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 2023

HIGHLIGHTS

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue	**261,641**	197,059
Gross profit	**33,355**	26,963
Loss before tax	**(18,710)**	(13,514)
Loss for the period	**(19,327)**	(14,096)
(Loss)/profit for the period attributable to:		
– Owners of the parent	**(23,133)**	(15,230)
– Non-controlling interests	**3,806**	1,134
	(19,327)	(14,096)

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
Loss per share		
– Basic and diluted *(RMB cents)*	**(19.73)**	(14.32)

SELECTED FINANCIAL RATIOS

	Six months ended 30 June	
	2023	2022
	(approximate)	(approximate)
Gross profit margin	**12.7%**	13.7%
Net loss margin[1]	**(7.4%)**	(7.2%)

	As at 30 June 2023 (approximate)	As at 31 December 2022 (approximate)
Current ratio *(times)*	**1.1**	1.3
Gearing ratio[2]	**19.6%**	12.7%
Return on total assets[3]	**(2.5%)**	(4.7%)
Return on total equity[3]	**(6.2%)**	(10.2%)

(1) Calculated by using loss for the period divided by revenue.

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

(3) 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 2023 (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").

The Group continued to expedite the development of its traditional IT infrastructure system integration and smart office software solutions businesses during the Period. The Group continued to leverage its core competitiveness and provide advanced and customised IT infrastructure solutions to its clients in diverse segments including finance, manufacturing and retail, etc. During the Period, the Group kept maintaining strategic partnership with various tech giants, with the aim of acquiring new clients through strategic alliances to deliver cutting-edge IT infrastructure solutions and enlarge the customer base.

The changing economy and operating environment caused by the Coronavirus Disease 2019 has driven the increase in demand and adoption of smart office devices and solutions. The Group continuously enhanced its competitiveness on the integrated product matrix and strong research and development capability to capture the enormous growth opportunities in smart office markets in China. The Group's smart office software solutions and property technology ("PropTech") solutions businesses, which operate using IoT technology and have relatively high profit margins as compared to that of the sale of hardware goods, recorded a stable growth. In addition, the Group's Hong Kong project regarding the provision of a smart library system for Hong Kong government's Leisure and Cultural Services Department (the "Library Project") has generated promising income in particularly during the Period. The Group expected that the Library Project will be on-going to provide a substantial and stable income stream to the Group.

In light of the above, the Group's total revenue recorded an increase of approximately RMB64.5 million or approximately 32.7% to approximately RMB261.6 million for the Period (six month ended 30 June 2022: approximately RMB197.1 million). The Group recorded net loss for the Period of approximately RMB19.3 million (six months ended 30 June 2022: approximately RMB14.1 million). The overall financial performance of the Group for the Period is comparable to that of the corresponding period in 2022, by excluding the effect of fair value gain on equity investments under other income and gain recorded in the corresponding period in 2022.

OUTLOOK

Looking ahead, the Group will maintain the stable development of its IT infrastructure system integration and smart office software solution businesses. As a leading provider of smart office solutions in China, the Group has been deepening its achievements in the smart office field to meet enterprises' needs as these relate to intelligent operations, employee health, collaborative efficiency, carbon emissions reduction, energy conservation and user experience. Its integrated product matrix, strong research & development capabilities, large customer base and extensive ecological cooperation network contribute to its core competitiveness. We will continue to develop and optimise solutions to offer our customers one-stop smart-space solutions and facilitate enterprises' digital transformation. The Group will also keep allocating resources to expand its research and development team and its centre in the city of Xi'an in China to maintain its unique advantages and provide its customers with more diverse products and services.

The Group will continue to establish strong partnerships and alliances with cloud services and channel partners, especially in terms of strategic cooperation agreements with technology giants. In addition to maintaining long-term, in-depth relationships with its existing customers, the Group is also expanding its customer base. Following its successful cooperation with Hong Kong government's Leisure and Cultural Services Department, the Group will continue to participate in public sector tenders and identify projects that will benefit the Group in the long run.

