Over 1 year	86	375
	<hr/>	<hr/>
Total trade payables	<b>116,385</b>	108,753
	<hr/> <hr/>	<hr/> <hr/>

## 11. SHARE CAPITAL

	<i>Notes</i>	<b>Number of Shares '000</b>	<b>Nominal value of Shares HK\$'000</b>
<b>Authorised</b>			
Ordinary Shares of HK\$0.01 each			
At 1 January 2021		–	–
Incorporation as at 18 February 2021	(a)	38,000	380
At 31 December 2021 and 1 January 2022		38,000	380
Additions during the year	(d)	9,962,000	99,620
At 31 December 2022		<u>10,000,000</u>	<u>100,000</u>
		<b>Number of Shares</b>	<b>Nominal value of Shares HK\$'000</b>
	<i>Notes</i>		
<b>Issued and fully paid</b>			
At 1 January 2021		–	–
Incorporation as at 18 February 2021	(a)	1	–*
Issuance of ordinary shares in relation to the Reorganisation of the Group	(b)	9,999	–*
Issuance of ordinary shares in relation to the pre-IPO investments	(c)	1,142	–*
At 31 December 2021 and 1 January 2022		11,142	–*
Shares issued pursuant to the Capitalisation issue	(e)	374,988,858	3,750
Shares issued under Global offering	(f)	125,000,000	1,250
At 31 December 2022		<u>500,000,000</u>	<u>5,000</u>

\* Less than HK\$1,000

### (a) Incorporation of the Company

The Company was incorporated in the Cayman Islands on 18 February 2021 as an exempted company with limited liability with an authorised share capital of HK\$380,000 divided into 38,000,000 ordinary shares with a par value of HK\$0.01 each. On date of incorporation, one share was allotted and issued at par as fully paid to the initial subscriber, which was subsequently transferred to Tai Wah on the same date at par.

### (b) Reorganisation of the Group

On 4 March 2021, the Company issued and allotted 9,999 ordinary Shares to Tai Wah pursuant to the corporate reorganisations undergone by the Group in preparation for the Listing described in “History, Reorganisation and Group Structure – Reorganisation” (“**Reorganisation**”) in the Prospectus of the Company dated 29 June 2022 (“**Prospectus**”).

**(c) Pre-Initial Public Offering (“IPO”) investments**

On 23 March 2021, Da Heng Qin (Macau) Limitada (formerly known as Da Heng Qin (Macao) Development Corporation Limited) (“**DHQ**”) and Kallo Holdings Limited, entered into purchase and subscription agreements with the Company for the purchase and subscription of 1,142 Shares in total at considerations of HK\$35,128,000 and HK\$12,973,000, respectively, as well as with Tai Wah for 748 Shares in total at considerations of HK\$21,018,000 and HK\$10,488,000, respectively. According to the investment agreement, DHQ was granted redeemable (divestment) rights for new shares issued.

**(d) Increase in the number of authorised Shares**

Pursuant to the meeting of the Board dated 20 June 2022, the authorised share capital of the Company was increased from HK\$380,000 divided into 38,000,000 Shares of par value of HK\$0.01 each to HK\$100,000,000 divided into 10,000,000,000 Shares of par value of HK\$0.01 each by the creation of an additional 9,962,000,000 Shares of par value of HK\$0.01 each.

**(e) Capitalisation issue**

On 15 July 2022, the capitalisation issue pursuant to the Shareholders’ resolution dated 20 June 2022 was effected. The Company issued 374,988,858 Shares at par value of HK\$0.01 each to the then Shareholders on 15 July 2022, by way of capitalisation of an amount of HK\$3,749,889 to the credit of the share premium account of the Company.

**(f) Global Offering**

On 15 July 2022, the Company issued a total of 125,000,000 ordinary Shares at a price of HK\$1.08 per share upon the completion of the Global Offering. The number of total issued Shares increased to 500,000,000 Shares upon completion of the capitalisation issue and the Global Offering.



