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**BoardWare**

**BoardWare Intelligence Technology Limited**

**博維智慧科技有限公司**

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

**(Stock Code: 1204)**

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

**FINANCIAL HIGHLIGHTS**

Revenue for FP2022 increased from approximately HK\$221.2 million to approximately HK\$247.0 million, representing an increase of approximately 11.7% as compared to that of FP2021.

Gross profit for FP2022 increased from approximately HK\$43.9 million to approximately HK\$49.1 million, representing an increase of approximately 11.9% as compared to that of FP2021.

Profit for FP2022 increased from approximately HK\$3.2 million to approximately HK\$7.1 million, representing an increase of approximately 120.4% as compared to that of FP2021.

Basic earnings per Share attributable to the Shareholders for FP2022 increased from approximately HK cent 0.95 to approximately HK cent 2.06, representing an increase of approximately 116.8% as compared to that of FP2021.

Net profit margin for FP2022 increased from approximately 1.46% to approximately 2.89%, representing an increase of approximately 1.43 percentage points as compared to that of FP2021.

As at 30 June 2022, cash and cash equivalents amounted to approximately HK\$15.8 million (31 December 2021: approximately HK\$14.5 million).

The board (the “**Board**”) of directors (the “**Directors**”) of BoardWare Intelligence Technology Limited (the “**Company**”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2022 (“**FP2022**”) with the comparative figures for the corresponding period in 2021 (“**FP2021**”) as follows:

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	<i>Notes</i>	Six months ended 30 June	
		2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Unaudited)
Revenue	3	247,015	221,168
Cost of sales	4	<u>(197,903)</u>	<u>(177,278)</u>
<b>Gross profit</b>		<b>49,112</b>	43,890
Selling and distribution expenses	4	(10,805)	(8,804)
General and administrative expenses	4	(29,159)	(30,715)
Other income and other net gains		1,542	877
Reversal for impairment losses on financial assets and contract assets	4	<u>315</u>	<u>604</u>
<b>Operating profit</b>		<b>11,005</b>	5,852
Finance income	5	387	148
Finance costs	5	<u>(1,645)</u>	<u>(966)</u>
Finance costs – net		<u>(1,258)</u>	<u>(818)</u>
<b>Profit before income tax</b>		<b>9,747</b>	5,034
Income tax expense	6	<u>(2,611)</u>	<u>(1,796)</u>
<b>Profit for the period</b>		<b>7,136</b>	3,238
<b>Earnings per Share</b>			
<b>(expressed in HK cents per Share)</b>			
Basic earnings per Share	8	2.06	0.95
Diluted earnings per Share	8	<u>2.03</u>	<u>0.94</u>

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Unaudited)
<b>Profit for the period</b>	<b>7,136</b>	3,238
<b>Other comprehensive (loss)/income for the period, net of tax</b>		
<i>Item that may be reclassified subsequently to profit or loss</i>		
Currency translation differences	<u>(271)</u>	<u>138</u>
<b>Total comprehensive income for the period</b>	<b><u>6,865</u></b>	<b><u>3,376</u></b>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at <b>30 June</b> <b>2022</b> <i>HK\$'000</i> <b>(Unaudited)</b>	As at 31 December 2021 <i>HK\$'000</i> <b>(Audited)</b>
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	10,982	10,858
Right-of-use assets	7,096	9,116
Intangible assets	2,133	2,422
Deferred tax assets	801	839
Finance lease receivables	11,079	12,652
Contract assets	6,282	6,318
Deposits	3,607	3,899
Prepayments and contract costs	8,805	10,904
	50,785	57,008
<b>Total non-current assets</b>	50,785	57,008
<b>Current assets</b>		
Inventories	33,865	29,994
Deposits and other receivables	7,374	6,999
Prepayments and contract costs	54,242	42,564
Finance lease receivables	12,963	14,326
Contract assets	98,125	78,656
Trade receivables	9 178,318	188,803
Income tax recoverable	–	357
Restricted cash	2,925	2,925
Cash and cash equivalents	15,823	14,485
	403,635	379,109
<b>Total current assets</b>	403,635	379,109
<b>Total assets</b>	454,420	436,117
<b>Equity</b>		
Share capital	11 –*	–*
Share premium	48,101	48,101
Reserves	127,647	120,782
	175,748	168,883
<b>Total equity</b>	175,748	168,883

\* Less than HK\$1,000

		<b>As at 30 June 2022</b>	As at 31 December 2021
	<i>Notes</i>	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Borrowings		–	5,933
Lease liabilities		<b>3,041</b>	3,983
Financial liability for redeemable rights		<b>38,906</b>	37,900
Contract liabilities		<b>4,499</b>	5,578
		<hr/>	<hr/>
<b>Total non-current liabilities</b>		<b>46,446</b>	53,394
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
<b>Current liabilities</b>			
Trade and other payables	10	<b>128,689</b>	129,634
Contract liabilities		<b>57,996</b>	45,324
Lease liabilities		<b>5,001</b>	6,093
Income tax payable		<b>9,481</b>	7,267
Borrowings		<b>31,059</b>	25,522
		<hr/>	<hr/>
<b>Total current liabilities</b>		<b>232,226</b>	213,840
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<b>Total liabilities</b>		<b>278,672</b>	267,234
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<b>Total equity and liabilities</b>		<b>454,420</b>	436,117
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# NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

*For the six months ended 30 June 2022*

## 1. GENERAL INFORMATION

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

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

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

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

The unaudited condensed consolidated financial information for FP2022 ("**Interim Financial Information**") is presented in Hong Kong dollars ("**HK\$**"), unless otherwise stated.

