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## **Vixtel Technologies Holdings Limited**

**飛思達科技控股有限公司**

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

**(Stock Code: 1782)**

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

#### **FINANCIAL HIGHLIGHTS**

During the year ended 31 December 2021, the operations and business of the Group have recorded the following changes when compared with those for the year ended 31 December 2020.

- Revenue for the year ended 31 December 2021 amounted to approximately RMB99,120,000, representing an increase of approximately 22.4% from approximately RMB80,999,000 for the year ended 31 December 2020.
- Profit attributable to owners of the Company for the year ended 31 December 2021 amounted to approximately RMB3,643,000, representing an increase of approximately 230.0% from the profit attributable to owners of the Company for the year ended 31 December 2020 of approximately RMB1,104,000.
- Basic earnings per share for the year ended 31 December 2021 was approximately RMB0.73 cents (for the year ended 31 December 2020: basic earnings per share was approximately RMB0.22 cents).
- The Board does not recommend the payment of a final dividend for the year ended 31 December 2021 (final dividend for the year ended 31 December 2020: nil).

The board (the “Board”) of directors (the “**Directors**”) of Vixtel Technologies Holdings Limited (the “**Company**”) announced the consolidated financial results of the Company and its subsidiaries (collectively, the “**Group**” or “**We**”) for the year ended 31 December 2021 (the “**Reporting Period**”) together with the audited comparative figures for the year ended 31 December 2020 as follow:

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

Year ended 31 December 2021

	<i>Notes</i>	<b>2021</b> <i>RMB'000</i>	2020 <i>RMB'000</i>
<b>REVENUE</b>	4	<b>99,120</b>	80,999
Cost of sales		<u>(44,309)</u>	<u>(37,409)</u>
Gross profit		<b>54,811</b>	43,590
Other income and gains	4	<b>5,368</b>	5,148
Selling and distribution expenses		<b>(15,069)</b>	(9,435)
Research and development costs	5	<b>(23,974)</b>	(21,681)
Administrative expenses		<b>(16,822)</b>	(15,192)
Impairment losses on financial and contract assets, net	5	<b>(657)</b>	(55)
Other expenses		<b>(199)</b>	(973)
Finance costs	6	<b>(474)</b>	(291)
<b>PROFIT BEFORE TAX</b>	5	<b>2,984</b>	1,111
Income tax expense	8	<b>497</b>	(12)
<b>PROFIT FOR THE YEAR</b>		<b><u>3,481</u></b>	<b><u>1,099</u></b>
<b>OTHER COMPREHENSIVE INCOME</b>		–	–
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b><u>3,481</u></b>	<b><u>1,099</u></b>
Attributable to:			
Owners of the parent		<b>3,643</b>	1,104
Non-controlling interest		<b>(162)</b>	(5)
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>	10		
Basic			
– For profit for the year		<b><u>RMB0.73 cents</u></b>	<b><u>RMB0.22 cents</u></b>
Diluted			
– For profit for the year		<b><u>RMB0.73 cents</u></b>	<b><u>N/A</u></b>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

31 December 2021

	<i>Notes</i>	<b>2021</b> <b>RMB'000</b>	<b>2020</b> <b>RMB'000</b>
<b>NON-CURRENT ASSETS</b>			
Property and equipment		<b>552</b>	431
Right-of-use assets		<b>1,864</b>	2,439
Other intangible assets		<b>14,626</b>	12,800
Contract assets	<i>12</i>	<b>3,036</b>	2,108
Long term deposit		<b>276</b>	–
		<hr/>	<hr/>
Total non-current assets		<b>20,354</b>	17,778
<b>CURRENT ASSETS</b>			
Inventories		<b>3,384</b>	1,353
Trade and bills receivables	<i>11</i>	<b>25,593</b>	16,142
Contract assets	<i>12</i>	<b>92,374</b>	89,661
Prepayments, other receivables and other assets		<b>8,436</b>	3,755
Pledged deposits		<b>6,100</b>	7,000
Cash and cash equivalents		<b>64,061</b>	85,912
		<hr/>	<hr/>
Total current assets		<b>199,948</b>	203,823
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	<i>13</i>	<b>2,111</b>	5,257
Other payables and accruals		<b>20,173</b>	19,889
Interest-bearing bank borrowings		<b>10,000</b>	10,000
Lease liabilities		<b>1,718</b>	1,886
Tax payable		<b>396</b>	1,052
		<hr/>	<hr/>
Total current liabilities		<b>34,398</b>	38,084
<b>NET CURRENT ASSETS</b>			
		<b>165,550</b>	165,739
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		<b>185,904</b>	183,517

	<i>Notes</i>	<b>2021</b> <b><i>RMB'000</i></b>	2020 <i>RMB'000</i>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities		<b>2,058</b>	2,314
Other payables and accruals		<b>119</b>	
Lease liabilities		<b>72</b>	528
		<hr/>	<hr/>
Total non-current liabilities		<b>2,249</b>	2,842
		<hr/>	<hr/>
Net assets		<b>183,655</b>	180,675
		<hr/> <hr/>	<hr/> <hr/>
<b>EQUITY</b>			
Share capital		<b>4,514</b>	4,514
Treasury shares		<b>(2,509)</b>	–
Reserves		<b>179,853</b>	175,113
		<hr/>	<hr/>
		<b>181,858</b>	179,627
		<hr/>	<hr/>
Non-controlling interests		<b>1,797</b>	1,048
		<hr/>	<hr/>
Total equity		<b>183,655</b>	180,675
		<hr/> <hr/>	<hr/> <hr/>

## **1. CORPORATE INFORMATION**

Vixtel Technologies Holdings Limited (the “Company”) was incorporated in the Cayman Islands on 10 November 2015 as an exempted company with limited liability under the Companies Law (2013 Revision) of the Cayman Islands. The address of the registered office of the Company is Windward 3, Regatta Office Park PO Box 1350, Grand Cayman KY1-1108 Cayman Islands. The shares of the Company were listed on GEM of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 15 December 2016.