## MANAGEMENT DISCUSSION AND ANALYSIS

### INDUSTRY OVERVIEW AND OUTLOOK

Information technology (“IT”) solutions involve the design, supply, integration, operation and maintenance of IT systems. IT solutions could be primarily categorised into two components, namely (i) enterprise IT solutions and (ii) distribution and resale of hardware and software. Enterprise IT solutions could be further categorised as (i) Professional IT services, (ii) Managed services, (iii) lease income from IT equipment and (iv) IT maintenance and consultancy services.

As an IT solutions provider and authorised distributor, the Group introduces IT products and services, and provides related IT solutions to the local markets, including Macau and Hong Kong, and provides IT solution services covering procurement and integration, Managed services and maintenance services to the end users in Macau and Hong Kong. The Group also distributes IT products to IT solutions providers and resellers. The Group had extended its footprint to the Greater Bay Area since FY2021 and executed several IT solutions projects during FY2022.

The adverse effect on the economy resulting from COVID-19 pandemic has been eased along with the border reopening policy in the PRC, Hong Kong and Macau. The Group expects the growth of IT industry in Greater Bay Area will resume to a remarkable growth for the following reasons:

- (a) the demands for professional IT solutions, even during the period of severe COVID-19 pandemic, from various customers in different industries remain strong. However, the pandemic limited their budgets and plans on the IT infrastructure refurbishment. It is expected that those customers will accelerate and continue its original plans on IT infrastructure refurbishment and new project investment along with the rapid post-COVID recovery in the PRC, Hong Kong and Macau;
- (b) the uncertainty on the arrangement of the new gaming operator license renewal during FY2022 limited the plans and budgets on IT infrastructure refurbishment investment of existing operators during FY2022. The Group expects those demands will resume quickly along with the successful renewal of new 10-year gaming operator license in December 2022;
- (c) the new 10-year gaming operator license was finalised in December 2022, and operators pledged to invest and support the development of non-gaming industries in Macau in coming years under the new requirements of the license. With the increasing efforts from the Macau government in diversifying away from its reliance on gaming industry, the Group expects that it will benefit indirectly from the increasing demand for IT solutions relating to the investments to be made by those operators in the coming years;

- (d) the Macau government will adopt the “1+4” adequate diversification development strategy to enrich Macau’s function as “One Centre” for integrated tourism and leisure, while facilitating the development of four nascent industries, namely the “Big Health” industry; modern financial services; high technology; and conferences and exhibitions, commerce and trade, and culture and sports in “2023 Policy Address”. The Group expects the demand of IT solutions in the above sectors will increase along with the increasing influence of IT elements in business operations;
- (e) the Group will leverage the technical know-how and experience in Macau and will extend its service scope by extending its comprehensive enterprise IT solution business on top of the existing distribution business and IT maintenance and consultancy services in Hong Kong and Greater Bay Area in coming years;
- (f) with the intensified competitions over gaming and hospitality industry, market participants endeavor to create a better and immersive experience to customers by adding new features and value-added services on the existing IT infrastructure; and
- (g) the development of 5G Network, advancement and popularisation of data analytics, increased infrastructure requirements for emerging technology adoption and increased data exposure would also continuously drive the demand for IT solutions in Macau.

The following emerging business opportunities in Macau and Greater Bay Area also offer a platform for the Group to expand its business:

### **Supportive governmental policies in promoting smart city**

The Macau government has been actively promoting the development of smart city for several years. According to the “Government of Macau SAR Five Years Development Plan (2016–2020)” published in 2016, “Technology Innovation and Smart City Working Group” has been introduced to establish a comprehensive and hierarchical system to assist higher institution and research institutes to develop Macau into a smart city. The overall direction aims to integrate smart technologies into urban management, government services, medical services, transportation management, tourism and custom services by utilising advanced IT. Such smart city development will boost the demand for IT solutions services in Macau. For FY2022, the Group engaged and completed certain relevant projects for the Macau government. The Group expects to participate in more similar projects in 2023.