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 2022. 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 2023

		Six months ended 30 June	
		2023	2022
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Revenue	4	**261,641**	197,059
Cost of sales		**(228,286)**	(170,096)
Gross profit		**33,355**	26,963
Other income and gains	4	**1,829**	5,161
Selling and distribution expenses		**(12,837)**	(13,064)
Administrative expenses		**(32,280)**	(28,181)
Other losses		**(2,445)**	(654)
Impairment losses of financial assets, net		**(1,616)**	(2,474)
Finance costs	5	**(4,716)**	(1,265)
Loss before tax	6	**(18,710)**	(13,514)
Income tax expense	7	**(617)**	(582)
LOSS FOR THE PERIOD		**(19,327)**	(14,096)
(Loss)/profit attributable to:			
Owners of the parent		**(23,133)**	(15,230)
Non-controlling interests		**3,806**	1,134
		(19,327)	(14,096)
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT	9		
– Basic and diluted		**RMB(19.73) cents**	RMB(14.32) cents

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2023

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
LOSS FOR THE PERIOD	**(19,327)**	(14,096)
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**85**	(24,480)
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of the Company's financial statements into presentation currency	**2,078**	27,814
Change in fair value of financial asset at fair value through other comprehensive income	**(799)**	(16,912)
	1,279	10,902
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	**1,364**	(13,578)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	**(17,963)**	(27,674)
Total comprehensive (loss)/income attributable to:		
Owners of the parent	**(22,459)**	(29,155)
Non-controlling interests	**4,496**	1,481
	(17,963)	(27,674)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Notes	**30 June 2023** *RMB'000* **(Unaudited)**	31 December 2022 *RMB'000* (Audited)
NON-CURRENT ASSETS			
Investment properties	10	**86,076**	5,528
Property, plant and equipment		**1,612**	1,821
Right-of-use assets		**10,917**	12,840
Goodwill	11	**134,952**	134,952
Other intangible assets		**48,081**	58,203
Deferred tax assets		**3,516**	3,501
Financial asset at fair value through other comprehensive income	12	**17,569**	18,368
Prepayment and deposits		**9,007**	15,548
Total non-current assets		**311,730**	250,761
CURRENT ASSETS			
Inventories		**16,886**	20,336
Trade and bills receivables and contract assets	13	**293,649**	318,138
Prepayments, other receivables and other assets		**56,766**	57,470
Debt investment at fair value through profit or loss	14	**1,379**	1,270
Equity investments at fair value through profit or loss	15	**7,582**	13,452
Pledged deposits		**26,079**	25,549
Cash and cash equivalents		**78,157**	59,436
Total current assets		**480,498**	495,651
CURRENT LIABILITIES			
Trade payables	16	**197,307**	215,230
Contract liabilities		**32,281**	48,409
Other payables and accruals		**30,448**	38,420
Promissory note payable		**38,683**	–
Interest-bearing bank and other borrowings		**101,022**	59,574
Tax payable		**22,258**	20,987
Total current liabilities		**421,999**	382,620

	30 June 2023	31 December 2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
NET CURRENT ASSETS	**58,499**	113,031
TOTAL ASSETS LESS CURRENT LIABILITIES	**370,229**	363,792
NON-CURRENT LIABILITIES		
Contract liabilities	**6,393**	–
Interest-bearing bank and other borrowings	**28,340**	10,345
Convertible bond	**26,154**	24,624
Deferred tax liabilities	**7,212**	8,730
Total non-current liabilities	**68,099**	43,699
Net assets	**302,130**	320,093
EQUITY		
Equity attributable to owners of the parent		
Issued capital	**7,553**	7,553
Reserves	**279,224**	301,683
	286,777	309,236
Non-controlling interests	**15,353**	10,857
Total equity	**302,130**	320,093

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Net cash flows used in operating activities	**(3,034)**	(20,754)
Net cash flows used in investing activities	**(21,551)**	(13,267)
Net cash flows from financing activities	**41,006**	32,266
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**16,421**	(1,755)
Cash and cash equivalents at beginning of period	**59,436**	54,920
Effect of foreign exchange rate changes, net	**2,300**	793
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**78,157**	53,958

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 continued in Bermuda with effect from 7 July 2021 (Bermuda time). The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the registered office of the Company is located at Canon's Court, 22 Victoria Street, Hamilton, HM 12, Bermuda. The Company's principal place of business in Hong Kong is Unit 706, 7th Floor, Capital Centre, No. 151 Gloucester Road, Wan Chai, 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 2023 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 is 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 2022, except for the adoption of the new and 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 2022.