The Company has successfully transferred listing from GEM to the Main Board of the Stock Exchange on 29 November 2018 (the “Listing Date”).

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the “Group”) are principally engaged in providing application performance management (“APM”) solution in the People’s Republic of China (the “PRC” or “China”). There has been no significant change in the Group’s principal activity during the year.

### **2.1 BASIS OF PRESENTATION**

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. These financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand except when otherwise indicated.

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	<i>Interest Rate Benchmark Reform – Phase 2</i>
Amendment to HKFRS 16	<i>Covid-19-Related Rent Concessions beyond 30 June 2021(early adopted)</i>

The nature and the impact of the revised HKFRSs are described below:

- (a) Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 are not relevant to the preparation of the Group's financial statements.
- (b) Amendment to HKFRS 16 issued in April 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted.

The Group has early adopted the amendment on 1 January 2021. However, the Group has not received Covid-19-Related Rent Concessions and plans to apply the practical expedient when it becomes applicable within the allowed period of application.

### 3. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the provision of APM solutions in Mainland China.

Under HKFRS 8 *Operating Segments*, it is required that operating segments be identified on the basis of internal reporting about components of the Group that are regularly reviewed by the chief operating decision-maker in order to allocate resources to segments and to assess their performance. The information reported to the directors of the Company, who are the chief operating decision-makers, for the purpose of resource allocation and assessment of performance does not contain discrete operating segment financial information and the directors reviewed the financial results of the Group as a whole. Therefore, no further information about the operating segment is presented.

#### Geographical information

##### (a) Revenue from external customers

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Mainland China	96,884	80,269
Taiwan	1,291	–
Hong Kong	945	730
	<u>99,120</u>	<u>80,999</u>

The revenue information above is based on the locations of the customers.

##### (b) Non-current assets

During the year, all non-current assets/capital expenditure of the Group were located/incurred in the PRC.

#### Information about major customers

Revenue of approximately RMB75,836,000 (2020: RMB66,130,000) was derived from sales to a single state-owned telecommunication operator group, including sales to a group of entities which are known to be under common control with that group.

### 4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
<i>Revenue from contracts with customers</i>		
Integrated APM system solutions	47,275	36,563
Software development services	28,084	19,422
Technical services	16,271	19,107
Sales of embedded hardware and standard APM software	7,490	5,907
	<u>99,120</u>	<u>80,999</u>

## Revenue from contracts with customers

### (a) *Disaggregated revenue information*

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
<b>Types of customers</b>		
State-owned telecommunication operator groups	85,631	67,207
Other customers	<u>13,489</u>	<u>13,792</u>
Total revenue from contracts with customers	<u><u>99,120</u></u>	<u><u>80,999</u></u>
	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
<b>Timing of revenue recognition</b>		
Goods transferred at a point in time	7,490	5,907
Services transferred over time	<u>91,630</u>	<u>75,092</u>
Total revenue from contracts with customers	<u><u>99,120</u></u>	<u><u>80,999</u></u>

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Technical services	<u><u>452</u></u>	<u><u>215</u></u>

### (b) *Performance obligations*

Information about the Group's performance obligations is summarised below:

#### *Integrated APM system solutions and software development services*

The performance obligation is satisfied over time as services are rendered and payment is generally due within 30 days to 60 days upon issuance of invoice and receipt of certain forms of acceptance. A certain percentage of payment is retained by customers until the end of the retention period.

#### *Technical services*

The performance obligation is satisfied over time as services are rendered and the credit period granted to the customers is normally due upon completion of the service. Technical service contracts are for periods of one year or less, or are billed based on the time incurred, except for one contract where payment in advance was received.

### *Sales of embedded hardware and standard APM software*

The performance obligation is satisfied upon acceptance of the hardware and software and payment is generally due within 30 to 60 days from acceptance by customers, except for new customers where payment in advance is normally required.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	<b>2021</b> <b>RMB'000</b>	2020 <i>RMB'000</i>
Amounts expected to be recognised as revenue :		
Within one year	<b>22,852</b>	25,975
After one year	<b>1,526</b>	131
	<b>24,378</b>	26,106

The amount of transaction prices allocated to remaining performance obligations which are expected to be recognised as revenue after one year relate to integrated APM system solutions, software development services and technical services, of which the performance obligations are to be satisfied within two years. All the other amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year. The amounts disclosed above do not include variable consideration which is constrained.

	<b>2021</b> <b>RMB'000</b>	2020 <i>RMB'000</i>
<b>Other income and gains</b>		
Bank interest income	<b>209</b>	70
Interest income arising from revenue contracts	<b>56</b>	17
Investment income from financial assets at fair value through profit or loss	<b>969</b>	1,074
Government grants – related to income*	<b>4,134</b>	3,987
	<b>5,368</b>	5,148

\* Government grants received from the government of the PRC mainly represent the refund of the value added tax previously paid. There are no unfulfilled conditions or contingencies relating to the grants.