### **Implementation of Internet of Things (“IoT”) network**

The “Outline of Development Plan for Guangdong-Hong Kong-Macao Greater Bay Area” 《粵港澳大灣區發展規劃綱要》 aims to build up a smart urban agglomeration. In order to facilitate the development of smart city within the Greater Bay Area, Macau government has invested extensive resources to conduct research and development on the implementation of the IoT network over the years. As a result, along with the development of 5G network and supportive governmental policies, the rapid development of IoT in Macau will directly drive the demand for IT solutions in coming years.

## **Development of Fin-tech and e-commerce services**

In May 2020, People’s Bank of China, China Banking and Insurance Regulatory Commission, China Securities Regulatory Commission and State Administration of Foreign Exchange issued “Opinions on Financial Support for The Construction of The Guangdong-Hong Kong-Macao Greater Bay Area” 《關於金融支持粵港澳大灣區建設的意見》 which stated the development direction and emphasised the cooperation of financial institutions within Greater Bay Area. In response to the development goal, Macau government will provide financial incentives to local small and medium enterprises and help them develop e-Commerce and cross-border e-Commerce business, as well as popularising digital payment system.

## **Research and development (“R&D”) of Brain-Computer Interface (“BCI”) and metaverse technology**

The Group is in the process of developing a new technology platform and products with BCI features, which could create synergy on the existing IT solution offered by the Group and such technology could be implanted to products from other fields, including but not limited to, healthcare, smart auto-mobile, smart home and smart wearable devices.

In 2022, the Group established Artificial Intelligence of Things (“AIoT”) team and BCI team in the PRC, which specialises in (i) developing brain-computer interaction and related sense technology and sensory-induced Electroencephalography signal acquisition technology; and (ii) developing own eco-system which could integrate with different functions in different industries in the market. As at 31 December 2022, there are 57 employees in R&D department in the PRC. The Group expected the number of employees under R&D team will grow continuously in FY2023. Also, the Group contemplates the possibility of conducting fund raising from market investors and financial institutions in the PRC for such R&D.

During FY2022, the Group achieved prospective R&D progress in BCI technology and an experimental product, namely BCI headband, was developed. It is a non-invasive BCI interactive product which consists of brain-computer headband, standardised brain-computer access module, brain-computer operating system and other applicable products. It is a connector between virtual world and reality together with multi-sensory interaction, allowing users to enter multi-scenario application ecosystem in metaverse industry. The Group plans to commercialise BCI headband when the technology and operating environment become mature.

The Group’s non-invasive BCI headband is a closed loop control system, which is a device that could automatically analyse, execute, and regulate a system to maintain at desired state without human interaction. Along with the advancement of signal acquisition and decoding technology, BCI technology also offers feedback to users and improve the interactive experience in metaverse. BCI technology is widely applied in fields such as medical rehabilitation, the AIoT and the metaverse industry.

At the same time, the Group is also in the process of developing the “Metaverse Public Cloud Platform Space”, which is based on the self-developed 3-dimension reconstruction algorithm and artificial intelligence rendering algorithm. It enables users to quickly create virtual characters and interact with each other in “Metaverse Public Cloud Platform Space”.

Individual users can also use Software as a Service (“SaaS”) platform tools to customise virtual characters with reference to character-library in the “Metaverse Public Cloud Platform Space”, which enables users to build different scenarios quickly. The Group has successively tested such technology in different scenarios, such as metaverse exhibition, metaverse education, metaverse entertainment and metaverse cultural tour. BCI is a vehicle adhered with the consciousness from users, and it allows users to communicate between the virtual world and reality without any limitation.

BCI is one of the important human-computer interaction technologies for the integration and connection between virtual world and reality, and it is expected to be widely applied and used in the future in different aspects with the increasing importance in different fields. The Group has made a blueprint in the development of BCI technology and metaverse. It is expected that such technology will become another profit driver for the Group in the future.

### **Listing in the Main Board of the Stock Exchange**

The Company was successfully listed on the Main Board of the Stock Exchange (Stock Code: 1204.HK) by way of global offering (the “Global Offering”) on 15 July 2022. This marked an important milestone of the Company.