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 2022, except for the adoption of the following new and 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.

IFRS 17 (Including the October 2020 and February 2022 Amendments to IFRS 17)	*Insurance Contracts*
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to IAS 8	*Definition of Accounting Estimates*
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to IAS 12	*International Tax Reform – Pillar Two Model Rules*

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

3. OPERATING SEGMENT INFORMATION

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. The Group's chief operating decision makers, also being the directors, focus on revenue analysis by products and services in the communication system business for the purposes of resources allocation and assessment. No other discrete financial information is provided except for the Group's results and financial position as a whole. Accordingly, only entity-wide disclosures including geographic information are disclosed in note 4.

4. REVENUE, OTHER INCOME AND GAINS

Disaggregated revenue information for revenue from contracts with customers

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Types of goods or services		
Sales of goods	**131,510**	118,335
Rendering of services	**130,131**	78,724
Total revenue from contracts with customers	**261,641**	197,059
Geographical markets		
Mainland China	**196,894**	181,222
Hong Kong	**60,790**	14,960
Vietnam	**3,848**	38
United States of America	**27**	100
Other countries/regions	**82**	739
Total revenue from contracts with customers	**261,641**	197,059
Timing of revenue recognition		
Goods transferred at a point in time	**131,510**	118,335
Services transferred over time	**130,131**	78,724
Total revenue from contracts with customers	**261,641**	197,059

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Other income and gains		
Bank interest income	**176**	101
Finance income on the net investment in a lease	**–**	42
Fair value gain on debt investment at fair value through profit or loss *(note 14)*	**673**	–
Fair value gain on equity investments at fair value through profit or loss, net *(note 15)*	**–**	4,298
Government grants released*	**883**	612
Foreign exchange difference	**46**	–
Others	**51**	108
	1,829	5,161

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

5. FINANCE COSTS

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest on bank and other borrowings	**3,275**	734
Interest on lease liabilities	**877**	531
Interest on convertible bonds	**564**	–
	4,716	1,265

6. LOSS BEFORE TAX

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

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Cost of inventories sold*	**217,498**	151,810
Depreciation of property, plant and equipment	**541**	472
Depreciation of right-of-use assets	**3,131**	3,263
Amortisation of other intangible assets**	**10,122**	10,123
Impairment of trade receivables, net	**1,616**	2,474
Short-term lease expense	**62**	382
Research and development costs***	**10,818**	9,825
Employee benefit expenses (including directors' and a chief executive's remuneration)		
– Wages and salaries	**36,267**	27,917
– Pension scheme contributions	**7,301**	6,731
– Share-based payments	**–**	241
	43,568	34,889
Fair value (gain)/loss on debt investment at fair value through profit or loss *(note 14)*	**(673)**	654
Fair value loss/(gain) on equity investments at fair value through profit or loss, net *(note 15)*	**2,445**	(4,298)

* Inclusive of write-down/(reversal of 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

The Group is subject to Hong Kong profits tax at the rate of 16.5% (six months ended 30 June 2022: 16.5%) on the estimated assessable profits arising in Hong Kong during the period, except for one subsidiary of the Company which is a qualifying entity under the two tiered profits tax rates regime. The first HK$2,000,000 (equivalent to RMB1,851,000) (six months ended 30 June 2022: HK$2,000,000 (equivalent to RMB1,707,000)) of assessable profits of this subsidiary is taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

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:

	Six months ended 30 June	
Name of the subsidiaries	**2023**	2022
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 2023 and 2022.

** 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 2023 and 2022.

^ *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 2022: 20%) on taxable income for the six months ended 30 June 2023.

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current – Mainland China	**2,135**	2,100
Deferred	**(1,518)**	(1,518)
Income tax expense for the period	**617**	582

8. DIVIDEND

No dividend has been paid or proposed by the Company during the six months ended 30 June 2023 and subsequent to the end of the reporting period (six months ended 30 June 2022: Nil).

9. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT

The calculation of the basic loss per share amount is based on the loss for the period attributable to owners of the parent, and the weighted average number of ordinary shares of 117,240,000 (six months ended 30 June 2022: 106,329,796) in issue during the period.

The weighted average number of ordinary shares in issue used in the calculation of basic and diluted loss per share for the six months ended 30 June 2022 had been accounted for the bonus elements in the issue of shares of the Company completed on 11 March 2022, as if effective since 1 January 2022.