## 5. PROFIT BEFORE TAX

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

	<i>Notes</i>	<b>2021</b> <b>RMB'000</b>	2020 <i>RMB'000</i>
Cost of inventories sold		<b>3,603</b>	2,868
Cost of services rendered		<b>40,706</b>	34,541
Depreciation of property and equipment		<b>327</b>	444
Depreciation of right-of-use assets		<b>1,819</b>	1,744
Amortisation of other intangible assets		<b>3,524</b>	2,381
Research and development costs:			
Deferred expenditure amortised*		<b>3,524</b>	2,340
Current year expenditure		<b>23,974</b>	21,681
		<b>27,498</b>	24,021
Lease payments not included in the measurement of lease liabilities		<b>1,697</b>	168
Auditor's remuneration		<b>1,060</b>	1,060
Employee benefit expense (excluding directors' and chief executive's remuneration):			
Wages and salaries		<b>52,431</b>	43,404
Pension scheme contributions (defined contribution scheme)**		<b>1,102</b>	328
Equity-settled share award expense		<b>3,517</b>	–
		<b>57,050</b>	43,732
Foreign exchange differences, net		<b>154</b>	930
Impairment of financial and contract assets, net:			
Impairment of trade and bills receivables, net		<b>54</b>	362
Impairment of contract assets, net		<b>603</b>	(307)
		<b>657</b>	55
Investment income from financial assets at fair value through profit or loss		<b>(969)</b>	(1,074)
Bank interest income		<b>(209)</b>	(70)

\* The amortisation of patents and licences and the amortisation of deferred development costs for the year are included in "Cost of sales" in the consolidated statement of profit or loss and other comprehensive income.

\*\* There are no forfeited contributions that may be used by the employer to reduce the existing level of contributions.

## 6. FINANCE COSTS

An analysis of finance costs from continuing operations is as follows:

	<b>2021</b> <b><i>RMB'000</i></b>	2020 <i>RMB'000</i>
Interest on bank loans	<b>363</b>	186
Interest on lease liabilities ( <i>note 14</i> )	<b>111</b>	105
	<hr/> <b>474</b> <hr/>	<hr/> 291 <hr/>

## 7. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	<b>2021</b> <b><i>RMB'000</i></b>	2020 <i>RMB'000</i>
Fees	<b>485</b>	468
Other emoluments:		
Salaries, allowances and benefits in kind	<b>3,362</b>	3,480
Pension scheme contributions	<b>176</b>	162
	<hr/> <b>3,538</b> <hr/>	<hr/> 3,642 <hr/>
	<hr/> <b>4,023</b> <hr/>	<hr/> 4,110 <hr/>

## 8. INCOME TAX

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Company Law of the Cayman Islands and is not subject to income tax.

No Hong Kong profits tax has been provided since no assessable profit arose in Hong Kong during the year.

Pursuant to the PRC Corporate Income Tax Law and the respective regulations, Vixtel Technologies Limited, Vixtel Software Limited, Depuda (Wuxi) Technologies Limited and Vixtel Yunwang Technologies Limited are subject to corporate income tax at a rate of 25% on the taxable profit. A preferential tax treatment is available to Vixtel Technologies Limited, which was recognised as a High and New Technology Enterprise in 2010 in Mainland China, and a lower corporate income tax of 15% has been applied since then. The certificate of High and New Technology Enterprise must be renewed every three years and Vixtel Technologies Limited must re-apply for it every six years. Vixtel Technologies Limited has re-applied for and obtained the certificate of High and New Technology Enterprise on 15 October 2019. A preferential tax treatment is available to Vixtel Yunwang Technologies Limited, which was recognised as a software enterprise in 2021 in Mainland China, that it can be exempted from the income taxation in the first year and the second year; it should only pay half of the income taxation from the third year to the fifth year.

	<b>2021</b> <b><i>RMB'000</i></b>	2020 <i>RMB'000</i>
Current – Mainland China	<b>(341)</b>	412
Deferred ( <i>note 24</i> )	<b>(156)</b>	(400)
	<hr/>	<hr/>
Total tax (credit)/charge for the year	<b>(497)</b>	12
	<hr/> <hr/>	<hr/> <hr/>

## 9. DIVIDENDS

No dividends had been paid or declared by the Group during the year (2020: nil).

## 10. EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount for the year is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares in issue (excluding shares reserved for the share award scheme) during the year.

The Group had no potentially diluted ordinary shares in issue in 2020. In 2021, the calculation of the diluted earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculation of basic earnings per share is based on:

	<b>2021</b> <i>RMB'000</i>	2020 <i>RMB'000</i>
<b>Earnings</b>		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculations	<u><b>3,643</b></u>	<u>1,104</u>
	<b>Number of shares</b>	
	<b>2021</b>	2020
<b>Shares</b>		
Weighted average number of ordinary shares in issue less shares held for the share award scheme during the year used in the basic earnings per share calculation	<b>500,986,000</b>	508,000,000
Effect of dilution – weighted average number of shares held for the share award scheme	<u><b>231,154</b></u>	<u>–</u>
	<u><b>501,217,154</b></u>	<u>508,000,000</u>

## 11. TRADE AND BILLS RECEIVABLES

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Trade receivables	25,300	16,584
Bills receivable	789	–
	<u>26,089</u>	<u>16,584</u>
Impairment	<u>(496)</u>	<u>(442)</u>
Trade and bills receivables	<u>25,593</u>	<u>16,142</u>

Trade receivables represented the outstanding contracted values for integrated APM system solutions, software development services, technical services and sales of embedded hardware and standard APM software receivable from the customers.

The Group's trading terms with its customers are mainly on credit. For integrated APM system solutions and software development services, the credit period granted to the customers is normally 30 to 60 days upon issuance of invoice and receipt of certain forms of acceptance from its customers during the course of contracts. The forms of acceptance evidence the satisfaction from the customers of the progress of completion. For sales of embedded hardware and standard APM software, the credit period granted to the customers is normally 30 to 60 days when the goods were accepted by the customers, except for new customers, where payment in advance is normally required. For technical services, the credit period granted to the customers is normally due upon completion of the service, except for one contract where payment in advance is received.