### **Opportunities in the PRC**

Looking forward, the Group would excel its existing competitive strengths to maintain its leading position in Macau and capture further business opportunities in Hong Kong and the PRC, especially in Greater Bay Area.

One of the subsidiaries of the Group is located in Hengqin, a city positioned at the stage of developing tourism, leisure, healthcare, commercial and financial services, culture, science, education, and high-tech industries in Greater Bay Area, and hence the IT solutions demand in Hengqin is predicted to grow at a remarkable pace. The preferential tax treatment for enterprises that are conducive to Macau’s economic diversification would further put the Group to an advantageous position in exploring the market and business opportunities in Hengqin.

The Group believes subsidiaries located in Hengqin and Zhuhai are complementary to each other and will create synergy for the growth of the business in the PRC in the future.

## **BUSINESS REVIEW**

During FY2022, the Group continuously maintained its leading position in the Macau IT solutions market by providing comprehensive and high-quality end-to-end enterprise IT solutions to customers under various sectors in Macau, Hong Kong and the PRC as well as conducting distribution business in Hong Kong and resale business in Macau and the PRC.

Despite the impact of the COVID-19 pandemic persisted in FY2022, the number of orders under the business segment of distribution and resale has increased, resulting in a growth of the Group's revenue for FY2022.

The revenue of the Group increased from approximately HK\$534.3 million for FY2021 to approximately HK\$580.8 million for FY2022, representing an increase of 8.7% as compared to that of FY2021.

### **Enterprise IT solutions**

The revenue from enterprise IT solutions decreased from approximately HK\$395.0 million for FY2021 to approximately HK\$357.5 million for FY2022. Such decrease was attributable to the net effect of the increase in the revenue from Managed services by approximately HK\$5.6 million and the decrease in the revenue from Professional IT services and IT equipment leasing by approximately HK\$26.6 million and HK\$16.0 million respectively. The change in revenue under Professional IT services was mainly due to the decrease in the revenue recognised from the significant contracts resulting from the completion of major parts of contracts as well as the adverse impact from the resurgence of COVID-19 pandemic which delayed budget allocations for building or upgrading the IT infrastructure from customers. The decrease in revenue from IT equipment leasing was mainly due to the decrease in the number and scale of projects with lease component. In addition, the increase in the revenue from Managed services was driven by the increase in the demand for related services from governmental bodies and gaming operators in Macau.

With increasing awareness of cyber security along with supportive policies in Macau and Hong Kong and the development of customers' network and sales channel in the PRC, the Group expects the demand of enterprise IT services would remain strong in 2023. On top of strengthening the competitive edge of the Group in IT industry by expanding and exploring more business opportunities in Managed services and IT maintenance and consultancy services, the Group would proactively seek for new business opportunities in Greater Bay Area which help diversify the revenue from different geographical locations. During FY2022, the Group achieved promising progress in expanding the business in the PRC, in which the revenue generated from the PRC increased from approximately HK\$0.2 million for FY2021 to approximately HK\$41.1 million for FY2022. On the other hand, the Group could also benefit from steady revenue source from Managed services and IT maintenance and consultancy services due to its recurring nature.

## **Distribution and resale**

During FY2022, the Group continuously acted as a distributor by partnering with system vendors or their authorised distributors in the sale and distribution of a selected range of hardware and associated system relating to corporate mobility and cybersecurity solutions in Hong Kong. Furthermore, the Group expanded its business in the PRC by committing several resale orders with large order value. The ease of the shortage of chips for network-related products also allowed the Group to fulfill the outstanding orders received in prior year.

Resulting from the abovementioned development of the Group, the revenue from distribution and resale increased from approximately HK\$139.3 million for FY2021 to approximately HK\$223.3 million for FY2022. Such increase in the amount was attributable to the increase in the number of resale orders with large order value in the PRC and fulfilment of outstanding orders of wireless LAN products in Hong Kong.