The calculation of diluted loss per share for the six months ended 30 June 2023 and 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 per share amounts presented for the six months ended 30 June 2023 and 2022 in respect of a dilution as the impact of share options outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

The calculations of basic and diluted loss per share are based on:

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Loss		
Loss attributable to owners of the parent, used in the basic and diluted loss per share calculation	**(23,133)**	(15,230)

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic and diluted loss per share calculation	**117,240,000**	106,329,796
Loss per share		
Basic and diluted	**RMB(19.73) cents**	RMB(14.32) cents

10. INVESTMENT PROPERTIES

As at 30 June 2023, the Group's investment properties consisted of car parks and office premises located in Hong Kong, and were measured by using the fair value model. During the six months ended 30 June 2023, the Group acquired investment properties at a total cost of HK$86,745,000 (equivalent to RMB80,291,000) (six months ended 30 June 2022: HK$10,034,000 (equivalent to RMB8,566,000)) through the acquisition of the entire equity interest in Sino Profit Trading Limited which details are set out in note 17.

All car parks were held under operating leases to earn rental income or for capital appreciation purposes.

11. GOODWILL

	30 June 2023 *RMB'000* **(Unaudited)**	31 December 2022 *RMB'000* (Audited)
Cost:		
At beginning and end of the period/year	**207,580**	207,580
Accumulated impairment:		
At beginning and end of the period/year	**(72,628)**	(72,628)
Net carrying amount:		
At end of the period/year	**134,952**	134,952

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 2023, 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 RMB256,532,000 (31 December 2022: RMB228,331,000) and RMB195,562,000 (31 December 2022: RMB207,816,000) respectively. No impairment loss was recorded for the six months ended 30 June 2023 (31 December 2022: Nil) as the recoverable amount of CGU exceeds its carrying amount, which includes the net carrying amount of the goodwill.

In the opinion of the directors of the Company, the cash flow projections have taken into account the recovery of economy from the COVID-19 pandemic (the "COVID-19"), 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 a smart library system, and the Group foresees that the customers' awareness of and demand for the Group's software solutions increase as a result of the change of customers' demand and operating practice due to the economy recovery from the COVID-19. In addition, the cooperation with technology giants that will reinforce the Group's expansion in the China's market share. 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 2023 as mentioned below.

Assumptions used in the value-in-use calculation for network system integration cash-generating unit as at 30 June 2023 are the same as those used as at 31 December 2022. 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 2023 for the five-year budget period range from -2.91% to 5.98% per annum (31 December 2022: 1.91% to 29.77% 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 22.33% to 29.62% (31 December 2022: 25.36% to 28.05%).

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 2023 is 25.75% (31 December 2022: 26.29%).

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 2023 is 3.00% (31 December 2022: 3.00%).

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

The recoverable amount is significantly above the carrying amount of Network System integration cash generating unit. Management believes that any reasonable possible change in any of these assumptions would not result in impairment.

12. 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 in 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 2023.

	30 June 2023 *RMB'000* **(Unaudited)**	31 December 2022 *RMB'000* (Audited)
Financial asset at fair value through other comprehensive income		
Unlisted equity investment, at fair value		
CCT	**17,569**	18,368

During the six months ended 30 June 2023, 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 RMB799,000 (six months ended 30 June 2022: RMB16,912,000). The fair value loss for the six months ended 30 June 2023 was primarily attributable to (i) the fair value loss of the investment properties held by CCT; (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.*

13. TRADE AND BILLS RECEIVABLES AND CONTRACT ASSETS

	30 June 2023	31 December 2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade receivables	**211,212**	268,000
Impairment	**(15,511)**	(13,498)
Trade receivables, net	**195,701**	254,502
Bills receivable	**7,116**	5,665
Contract assets	**90,832**	57,971
Trade and bills receivables and contract assets	**293,649**	318,138

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 2023, except for an amount due from one (31 December 2022: one) customer exceeding 10% of the Group's total trade and bills receivables, the remaining balances of the trade and bills 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 2023. Trade receivables were interest-free and unsecured as at 30 June 2023.