The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a number of the largest state-owned telecommunication operators in the PRC and a large number of their independently-operated provincial subsidiaries, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the billing date and net of loss allowance, is as follows:

	<b>2021</b> <i>RMB'000</i>	2020 <i>RMB'000</i>
Within 90 days	<b>14,334</b>	8,491
91 to 180 days	<b>2,978</b>	5,121
181 days to 1 year	<b>5,440</b>	963
Over 1 year	<b>2,841</b>	1,567
	<b>25,593</b>	16,142

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

	<b>2021</b> <i>RMB'000</i>	2020 <i>RMB'000</i>
At beginning of year	<b>442</b>	80
Impairment losses, net ( <i>note 6</i> )	<b>54</b>	362
At the end of year	<b>496</b>	442

An impairment analysis is performed at each reporting date using a loss rate approach to measure expected credit losses. The loss rates are based on groupings of various customer segments with similar loss patterns (i.e., customer type and rating). The Group develops loss-rate statistics on the basis of the amount expected to be written off over the life of the financial assets by reference to the credit rating of the customers, and also adjusted these loss trends for current conditions and expectations about the future. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of future recovery.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a loss rate approach:

	Trade receivables arising from state-owned telecommunications operator groups	Trade receivables arising from other customers	Default receivables	Total
<b>As at 31 December 2021</b>				
Expected credit loss rate	0.10%	0.99%	100.00%	
Gross carrying amount ( <i>RMB'000</i> )	19,097	6,581	411	26,089
Expected credit losses ( <i>RMB'000</i> )	19	66	411	496
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	Trade receivables arising from state-owned telecommunications operator groups	Trade receivables arising from other customers	Default receivables	Total
<b>As at 31 December 2020</b>				
Expected credit loss rate	0.06%	0.97%	100.00%	
Gross carrying amount ( <i>RMB'000</i> )	13,790	2,383	411	16,584
Expected credit losses ( <i>RMB'000</i> )	8	23	411	442
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

## 12. CONTRACT ASSETS

	31 December 2021 <i>RMB'000</i>	31 December 2020 <i>RMB'000</i>	1 January 2020 <i>RMB'000</i>
Contract assets arising from:			
Integrated APM system solutions	64,144	64,054	69,635
Software development services	32,416	22,521	19,532
Sales of embedded hardware and standard APM software	522	4,848	4,616
Technical services	–	1,415	62
	<u>          </u>	<u>          </u>	<u>          </u>
Total contract assets	97,082	92,838	93,845
	<u>          </u>	<u>          </u>	<u>          </u>
Impairment	(1,672)	(1,069)	(1,376)
	<u>          </u>	<u>          </u>	<u>          </u>
	95,410	91,769	92,469
	<u>          </u>	<u>          </u>	<u>          </u>
Analysed into:			
Current portion	92,374	89,661	90,510
Non-current portion	3,036	2,108	1,959
	<u>          </u>	<u>          </u>	<u>          </u>

Contract assets are initially recognised for revenue earned from integrated APM system solutions and software development services as the receipt of consideration is conditional on the successful acceptance by the customers. Upon completion of the contracts and acceptance by the customers, the amounts recognised as contract assets are reclassified to trade receivables. The increase in contract assets in 2021 was the result of the increase in integrated APM system solutions and software development services at the end of the year. During the year ended 31 December 2021, RMB603,000 was recognised as an allowance for expected credit losses on contract assets, as RMB307,000 was reversed at the year ended 31 December 2020. The Group's trading terms and credit policy with customers are disclosed in note 17 to the financial statements.

The expected timing of recovery or settlement for contract assets as at 31 December is as follows:

	<b>2021</b> <b>RMB'000</b>	2020 <i>RMB'000</i>
Within one year	<b>92,374</b>	89,661
After one year	<b>3,036</b>	2,108
Total contract assets	<b>95,410</b>	91,769

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

	<b>2021</b> <b>RMB'000</b>	2020 <i>RMB'000</i>
At beginning of year	<b>1,069</b>	1,376
Impairment losses, net ( <i>note 6</i> )	<b>603</b>	(307)
At the end of year	<b>1,672</b>	1,069

An impairment analysis is performed at each reporting date using a loss rate approach to measure expected credit losses. The loss rates for the measurement of the expected credit losses for the contract assets are based on those of the trade receivables as the contract assets and the trade receivables are from the same customer bases, and groupings of various customer segments with similar loss patterns (i.e., customer type and rating). These loss trends determined by referencing to credit rating data are then adjusted for current conditions and expectations about the future. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's contract assets using a loss rate approach:

	2021			
	Contract assets arising from state-owned telecommunications operator groups	Contract assets arising from other customers	Default receivable	Total
Expected credit loss rate	1.0%	1.92%	100.00%	
Gross carrying amount ( <i>RMB'000</i> )	84,112	12,377	593	97,082
Expected credit losses ( <i>RMB'000</i> )	<u>841</u>	<u>238</u>	<u>593</u>	<u>1,672</u>
	2020			
	Contract assets arising from state-owned telecommunications operator groups	Contract assets arising from other customers	Default receivable	Total
Expected credit loss rate	0.3%	1.63%	100.00%	
Gross carrying amount ( <i>RMB'000</i> )	77,273	14,972	593	92,838
Expected credit losses ( <i>RMB'000</i> )	<u>232</u>	<u>244</u>	<u>593</u>	<u>1,069</u>

### 13. TRADE AND BILLS PAYABLES

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Trade and bills payables	1,511	5,257
Bills payable	(a) <u>600</u>	<u>–</u>
	<u>2,111</u>	<u>5,257</u>

(a) The Group's bills payable is secured by the pledge of certain of the Group's time deposit amounting to RMB600,000 (2020: nil).

An ageing analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	<b>2021</b>	2020
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Within 90 days	<b>1,128</b>	4,078
91 to 180 days	<b>497</b>	443
181 days to 1 year	<b>177</b>	301
Over 1 year	<b>309</b>	435
	<b>2,111</b>	5,257

The trade and bills payables are non-interest-bearing and are normally settled on 180-day terms.