## **FINANCIAL REVIEW**

### **Revenue**

The total revenue increased by approximately HK\$46.5 million or 8.7% to approximately HK\$580.8 million for FY2022 from approximately HK\$534.3 million for FY2021. The increase was primarily attributable to the aggregate effect of the decrease in revenue generated from the enterprise IT solutions business by approximately HK\$37.5 million and the increase in revenue generated from distribution and resale business by approximately HK\$84.0 million. For explanations of such change in revenue, please refer to the section headed “Business Review” in this announcement.

### **Cost of sales**

The cost of sales increased by approximately HK\$58.3 million or 13.8% to approximately HK\$480.5 million for FY2022 from approximately HK\$422.2 million for FY2021. The extent of the increase in cost of sales was greater than that of the revenue for FY2022, the reason was mainly due to the decrease in the number of projects with higher gross profit margin and the resurgence of COVID-19 pandemic in Macau in the second half of 2022, which lead to the decrease in the number of newly-accepted projects and delay in signing of contracts of pipeline projects. There is no significant change in the cost of sales mix during the periods.

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

The gross profit decreased by approximately HK\$11.7 million or 10.4% to approximately HK\$100.4 million for FY2022 from approximately HK\$112.1 million for FY2021. The decrease in the gross profit and gross profit margin was attributable to the decrease in the profit margin resulting from (i) the resurgence of COVID-19 pandemic in Macau in the second half of FY2022; (ii) the decrease in the number of newly-accepted projects with higher gross profit margin during FY2022; and (iii) the delay in signing of contracts of pipeline projects with higher gross profit margin in FY2022 as compared to that of FY2021.



### **Other income and other net gains**

Other income and other net gains increased by approximately HK\$3.6 million or 289.5% to approximately HK\$4.8 million for FY2022 from approximately HK\$1.2 million for FY2021. The increase was mainly attributable to the one-off subsidies for the purpose of providing financial support due to the prolonged unexpected impact of the COVID-19 pandemic in Hong Kong and the subsidy for employees' benefit expenses as well as the rental subvention for offices in the PRC.

### **Selling and distribution expenses**

The selling and distribution expenses increased by approximately HK\$5.9 million or 31.5% to approximately HK\$24.6 million for FY2022 from approximately HK\$18.7 million for FY2021. The increase was mainly attributable to the increase in the salaries payable to the salespersons and commission expenses resulting from the increasing revenue and the expansion of the selling and marketing team in Macau and the PRC for FY2022.

### **General and administrative expenses**

The general and administrative expenses increased by approximately HK\$5.5 million or 8.9% to approximately HK\$67.2 million for FY2022 from approximately HK\$61.7 million for FY2021. The increase was mainly attributable to the increase in entertaining and travelling expenses, depreciation of property, plant and equipment and right-of-use assets, auditors' remuneration and legal and professional expenses upon Listing.

### **Research and development expenses**

The research and development expenses increased by approximately HK\$6.7 million for FY2022. It mainly represents the costs incurred by AIoT and BCI teams newly established in the PRC, which specialise in the development of core technologies widely applied in metaverse experience, including three-dimension reconstruction, haptic feedback, iris recognition technology, artificial intelligence, IoT, and edge computing, aiming to develop a metaverse eco-system for new users' experience and enhance the existing IT solutions provided by the Group in the future.

### **Finance costs – net**

The finance costs – net decreased by approximately HK\$0.7 million or 41.2% to approximately HK\$1.0 million for FY2022 from approximately HK\$1.7 million for FY2021. The decrease was mainly attributable to the increase in the finance income from bank deposits by approximately HK\$0.5 million, netting off by the combined effect of (i) the increase in the finance costs from the borrowings during FY2022; and (ii) the decrease in finance costs from the financial liability with redeemable right which was lapsed and derecognised upon Listing.

## **Income tax expense**

The income tax expense decreased by approximately HK\$2.6 million or 43.3% to approximately HK\$3.4 million for FY2022 from approximately HK\$6.0 million for FY2021. The decrease was mainly attributable to the decrease in profit before income tax from FY2021 to FY2022. The listing expenses, which are non-deductible items for computing assessable profit during FY2022 and FY2021, and unrecognised tax loss in the PRC have led to the high effective tax rate of approximately 51.3% and 20.0% for FY2022 and FY2021, respectively.