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:

	30 June 2023	31 December 2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 3 months	**203,520**	202,667
3 to 6 months	**52,613**	48,410
6 to 12 months	**30,400**	49,203
1 to 2 years	**–**	12,193
	286,533	312,473

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

	30 June 2023	31 December 2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
At beginning of the period/year	**13,498**	9,156
Provision for impairment losses, net	**1,616**	5,025
Amounts written off as uncollectible	**–**	(647)
Exchange realignment	**397**	(36)
At end of the period/year	**15,511**	13,498

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

	30 June 2023	31 December 2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 3 months	**3,861**	1,773
3 to 6 months	**1,201**	727
6 to 12 months	**2,054**	3,165
	7,116	5,665

14. DEBT INVESTMENT AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2023	31 December 2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Unlisted debt investment	**1,379**	1,270

The investment was measured at fair value through profit or loss.

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 and 9 August 2022, 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, 19 January 2022 and 8 February 2023 respectively.

During the six months ended 30 June 2023, the bond issuer failed to pay the principal and the interest due on 8 February 2023 pursuant to the fifth supplemental agreement and this constituted an event of default. During the six months ended 30 June 2023, the bond issuer repaid the accrued interest of HK$709,000 (equivalent to RMB626,000).

A fair value gain of RMB673,000 was recognised for changes in fair value of debt investment at fair value through profit or loss in "Other income and gains" in the interim condensed consolidated statement of profit or loss for the six months ended 30 June 2023 (six months ended 30 June 2022: a fair value loss of RMB654,000 in "Other losses").

15. EQUITY INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2023 *RMB'000* **(Unaudited)**	31 December 2022 *RMB'000* (Audited)
Listed equity investments, at fair value	**7,582**	13,452

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 2023, equity investments at fair value through profit or loss represents an investment portfolio comprising twelve (31 December 2022: thirteen) equity securities listed in Hong Kong of which ten (31 December 2022: eleven) are listed on the Main Board of the Stock Exchange and the remaining two (31 December 2022: two) are listed on GEM of the Stock Exchange.

A fair value loss of RMB2,445,000 was recognised for changes in fair value of equity investments at fair value through profit or loss in "Other losses" in the interim condensed consolidated statement of profit or loss for the six months ended 30 June 2023 (six months ended 30 June 2022: a fair value gain of RMB4,298,000 in "Other income and gains").

The fair values of equity investments as at 30 June 2023 have been determined by reference to the quoted market prices available on the Stock Exchange.

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:

	30 June 2023 *RMB'000* **(Unaudited)**	31 December 2022 *RMB'000* (Audited)
Within 3 months	**119,507**	152,501
3 to 12 months	**53,293**	30,957
1 to 2 years	**11,732**	10,107
Over 2 years	**12,775**	21,665
	197,307	215,230

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

17. ACQUISITION OF SINO PROFIT TRADING LIMITED

On 8 June 2023, a wholly-owned subsidiary of the Company completed an acquisition of the entire equity interest in Sino Profit Trading Limited ("Sino Profit") at a consideration of HK$87,900,000 (equivalent to RMB81,360,000) from Delta Wealth Credit Limited (the "Vendor"). The Vendor is indirectly wholly and beneficially owned by Ms. Tin Yat Yu Carol who also being the executive director and substantial shareholder of the Company.

Sino Profit is a private company limited by shares duly incorporated in British Virgin Islands and is also a registered non-Hong Kong Company under the Companies Ordinance. Sino Profit is principally engaged in property investment, which is the legal and beneficial owner of the office premises located at units 707 & 708 on 7th floor, Capital Centre, No. 151 Gloucester Road, Wan Chai, Hong Kong (the "Office Premises").

A business combination requires that the assets acquired and liabilities assumed constitute a business. If the assets acquired are not a business, the Group shall account for the transaction or other event as an asset acquisition. The Group may elect to apply, or not apply, the concentration test to assess whether an acquired set of activities and assets is not a business. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

The Group elected to apply the optional concentration test in accordance with IFRS 3 Business Combinations and concluded that:

(a) The land and building components of each the office unit, together with the in-place leases, are considered a single identifiable asset; and

(b) The Office Premises is a group of similar identifiable assets because the assets are similar in nature and risks associated with managing and creating outputs are not significantly different.

The Group determined that substantially all of the fair value of the gross assets (excluding cash and cash equivalents) acquired is concentrated in a group of similar identifiable assets and concluded that the acquired set of activities and assets is not a business.