## **BUSINESS REVIEW AND OUTLOOK**

Looking back on 2021, the impact of COVID-19 pandemic on the Chinese economy and society will continue. Digital economy achieved rapid growth in the adverse environment. The popularization of operators' services, especially 5G services, across the industries, posed strong and diverse demands for application performance management (APM). During the Reporting Period, the Group's business faced both challenges and opportunities. The digital home APM field kept abreast of technological advancement and developed steadily. We were poised to forge ahead with 5G+ application performance management field. We successfully developed product lines, such as intelligent 5G network operation and management, 5G messaging platform, 5G+ video and intelligent digital platform, and actively tapped into the relevant markets. The Group achieved business performance marked by steady growth, representing the Group's success in realising the Group's business upgrade and transformation strategy, and secured the corresponding benefits preliminarily.

In the field of digital home, the Group continued to promote the video-centric performance management system covering all home attributes and devices. The central digital home performance management platform enables the multi-screen application performance management of TVs, mobile phones, PADs and PCs and it now serves a total of over 100 million households, thus further enhancing the user experience of digital home in the gigabit era. During the Reporting Period, the video-centric digital home performance management platform, together with the expansion of operators' gigabit broadband and high-definition video services, played a cardinal role in guaranteeing a number of major national events, and continuously improved the experience and satisfaction of household users. While providing products and services to household customers of several provincial branches of China Mobile, it also expanded the business to more than ten provincial branches of China Telecom and China Unicom. The product business in digital home field maintained a steady upward trend.

As the field expanded and satisfactory outcomes were achieved, 5G business has enabled the Group to become part of the operator ecological chain, thereby participating in the transformation of government affairs, enterprise informatization and digital intelligence. 5G+ video products have pioneered the organic combination of the Group's superior video technology and the trend of the 5G era, providing a strong performance guarantee for the new media technology in 5G business and consolidating the Group's leading position in video user experience management. We expanded our products and markets, such as intelligent 5G network operation and management, 5G messaging platform, and intelligent digital platform in an innovative way, and developed application performance management based on 5G vertical industries, intelligent 5G network operation and management, which enabled the conversion of 5G to B private network products to empower vertical industries. This business began to take shape in 2021 and has taken root in many key industries such as the education, metallurgical, shipping, and mining industries. In 2021, the Group delivered the first provincial-level 5G messaging platform, creating huge business potential for the Group to enter the industry value chain of 5G messaging, provide innovative services, and build a 5G messaging ecosystem. In 2021, we fully participated in the new infrastructure of operators' intelligent platform, and successfully completed the delivery of the Group's first provincial-level operator intelligent platform project, started the comprehensive intelligent, agile and low-code transformation of the Group's products, and integrated into the new ecology of coexisting operator's intelligent platforms. During the Reporting Period, we have built a robust product base and developed a solid market foundation in 5G business field.

## **OUTLOOK**

Looking forward to 2022, the Group will build on its past achievements and press ahead to consolidate business in digital home field and make every effort to expand our business into the 5G field.

As the operators in the digital home business field have shifted its focus from large-scale operation to intelligent operation and quality operation, a large number of smart home products have been put into commercial use. The Group will continue to invest in research and development of and market expansion of video-centric digital home experience and security products, and strengthen its efforts in application performance technology innovation and product research and development including cloud VR, cloud gaming, pan-screen TV, multi-screen interaction, whole house intelligence, whole house smart connect, home security and remote education, to maintain our leading position in technological advancement as well as market share and provide more business revenue growth points.

In 2022, on the premise that both products and markets in the 5G field have achieved breakthroughs, the Group will, based on 5G intelligent operation platform, 5G messaging platform and other products, focusing on intelligent operation and maintenance and SLA guarantee in 5G vertical industries, continue to make persistent efforts to deeply cultivate digital security capabilities in 5G+ pan-video, industrial Internet, Internet of Things (IoT), telemedicine, autonomous driving, intelligent security, etc., empower the Company's full range of product lines with intelligent digital platform, integrate into the new ecology of coexisting operator's intelligent platforms, and increase product flexibility and AI capabilities to support various market demands. The business is expected to develop rapidly.

In 2022, both the Beijing Winter Olympics and the Hangzhou Asian Games were held in China. Technologies such as 8K, ultra-low-latency live broadcast, and holographic AR will be put into use on a large scale. As forward-looking and leading technologies rely on strong performance guarantees, based on years of experience of video performance management technology and rich technical reserves in 5G, IoT, artificial intelligence, blockchain and intelligent business platform, etc., the Group will forge ahead to conduct in-depth research on intelligent application performance management of cutting-edge technologies and on intelligent application of the Group's products in scenarios such as large-scale sports games and major national events to ensure technological leadership and innovation, safeguard existing business revenue and expand business in pan-video industry.

We will actively participate in the ecosystem construction with operators and industry partners, and closely follow China's new infrastructure and "East Data Computing in West" (東數西算) strategies in the directions of promoting business digital transformation and enhancing digital security capabilities, and closely follow up the corresponding application performance management requirements and smart operation and maintenance (Artificial Intelligence for IT Operations) requirements of telecommunication operators' self-intellectual network, and continue related product and service expansion.

## **FINANCIAL REVIEW**

### **Revenue**

The Group's revenue for the year ended 31 December 2021 amounted to approximately RMB99.1 million, representing an increase of approximately RMB18.1 million or 22.3% as compared with that for the year ended 31 December 2020 (2020: approximately RMB81.0 million). The increase was mainly attributable to the combined effect of: (i) the increase in revenue generated from provision of integrated APM system solutions of approximately RMB10.7 million; (ii) the increase in revenue generated from provision of software development services of approximately RMB8.6 million; (iii) the decrease in revenue generated from provision of technical services of approximately RMB2.8 million; and (iv) the increase in revenue generated from sales of embedded hardware and standard APM software of approximately RMB1.6 million.