## **Profit for the year**

As a result of the foregoing reasons, the profit for the year of the Group for FY2022 decreased by approximately HK\$20.8 million or 86.7% to approximately HK\$3.2 million for FY2022 from approximately HK\$24.0 million for FY2021.

## **TREASURY POLICY**

The Group has adopted a conservative approach towards its treasury policies and thus maintained a healthy liquidity position throughout FY2022. The Group strives to reduce exposure to credit risk by assessing the potential customer's credit quality, define credit limit by customer and conduct regular meetings and reviews on the overdue status of the customers. To manage liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management of the Company to finance the Group's operations and meet its short-term and long-term funding requirements.

## **LIQUIDITY AND FINANCIAL RESOURCES**

The Group financed its operations mainly through a combination of cash flow from operations and borrowings. As at 31 December 2022, the Group had cash and cash equivalents of approximately HK\$105.5 million (31 December 2021: HK\$14.5 million) that were mainly denominated in HK\$, MOP, RMB and US\$.

The gearing ratio of the Group as at 31 December 2022, which was calculated based on the total borrowings as at the respective dates, was nil (31 December 2021: approximately 18.6%).

On 23 March 2021, the Company entered into an investment agreement with one of the pre-IPO investors, DHQ. Pursuant to the agreement, the Company or Tai Wah had an obligation to repurchase the Company's ordinary Shares issued to DHQ and the redeemable rights are recognised as a financial liability. The relevant interest rate is assessed to be 5.25%. The redeemable rights lapsed upon the successful Listing of the Company and the corresponding amount of financial liability was derecognised upon Listing. As at 31 December 2022, the Group had no financial liability for redeemable rights (31 December 2021: approximately HK\$37.9 million).



As at 31 December 2022, the Group had no borrowings (31 December 2021: approximately HK\$31.5 million), and total lease liabilities of approximately HK\$12.2 million (31 December 2021: approximately HK\$10.1 million), of which the current portion amounted to approximately HK\$6.6 million (31 December 2021: approximately HK\$6.1 million).

On 15 July 2022, the Company issued a total of 125,000,000 ordinary Shares at a price of HK\$1.08 per Share upon the completion of the Global Offering. The number of total issued Shares of the Company was increased to 500,000,000 Shares upon completion of the capitalisation issue and the Global Offering.

## **FOREIGN EXCHANGE RISK**

Foreign exchange risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the Group entities' functional currency. For commercial transactions, the exposure to foreign exchange risk is minimal as the majority of subsidiaries of the Group operates in Macau and Hong Kong with most of the transactions denominated and settled in HK\$.

For assets and liabilities, a majority of the monetary assets and liabilities are denominated in HK\$, Macau Patacas (“**MOP**”) and United States dollar (“**US\$**”), and the foreign exchange risk is considered minimal as these currencies are pegged. The Group considers Macau and Hong Kong subsidiaries are exposed to minimal foreign exchange risk from insignificant amounts of monetary assets and liabilities denominated in Renminbi (“**RMB**”).

The Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures and tries to minimise these exposures through close monitoring. The Group did not carry out any hedging activities against its foreign currencies' during FY2022 and FY2021.

## **CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES**

As at 31 December 2022, the Group had no capital commitments (31 December 2021: approximately HK\$0.9 million).

As at 31 December 2022 and 2021, the Group did not have any significant contingent liabilities.

## **SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS OR DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES**

There was no significant investment, material acquisition or disposal of subsidiaries and affiliated companies by the Group during FY2022. Save for the future plans as disclosed under the section headed “Future Plans and Use of Proceeds” in the Prospectus, there was no plan for material investments or capital assets as at 31 December 2022.