Assets and liabilities recognised at the date of acquisition

	RMB'000
Investment properties	**80,291**
Other receivables	**1,626**
Cash and cash equivalents	**145**
Other payables	**(565)**
Tax payable	**(137)**
	81,360

Net cash outflows arising on acquisition of Sino Profit

	RMB'000
Total consideration	**81,360**
Less: Deposit paid in 2022	**(16,272)**
Less: Promissory note payable	**(38,683)**
Less: Cash and cash equivalents acquired	**(145)**
	26,260

18. EVENT AFTER THE REPORTING PERIOD

On 10 April 2023 and 13 April 2023, Wafer System (Asia) Limited ("Wafer", an indirect wholly-owned subsidiary of the Company), iMusic iDol Limited (the "JV Partner"), and Delta Wealth Finance Limited ("Delta") entered into a settlement agreement and a supplemental agreement (collectively the "Settlement Agreements") respectively in relation to the settlement arrangement. Details of the Settlement Agreements are set out in the announcement of the Company dated 13 April 2023.

A deed of novation dated 10 May 2023 was entered into among the Government of the Hong Kong Special Administrative Region (the "HK Government"), Wafer and the JV Partner, pursuant to which Wafer and the JV Partner agreed to novate all of their rights, title and interests in, and all of their liabilities and obligations, under the contract regarding the provision of a smart library system for the Leisure and Cultural Services Department of HK Government (the "Library Project") to Wafer (the "Novation"), and Wafer accepts the Novation and undertakes to assume, observe, perform, discharge and be bound by each and all of the liabilities and obligations of Wafer and the JV Partner under the Library Project.

Subsequent to the end of the reporting period, on 1 August 2023, a letter of confirmation was signed by Wafer, the JV Partner and Delta, confirming that all of their respective undertakings under the Settlement Agreements have been fulfilled and duly performed. On the same date, a deed of assignment was entered into between the JV Partner (as assignor) and Wafer (as assignee), pursuant to which the JV Partner has agreed to transfer and assign, and Wafer has agreed to accept the transfer and assignment of all of the rights, title, ownership and interests held by the JV Partner under Wafer iMusic Joint Venture (the "Joint Venture", a contractual unincorporated joint venture with its beneficial interest owned as to 70% by Wafer and 30% by the JV Partner) (the "Assignment"). Upon completion of the Assignment on 1 August 2023, the Joint Venture became indirectly wholly-owned by the Company.

FINANCIAL REVIEW

Revenue and cost of sales

Revenue of the Group for the Period was approximately RMB261.6 million (six months ended 30 June 2022: approximately RMB197.1 million), representing an increase of approximately RMB64.5 million, or approximately 32.7% as compared with that of the corresponding period in 2022. The increase in revenue was primarily attributable to the increase in revenue generated from the provision of smart office software solutions and the contribution from Library Project for the Period.

The cost of sales of the Group increased by approximately RMB58.2 million, or approximately 34.2% to approximately RMB228.3 million for the Period (six months ended 30 June 2022: approximately RMB170.1 million). The increase in cost of sales was in line with the increase in revenue of the Group.

Gross profit and gross profit margin

The Group achieved gross profit for the Period amounted to approximately RMB33.4 million (six months ended 30 June 2022: approximately RMB27.0 million), representing an increase of approximately RMB6.4 million, or approximately 23.7% as compared with that of the corresponding period in 2022. The gross profit margin for the Period was approximately 12.7% (six months ended 30 June 2022: approximately 13.7%), representing a decrease of approximately 1.0% as compared with that of the corresponding period in 2022.

Other income and gains

The Group recorded other income and gains of approximately RMB1.8 million for the Period (six months ended 30 June 2022: approximately RMB5.2 million), mainly consisted of (i) fair value gain on debt investment at fair value through profit or loss of approximately RMB0.7 million (six months ended 30 June 2022: fair value loss of approximately RMB0.7 million recorded in other losses); and (ii) the government grants released to the Group of approximately RMB0.9 million (six months ended 30 June 2022: approximately RMB0.6 million). The decrease in other income and gains was mainly due to the absence of fair value gain on equity investments at fair value through profit or loss for the Period (six months ended 30 June 2022: approximately RMB4.3 million).