The following analysis sets forth a breakdown of the Group's revenue by service type for the years ended 31 December 2020 and 2021 respectively:

### **Integrated APM system solutions**

This segment provides integrated APM system solutions by tailor-making our APM products to allow our customers to better manage and monitor their applications and networks. The Group has recorded an increment in the revenue generated from integrated APM system solutions of approximately 29.2% from approximately RMB36.6 million for the year ended 31 December 2020 to approximately RMB47.3 million for the year ended 31 December 2021. The increase was mainly due to projects that were delayed attributable to the pandemic in 2020 are now being resumed gradually in 2021, and at the same time we have expanded the scope of our customer projects to cover performance analysis of more new networks applications.

The demands for integrated APM system solutions are mainly from: (i) various new mobile applications in the market, such as video applications, instant messaging applications, games applications and e-Bank applications etc.; (ii) relocation from traditional applications like websites, email system, enterprise resources planning and customer relation management system etc. to newly-built cloud platform; and (iii) the digital experience management brought by the rapid increase in the number of IoT household users equipped with smart home applications and internet TV/video applications. Those new web applications, newly-built cloud platform and the home application of the IoT require the customers to have stable network with excellent performance to realize its commercial purposes.

### **Software development services**

The Group's software development services typically involve developing customized supporting software for upgrade and expansion of the APM products which are already integrated with our customers' systems and networks. Our revenue derived from the provision of software development services has increased by approximately 44.8% from approximately RMB19.4 million for the year ended 31 December 2020 to approximately RMB28.1 million for the year ended 31 December 2021. Such increase was mainly due to the fact that the APM system customer base which had expanded over the past few years needed more customized software development services for upgrading and expanding their existing APM systems to cover various new applications (such as mobile phone application, household IoT application, internet TV/video application), and due to the expansion of user group.

### **Technical services**

This segment provides operational support, system maintenance, network analysis and optimization of full-chain of internet application and research study of specific topics on application and network performance. Our revenue derived from the provision of technical services has decreased by approximately 14.7% from approximately RMB19.1 million for the year ended 31 December 2020 to approximately RMB16.3 million for the year ended 31 December 2021.

### **Sales of embedded hardware and standard APM software**

We have from time to time sold embedded hardware and standard APM software to customers who do not require tailor-making services. Our revenue generated from the sales of embedded hardware and standard APM software has increased by approximately 27.1% from approximately RMB5.9 million for the year ended 31 December 2020 to approximately RMB7.5 million for the year ended 31 December 2021. Such increase was primarily due to the fact that our existing customers require increased deployment of hardware agents for the Internet application performance monitoring and management with full coverage.

### **Cost of sales**

The Group's cost of sales has increased by approximately 18.4% from approximately RMB37.4 million for the year ended 31 December 2020 to approximately RMB44.3 million for the year ended 31 December 2021, such increase was primarily due to the increase in sales contract and revenue increased the cost of sales.

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

The Group's gross profit has increased by approximately 25.7% from approximately RMB43.6 million for the year ended 31 December 2020 to approximately RMB54.8 million for the year ended 31 December 2021, mainly due to the increase in the business volume of integrated APM system solutions. The gross profit margin of the Group has increased from approximately 53.8% for the year ended 31 December 2020 to approximately 55.3% for the year ended 31 December 2021. The increase was mainly due to the gradual reduction of the pressure of pandemic on the Company's operating costs.

## **Other income and gains**

The Group recorded other income and gains of approximately RMB5.1 million and approximately RMB5.4 million for the years ended 31 December 2020 and 2021, respectively. Such increase was mainly due to the increase in the government subsidy income.

## **Selling and distribution expenses**

The Group's selling and distribution expenses has increased by approximately 60.6% from approximately RMB9.4 million for the year ended 31 December 2020 to approximately RMB15.1 million for the year ended 31 December 2021. Such increase was primarily due to our enhanced efforts in marketing our 5G APM services and products to enhance broader customers' awareness.

## **Research and development costs**

The Group's research and development ("R&D") costs has increased by approximately 10.6% from approximately RMB21.7 million for the year ended 31 December 2020 to approximately RMB24.0 million for the year ended 31 December 2021.

## **Administrative expenses**

The Group's administrative expenses has increased by approximately 10.5% from approximately RMB15.2 million for the year ended 31 December 2020 to approximately RMB16.8 million for the year ended 31 December 2021.

## **Profit before tax**

The Group's profit before tax has increased by approximately 172.7% from approximately RMB1.1 million for the year ended 31 December 2020 to approximately RMB3.0 million for the year ended 31 December 2021.

## **Income tax expenses**

The Group's income tax expenses have decreased by approximately 5,100% from approximately RMB0.01 million for the year ended 31 December 2020 to approximately RMB-0.5 million for the year ended 31 December 2021, which was mainly due to the reversal of deferred tax liabilities.

## **Net profit for the year**

As a result of the foregoing reasons, the Group's net profit has increased by approximately 218.2% from approximately RMB1.1 million for the year ended 31 December 2020 to approximately RMB3.5 million for the year ended 31 December 2021. The Group's net profit margin increased from approximately 1.4% for the year ended 31 December 2020 to approximately 3.7% for the year ended 31 December 2021, which was mainly due to the increase in the operating revenue of the Group.

## **LIQUIDITY AND FINANCIAL RESOURCES**

For the year ended 31 December 2021, the Group's cash and cash equivalents, together with available credit facilities and expected cash flow from operations, were sufficient to satisfy the current operational requirements and the capital expenditures of the Group.