## **EMPLOYEES AND REMUNERATION POLICY**

As at 31 December 2022, we employed a total of 249 employees (including four executive Directors and excluding one non-executive Director and three independent non-executive Directors), as compared to a total of 189 employees as at 31 December 2021. The remuneration packages that the Group offers to its employees include salary, commissions, discretionary bonuses, pension scheme and other cash subsidies. In general, the Group determines employee salaries based on each employee's qualifications, position and seniority. The Group has designed an annual review system to assess the performance of its employees, which forms the basis of its decisions with respect to salary raises, bonuses and promotions. The total staff costs incurred by the Group for FY2022 were approximately HK\$90.2 million compared to approximately HK\$72.7 million for FY2021. Various on-the-job trainings were provided to the employees based on their job duties' needs.

The remuneration of the Directors is decided by the Board upon recommendation from the remuneration committee of the Company having regard to the Group's operating results, individual performance and comparable market statistics.

## **PLEDGE OF ASSETS**

As at FY2022 and FY2021, the Group did not pledge any assets to banks or any other financial institutions.

## **EVENTS AFTER THE REPORTING PERIOD**

There were no other significant events after the end of the reporting period and up to the date of this announcement that either request adjustment to the financial statement or are material to the understanding of the Group's current position.

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

The Shares were listed on the Main Board of the Stock Exchange on 15 July 2022 (the "**Listing Date**"). Neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the period from the Listing Date and up to the date of this announcement.

## **DIVIDEND**

The Board has resolved not to recommend the declaration of final dividend for FY2022 (FY2021: nil).

## **SUFFICIENCY OF PUBLIC FLOAT**

According to the information that is publicly available to the Company and to the best knowledge of the Board, as at the date of this announcement, the Company has maintained the public float of not less than 25% of the issued Shares as required under the Listing Rules.

## **CORPORATE GOVERNANCE PRACTICES**

The Directors recognise the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of the Group so as to achieve effective accountability. The Company has adopted the code provisions stated in the Corporate Governance Code as set out in Appendix 14 to the Listing Rules.

Except for the deviation from provision C.2.1 of the Corporate Governance Code, the Company's corporate governance practices have complied with the Corporate Governance Code since the Listing Date and up to the date of this announcement. Under code provisions C.2.1 of Appendix 14 to the Listing Rules, the roles of chairman and chief executive should be separated and should not be performed by the same individual. Mr. Chao is the chairman of the Board and the chief executive officer of the Company. In view of the fact that Mr. Chao has been responsible for the day-to-day management of the Group since 2010 and the steady development of the Group, the Board believes that with the support of Mr. Chao's extensive experience and knowledge in the business of the Group, vesting the roles of both chairman and chief executive officer in Mr. Chao strengthens the consistent and solid leadership of the Group, thereby allowing efficient business planning and decision which is in the best interest of the Group and the Shareholders as a whole.

The Directors consider that the deviation from provision C.2.1 of the Corporate Governance Code is appropriate in such circumstances. Notwithstanding the above, the Board is of the view that the current management structure is effective for the operations, and sufficient checks and balances are in place. The Board will continue to review the effectiveness of the corporate governance structure of the Company in order to assess whether separation of the roles of chairman of the Board and chief executive officer is necessary.

## **USE OF PROCEEDS**

The net proceeds (the "**Net Proceeds**") from the Listing amounted to HK\$93.0 million after deducting the underwriting fees and commissions and other listing expenses borne by the Company. As at date of this announcement, the Directors are not aware of any material change to the planned use of proceeds as set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus. The Company will use the Net Proceeds raised from the Global Offering in accordance with the intended application of the Net Proceeds as set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

An analysis of the planned usage of the Net Proceeds as stated in the Prospectus and the actual utilisation of the Net Proceeds for the period from the Listing Date and up to the date of this announcement are set out below:

Use of proceeds	Percentage of total Net Proceeds	Allocation of Net Proceeds <sup>(Note)</sup> HK\$ million	Utilised Net Proceeds as at the date of this announcement HK\$ million	Unutilised Net Proceeds HK\$ million
Capturing business opportunities in the Greater Bay Area	43.8%	40.7	7.5	33.2
Upfront costs of two enterprise IT solution projects	30.4%	28.3	–	28.3
Strengthening the product development capabilities	15.8%	14.7	4.5	10.2
General working capital	10.0%	9.3	2.3	7.0
<b>Total</b>	<b>100.0%</b>	<b>93.0</b>	<b>14.3</b>	<b>78.7</b>