Selling and distribution expenses

The selling and distribution expenses of the Group decreased by approximately RMB0.3 million or approximately 2.3% to approximately RMB12.8 million for the Period (six months ended 30 June 2022: approximately RMB13.1 million). The selling and distribution expenses for the Period was comparable to that of the corresponding period in 2022.

Administrative expenses

The administrative expenses of the Group increased by approximately RMB4.1 million or approximately 14.5% to approximately RMB32.3 million for the Period (six months ended 30 June 2022: approximately RMB28.2 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 losses

The other losses for the Period represented fair value loss on equity investments at fair value through profit or loss of approximately RMB2.4 million, while the amount for the six months ended 30 June 2022 represented fair value loss on debt investment at fair value through profit or loss of approximately RMB0.7 million.

Finance costs

The finance costs of the Group increased by approximately RMB3.4 million to approximately RMB4.7 million for the Period (six months ended 30 June 2022: approximately RMB1.3 million) as the new bank borrowings for the Period increased the finance costs.

Income tax

The income tax of the Group comprised provision of income tax expense and deferred tax.

The Group's current income tax expense of approximately RMB2.1 million (six months ended 30 June 2022: approximately RMB2.1 million) for the Period was derived by the assessable profit of the Group's subsidiary in China during the Period.

The Group recorded tax credit for the Period of approximately RMB0.6 million (six months ended 30 June 2022: approximately RMB0.6 million), primarily due to the recognition of the deferred tax credit of approximately RMB1.5 million (six months ended 30 June 2022: approximately RMB1.5 million) arising from the amortisation of other intangible assets, which offset the impact of the provision of income tax expense mentioned above.

Loss for the Period

The Group recorded a loss for the Period of approximately RMB19.3 million for the Period (six months ended 30 June 2022: approximately RMB14.1 million). The increase in loss was mainly attributable to the absence of fair value gain on equity investments at fair value through profit or loss and the increase in finance cost for the Period.

Liquidity and financial resources

As at 30 June 2023, 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 19.6% (31 December 2022: approximately 12.7%). The increase in gearing ratio of the Group was mainly due to the increase in bank borrowings for financing the Group's operations during the Period.

As at 30 June 2023, the total interest-bearing bank and other borrowings of the Group amounted to approximately RMB129.4 million (31 December 2022: approximately RMB69.9 million), among which approximately RMB81.9 million (31 December 2022: approximately RMB50.6 million) was unsecured and guaranteed by a director of the Company and approximately RMB20.7 million (31 December 2022: approximately RMB3.1 million) was secured and guaranteed by directors of the Company. As at 30 June 2023, the interest-bearing bank and other borrowings of approximately RMB17.7 million (31 December 2022: approximately RMB19.3 million) carried at fixed interest rates and approximately RMB111.7 million (31 December 2022: approximately RMB50.6 million) carried at floating interest rates.

As at 30 June 2023, the carrying amount of convertible bond of the Group amounted to approximately RMB26.2 million (31 December 2022: approximately RMB24.6 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 2023.

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 RMB3.0 million.

The net cash used in investing activities for the Period of approximately RMB21.6 million was mainly attributable to the purchases of investment properties by way of cash.

The net cash generated from financing activities for the Period of approximately RMB41.0 million was primarily attributable to the combined effect of (i) new bank and other borrowings of approximately RMB66.4 million; (ii) repayment of bank and other borrowings of approximately RMB12.9 million; and (iii) payment of principal portion of lease payments of approximately RMB4.4 million.

Capital expenditures

The Group had capital expenditures of approximately RMB81.7 million for the Period (six months ended 30 June 2022: approximately RMB11.0 million) for additions to property, plant and equipment, investment properties and right-of-use assets.

Capital commitments

As at 30 June 2023, the Group had outstanding capital commitment of approximately RMB7.4 million in relation to the acquisition of the 30% interest of the Group's unincorporated joint venture.

CAPITAL STRUCTURE

As at 30 June 2023, the capital of the Company comprised ordinary shares only.

INVESTMENT IN LISTED EQUITY INVESTMENTS

During the Period, the Group recorded fair value loss on equity investments at fair value through profit or loss of approximately RMB2.4 million (six months ended 30 June 2022: fair value gain of approximately RMB4.3 million), which was related to the fair value loss from the Group's investment in listed securities. As at 30 June 2023, the Group's equity investments at fair value through profit or loss consisted of 12 listed equity investments (31 December 2022: 13), all of them were shares listed on the Stock Exchange.