The Group's net current assets decreased from approximately RMB165.7 million as at 31 December 2020 to approximately RMB165.6 million as at 31 December 2021. Our cash and cash equivalents were approximately RMB64.1 million as at 31 December 2021 (as at 31 December 2020: approximately RMB85.9 million).

As at 31 December 2021, the Group's short-term bank loan was RMB10.0 million (31 December 2020: RMB10.0 million).

As at 31 December 2021, the gearing ratio of the Group was 5.4% (31 December 2020: 5.5%). The calculation of gearing ratio is based on the total borrowings divided by total equity and multiplied by 100%.

## **EXPOSURE TO EXCHANGE RATE FLUCTUATION**

The Group's main operations are in China with most of its transactions being settled in RMB. Some of the Group's cash and bank deposits are denominated in Hong Kong dollars ("HK\$"). The Group did not experience any impact or difficulties in liquidity on its operations resulting from currency exchange and no hedging transaction or forward contract arrangement was made by the Group during the year ended 31 December 2021. In this respect, the Group is not exposed to any significant foreign currency exchange risk. However, the management of the Company will closely monitor foreign exchange risk to ensure that appropriate measures are implemented in a timely and effective manner.

## **CAPITAL STRUCTURE**

As at 31 December 2021, the Company's issued share capital was HK\$5,080,000 and the number of its issued ordinary shares (the "Shares") was 508,000,000 of HK\$0.01 each. As at the date of this announcement, the share capital of the Company only comprises ordinary shares.

## **MATERIAL COMMITMENTS OR CONTINGENT LIABILITIES**

As at 31 December 2021, the future lease payments for the Groups' non-cancellable lease contracts are RMB204,000 (2020: RMB1,510,000) due within one year.

## **FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS**

Save as disclosed in the prospectus of the Company dated 30 November 2016 (the "Prospectus"), the Group did not have other substantial future plans for material investments and capital assets.

## **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES**

For the year ended 31 December 2021, the Group did not have any material acquisitions or disposals of subsidiaries and affiliated companies.

## **SIGNIFICANT INVESTMENTS AND ACQUISITION OF CAPITAL ASSETS**

For the year ended 31 December 2021, the Group did not hold any significant investments nor made any significant acquisition of capital assets.

## **CHARGE ON GROUP'S ASSETS**

As at 31 December 2021, apart from bank deposits amounting to RMB5.5 million that were pledged to banks mainly in relation to working capital loans (31 December 2020: RMB7.0 million) and bank deposits amounting to approximately RMB0.6 million that were pledged to banks mainly in relation to bills payables (31 December 2020: nil), no other Group's assets were charged to any financial institutions.

## **EMPLOYEES, TRAINING AND REMUNERATION POLICIES**

As of 31 December 2021, the Group had 263 employees (2020: 235). The staff costs including Directors' emoluments were approximately RMB56.3 million for the year ended 31 December 2021 (2020: approximately RMB44.7 million).

The employees' compensation of the Group includes basic salary, bonuses and cash subsidies. The Group determines employees' compensation based on each employee's performance, qualifications, position and seniority.

The Company adopted a share option scheme (the "Share Option Scheme") on 21 November 2016 to provide incentives and rewards to eligible persons for their contribution to, and continuing efforts to promote the interest of, the Group.

The Company also adopted a share award scheme (the "Share Award Scheme") on 10 January 2020 (i) to recognize and motivate the contributions of the eligible persons; (ii) to provide them with incentives in order to retain such persons for continual operation and development of the Group; and (iii) to recruit suitable personnel in the interest of further development of the Group. For further information, please refer to the announcement of the Company dated 10 January 2020.

The Company recognizes the importance of keeping the Directors updated with the latest information of duties and obligations of a director of a company whose shares are listed on the Stock Exchange and the general regulatory and environmental requirements for such listed company. To meet this goal, the Group is committed to our employees' continuing education and development.

The Group provides various training programs to the employees, such as corporate culture training and initial training for new employees with a view to improving staff knowledge in a number of important areas of our services, on a quarterly basis. Internal training programs of our Group are also dynamic and tailored in accordance with the particular stage of the Group's development.

## **USE OF PROCEEDS**

On 12 June 2018, 21,255,000 Shares were allotted and issued by the Group on GEM, at the price of HK\$1.08 per share (market price on 6 June 2018: HK\$1.26 per share). For further information, please refer to the announcements of the Company under stock code 8342 dated 6 June 2018 and 12 June 2018 respectively.

The Company's net proceeds from the allotment and issuance of additional Shares (after deducting the underwriting fees and other related expenses) were approximately HK\$22.4 million. Such proceeds from the Placing were used to fund general corporate purposes. As at 31 December 2019, the remainder of HK\$8.6 million from such proceeds was not used, the remainder was used in 2020 as a general working capital for the Company to provide APM products and service solutions for telecommunication operators and large enterprises. As of 31 December 2020, among such proceeds from the Placing, HK\$22.4 million was used by the Group, which has been fully utilized.

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

Pursuant to the rules of the share award scheme adopted by the Company on 10 January 2020, the Company instructed the trustee for the scheme to purchase from the market a total of 13,000,000 Shares for awards to the relevant grantees during the year. The total cost (including related transaction costs) of HK\$5,969,000 (equivalent to RMB5,018,000) from the market out of cash contributed by the Group. Save as disclosed above, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

## **COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS**

The Group recognises the importance of compliance with regulatory requirements and the risk of non-compliance with relevant requirements which could lead to adverse impact on the business operation and financial position of the Group. The Board is responsible for ensuring that the Group is in compliance with the relevant laws and regulations. The laws and regulations which have a significant impact on the Group include, among others, the Copyright Law of the PRC, the Regulations on Computer Software Protection, the Patent Law of the PRC, the Trademark Law of the PRC and the provisions on protection of personal Information of Telecommunication and Internet User. To the best knowledge of the Board, the Group has complied with relevant laws and regulations during the year ended 31 December 2021.