*Note:* As disclosed in the Prospectus, the estimated Net Proceeds after deduction of underwriting fees and commissions and estimated expenses payable by us in connection with the Global Offering, were approximately HK\$104.8 million, which was revised to HK\$94.1 million as disclosed in the Company's offer price and allotment results announcement dated 14 July 2022. The actual net proceeds received by the Company were approximately HK\$93.0 million. The Company intends to adjust the difference of approximately HK\$1.1 million to the business strategies in the same proportion as the original funds applied as shown in the Prospectus.

Save as disclosed above, the Group has no other update on the use of Net Proceeds up to the date of this announcement. Further announcement will be published when there is any change in the use of Net Proceeds.

## MODEL CODE FOR SECURITIES TRANSACTIONS

Since the Listing, the Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding dealings in the securities of the Company by the Directors and the Group's senior management who, because of his/her office or employment, is likely to possess inside information in relation to the Company or its securities. Having made specific enquiries with all the Directors, all the Directors confirmed that they have complied with the Model Code during FY2022.

## **AUDIT COMMITTEE**

The Company has established its Audit Committee (the “**Audit Committee**”) on 20 June 2022 in compliance with Rule 3.21 of the Listing Rules and with written terms of reference in compliance with the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The Audit Committee consists of three independent non-executive Directors, namely Mr. Man Wing Pong, Mr. U Seng Pan and Mr. Suen Chi Wai. Mr. Man Wing Pong has been appointed as the chairman of the Audit Committee and he possesses the appropriate professional qualifications as required under Rule 3.10(2) of the Listing Rules. The primary duties of the Audit Committee are, among others, to review and supervise the financial reporting process and internal control procedures of the Group, and to develop and review the policies and procedures for corporate governance and make recommendations to the Board.

## **REVIEW OF ANNUAL RESULTS**

The announcement of the annual results of the Group for FY2022 have been reviewed by the Audit Committee, including the accounting principles and practices adopted by the Group. Based on their review and discussions with the management, there is no disagreement by the Audit Committee with the accounting treatment adopted by the Group and the Audit Committee was satisfied that the annual results were prepared in accordance with applicable accounting standards and fairly present the Group’s financial position and results for FY2022.

The figures in respect of the Group’s consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of financial position and the related notes thereto for FY2022 as set out in this announcement have been agreed to the amounts set out in the Group’s draft consolidated financial statements for FY2022 by the Group’s independent auditor, PricewaterhouseCoopers. The work of 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 the independent auditor on this results announcement.

## **CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING**

The register of members of the Company will be closed from Thursday, 15 June 2023 to Tuesday, 20 June 2023, both days inclusive, for the purpose of determining the identity of members who are entitled to attend and vote at the Company’s forthcoming annual general meeting (the “**AGM**”) scheduled to be held on Tuesday, 20 June 2023. In order to be eligible to attend and vote at the AGM, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company’s branch share register in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 14 June 2023.

Circular containing the details of the AGM will be published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website ([www.boardware.com](http://www.boardware.com)), and will be despatched to the Shareholders in due course.

## **PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This annual result announcement of the Company is published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website ([www.boardware.com](http://www.boardware.com)). The annual report of the Company for FY2022 containing all the information required by the Listing Rules will be despatched to the Shareholders and published on the aforesaid websites in due course.

By order of the Board  
**BoardWare Intelligence Technology Limited**  
**Chao Ka Chon**  
*Chairman and Executive Director*

Hong Kong, 30 March 2023

*As at the date of this announcement, the Board comprises Mr. Chao Ka Chon, Ms. Chiu Koon Chi, Ms. Lei Sok Han and Mr. Ng Hong Kei as executive Directors; Mr. Li Haodong as non-executive Director; and Mr. Man Wing Pong, Mr. U Seng Pan and Mr. Suen Chi Wai as independent non-executive Directors.*