As at 30 June 2023, 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 2023 was approximately RMB17.6 million which accounted for approximately 2.2% of the Company's total asset as at 30 June 2023.

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 approximately RMB799,000 (30 June 2022: approximately RMB16,912,000). The fair value loss for the Period was mainly attributable to (i) the fair value loss of the investment properties held by CCT; (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.*

MATERIAL ACQUISITION

Acquisition of entire equity interest in Sino Profit Trading Limited ("Sino Profit") and sale of the loans (the "Sale Loan") advanced by Ms. Tin Yat Yu Carol ("Ms. Tin")

On 18 October 2022, a wholly-owned subsidiary of the Company (the "Purchaser"), Delta Wealth Credit Limited (the "Vendor"), Ms. Tin and Sino Profit (collectively known as the "Parties") entered into the sale and purchase agreement (the "Agreement"), pursuant to which the Purchaser has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell the entire equity interest of Sino Profit, together with the Sale Loan, at the total consideration of HK$87,900,000 (subject to downward adjustment) (the "Acquisition"). Sino Profit is principally engaged in holding investment properties located in Hong Kong.

The Acquisition constitutes a connected transaction of the Company. As at the date of the Agreement (i.e. 18 October 2022), Sino Profit is wholly-owned by the Vendor, which in turn is indirectly wholly and beneficially owned by Ms. Tin (an executive Director), therefore the Vendor and Ms. Tin are connected persons of the Company under Chapter 14A of the Listing Rules. Accordingly, the Agreement and the transactions contemplated thereunder are subject to the reporting, announcement, circular and independent shareholders' approval requirements under the Listing Rules.

Upon the completion of the Acquisition on 8 June 2023, Sino Profit became an indirect wholly-owned subsidiary of the Company. Details of the Acquisition are set out in the announcements of the Company dated 18 October 2022, 13 December 2022, 14 March 2023, 28 April 2023 and 8 June 2023, and the circular of the Company dated 25 November 2022.

EMPLOYEES

As at 30 June 2023, the total number of employees of the Group was 324 (31 December 2022: 306). The breakdown of employees of the Group as at 30 June 2023 and 31 December 2022 is as follows:

	As at 30 June 2023	As at 31 December 2022
Manufacturing and technical engineering	**125**	112
Sales and marketing	**60**	63
General and administration	**57**	51
Research and development	**82**	80
Total	**324**	306

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

EVENT AFTER THE END OF THE REPORTING PERIOD

Save as disclosed in note 18 to this announcement in relation to the acquisition of 30% interest in the Group's unincorporated joint venture, the Group has no other significant event taken place subsequent to 30 June 2023 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 2023.

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 2023 except for the following deviations:

Code provision A.2.1 of the CG Code states that the roles of chairman and chief executive officer ("CEO") should be separate and should not be performed by the same individual. Being aware of the said deviation from code provision A.2.1, 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 by identifying and appointing a suitable and qualified candidate to the position of the CEO in future.

Code provision A.6.7 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 31 May 2023 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 2023 and up to the date of this announcement, the Audit Committee consists of three independent non-executive Directors, being Mr. David Tsoi, Mr. Hon Ming Sang 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 2023 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 2023.

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 2023.

INTERIM DIVIDEND

The Directors do not recommend the payment of any interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

REVIEW OF INTERIM CONSOLIDATED RESULTS

The interim consolidated results of the Group for the six months ended 30 June 2023 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 2023, 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 2023.

PUBLICATION OF INTERIM REPORT

The interim report of the Company for the six months ended 30 June 2023 containing all the applicable information required by the Listing Rules will be published on the websites of the Stock Exchange (www.hkexnews.hk) and of the Company (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 2023

As at the date of this announcement, the executive Directors are Mr. Chan Sek Keung, Ringo (Chairman and Chief Executive Officer), Ms. Tin Yat Yu, Carol, Ms. Wang Fang and Mr. Lu Chengye, the non-executive Directors are Mr. Wong Tsu Wai, Derek and Ms. Chung, Elizabeth Ching Yee and the independent non-executive Directors are Mr. David Tsoi, Mr. Hon Ming Sang and Mr. Yuen Shiu Wai.