## EVENTS AFTER THE REPORTING PERIOD

1. On 12 January 2022, (i) Cohort Investments Limited, Copious Link Investments Limited, Worldgate Ventures Limited, Sino Impact Limited, Silver Coral Developments Limited and Hugemind Investments Limited (as sellers) (collectively, the “Sellers”); (ii) Mr. Sie Tak Kwan, Mr. Guan Haiqing, Mr. Yue Yong, Mr. Kwan Shan, Ms. Ma Chunru and Mr. Liang Judong (as guarantors); and (iii) Phoenix Wealth (Cayman) Asset Management Limited (as purchaser) (the “Offeror”) entered into a sale and purchase agreement, and the Offeror intended to acquire 364,750,000 Shares held by the Sellers, representing approximately 71.80% of the total issued share capital of the Company, for a total cash consideration of HK\$248,431,225 (equivalent to HK\$0.6811 per share). Upon completion, the Offeror will hold approximately 71.80% equity interest in the Company and the remaining 28.20% of the Shares will be held by the independent shareholders of the Company, who are the holders of the Shares other than the Offeror and parties acting in concert with it. Pursuant to Rule 26.1 of the Codes on Takeovers and Mergers and Share Buy-backs (the “Takeovers Code”), the Offeror made a mandatory unconditional cash offer (the “Offer”) for all issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it).

The Offer was closed at 4:00 p.m. on 10 March 2022 and was not revised or extended by the Offeror. Upon the close of the Offer, the Offeror held 379,810,000 Shares, representing approximately 74.77% of the total issued share capital of the Company and 128,190,000 Shares, representing approximately 25.23% of the total issued share capital of the Company were held by the public (as defined under the Listing Rules).

For more details, please refer to (i) the announcement of the Company dated 14 January 2022; (ii) the composite offer and response document dated 17 February 2022; and (iii) the announcement of the Company dated 10 March 2022 jointly issued by the Offeror and the Company in relation to the Offer.

2. On 16 July 2021, the Company granted a total of 13 million award shares to 15 selected participants according to the share award scheme adopted on 10 January 2020 (the “Share Award Scheme”). 50% of the award shares have been vested on 1 September 2021. The remaining 50% of the award shares, which were originally scheduled to be vested on 31 December 2022, had become vested on 17 February 2022, as a result of the Offer, thus 6,500,000 outstanding award shares have been vested in the relevant selected participants according to the scheme rules. For further details, please refer to the announcements of the Company dated 16 July 2021, 17 February 2022 and 25 March 2022.
3. On 25 March 2022, the Board has reviewed the Company’s overall policies and the cost and benefit for maintaining the Share Award Scheme and approved the termination of the Share Award Scheme. For further details, please refer to the announcement of the Company dated 25 March 2022.

Save as disclosed above, the Group did not have any significant events after 31 December 2021 and up to the date of this announcement.

## **CORPORATE GOVERNANCE PRACTICES**

The Group's corporate governance practices are based on the principles and the code provisions in the Corporate Governance Code (the "Code") as set out in Appendix 14 to the Listing Rules.

The Board recognizes the value and importance of achieving high corporate governance standards and is committed to upholding good corporate standards and procedures for the best interest of the shareholders of the Company.

During the year ended 31 December 2021, the Group has complied with all the code provisions of the Code as set out in Appendix 14 to the Listing Rules and was not aware of any non-compliance relating thereto during the year.

## **DIVIDEND**

The Board does not recommend the payment of a final dividend for the year ended 31 December 2021 (final dividend for the year ended 31 December 2020: nil).

## **CLOSURE OF THE REGISTER OF MEMBERS**

The forthcoming annual general meeting of the Company (the "AGM") is scheduled to be held on Friday, 13 May 2022. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 10 May 2022 to Friday, 13 May 2022, both days inclusive, during which period no transfer of Shares will be registered. In order to attend and vote at the AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the share registrar of the Company in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Friday, 6 May 2022.

## **DIRECTORS' SECURITIES TRANSACTIONS**

The Group 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 the code of conduct for dealing in securities of the Company by the Directors.

During the year ended 31 December 2021, the Group has made specific enquiry to all Directors, who have confirmed that, each of them was in compliance with the Model Code.

## **AUDIT COMMITTEE**

The audit committee of the Company (the "Audit Committee") was established on 21 November 2016 with written terms of reference revised by the Board with effect from 29 November 2018 in compliance with Rules 3.21 and 3.22 of the Listing Rules and the code provision D.3.3 of the Code. The Audit Committee comprises three independent non-executive Directors, namely Mr. Cheung Hon Fai, Professor Lam Kin Man and Mr. Shen Qi. The chairman of the Audit Committee is Mr. Cheung Hon Fai, who holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules. None of the members of the Audit Committee are former partners of the Company's existing external auditors.

The Group's consolidated financial results for the year ended 31 December 2021 have been reviewed by the Audit Committee and the management of the Company, which were of the view that the preparation of such financial results has complied with the applicable accounting standards, the requirements under the Listing Rules and other applicable legal requirements, and that adequate disclosures have been made.

By order of the Board  
**Vixel Technologies Holdings Limited**  
**Guan Haiqing**  
*Chairman and executive Director*

Hong Kong, 25 March 2022

*As at the date of this announcement, the executive Directors are Mr. Guan Haiqing, Mr. Sie Tak Kwan, Mr. Yue Yong and Mr. Shi Zhimin; the non-executive Director is Mr. Liang Judong; and the independent non-executive Directors are Mr. Cheung Hon Fai, Professor Lam Kin Man and Mr. Shen Qi.*