The Interim Financial Information is unaudited but have been reviewed by the audit committee of the Company (the "**Audit Committee**").

## 2. BASIS OF PRESENTATION

The Interim Financial Information has been prepared in accordance with International Accounting Standard ("**IAS**") 34 "Interim Financial Reporting", issued by the International Accounting Standards Board ("**IASB**").

The Interim Financial Information does not include all the notes of the type normally included in annual financial statements. The Interim Financial Information should be read in conjunction with the historical financial information of the Group which has been prepared in accordance with International Financial Reporting Standards ("**IFRS**") by the Group as set out in the accountant's report of the Group as set out in Appendix I to the prospectus of the Company dated 29 June 2022 (the "**Prospectus**").

The accounting policies used in the preparation of the Interim Financial Information are consistent with those used in the preparation of the historical financial information, as described in the Prospectus, except for the adoption of certain new and amended standards which has no significant impact on the results and the financial position of the Group.

### 3. SEGMENT INFORMATION

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

#### (a) Revenue by business line and nature

	Six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
<i>Enterprise IT solutions</i>		
Professional IT services	91,951	97,987
Managed services	12,390	9,152
Lease income from IT equipment	671	12,277
IT maintenance and consultancy services	45,656	34,206
	<u>150,668</u>	<u>153,622</u>
	-----	-----
<i>Distribution and resale</i>		
Distribution	72,353	48,953
Resale	23,994	18,593
	<u>96,347</u>	<u>67,546</u>
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<b>Total revenue</b>	<b><u>247,015</u></b>	<b><u>221,168</u></b>

(b) **Timing of revenue recognition**

	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Recognised at a point in time	<b>99,998</b>	69,305
Recognised over time	<b>146,346</b>	139,586
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Revenue from contracts with customers	<b>246,344</b>	208,891
Lease income from IT equipment	<b>671</b>	12,277
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<b>Total revenue</b>	<b>247,015</b>	221,168
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(c) **Revenue recognition method**

	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Recognised on a gross basis	<b>242,630</b>	204,377
Recognised on a net basis	<b>3,714</b>	4,514
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Revenue from contracts with customers	<b>246,344</b>	208,891
Lease income from IT equipment	<b>671</b>	12,277
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<b>Total revenue</b>	<b>247,015</b>	221,168
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(d) **Revenue from top customer**

Revenue from external party contributing 10% or more of the total revenue of the Group is as follows:

	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Customer A	<b>N/A*</b>	41,956
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\* The corresponding revenue did not contribute 10% or more of the total revenue of the Group for FP2022.

(e) Revenue by geographical locations (as determined by the country/region of domicile which the Group operates)

	Six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Macau	143,088	154,674
Hong Kong	85,270	66,440
The PRC	18,657	54
<b>Total revenue</b>	<b>247,015</b>	<b>221,168</b>

(f) Non-current assets (other than financial instruments and deferred tax assets) by geographical locations

	As at 30 June 2022 HK\$'000 (Unaudited)	As at 31 December 2021 HK\$'000 (Audited)
	Macau	16,044
Hong Kong	6,696	8,245
The PRC	12,558	13,065
	<b>35,298</b>	<b>39,618</b>

#### 4. EXPENSES BY NATURE

	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Unaudited)
Costs of inventories sold and services provided	<b>179,620</b>	159,637
Employee benefits expenses	<b>40,235</b>	33,338
Entertainment and travelling expenses	<b>906</b>	1,007
Depreciation of property, plant and equipment	<b>2,103</b>	2,027
Depreciation of right-of-use assets	<b>3,674</b>	3,005
Amortisation of intangible assets	<b>415</b>	402
Short-term operating lease expenses	<b>174</b>	105
Network security maintenance expenses	<b>940</b>	937
Legal and professional services	<b>372</b>	572
Auditors' remuneration		
– Audit services	<b>510</b>	246
– Non-audit services	–	–
Provision for impairment of inventories, net	<b>257</b>	986
Listing expenses	<b>5,649</b>	10,781
Reversal for impairment losses on financial assets and contract assets	<b>(315)</b>	(604)
Others	<b>3,012</b>	3,754
	<b>237,552</b>	216,193

	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Unaudited)
<i>Analysed by</i>		
Costs of sales	<b>197,903</b>	177,278
Selling and distribution expenses	<b>10,805</b>	8,804
General and administrative expenses	<b>29,159</b>	30,715
Reversal for impairment losses on financial assets and contract assets	<b>(315)</b>	(604)
	<b>237,552</b>	216,193

## 5. FINANCE INCOME AND COSTS

	Six months ended 30 June	
	2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Unaudited)
Finance income		
– Bank deposits	5	7
– Finance lease receivables	356	89
– Financing components in relation to contracts with customers	26	52
	387	148
Finance costs		
– Lease liabilities	215	258
– Borrowings	410	157
– Financial liability for redeemable rights	1,006	522
– Others	14	29
	1,645	966
Finance costs – net	1,258	818

## 6. INCOME TAX EXPENSE

	Six months ended 30 June	
	2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Unaudited)
Current income tax		
– Macau complementary tax	2,045	1,823
– Hong Kong profits tax	526	358
– Adjustments for current income tax of prior years	2	1
	2,573	2,182
Deferred income tax expense/(credit)	38	(386)
Income tax expense	2,611	1,796

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

### **Cayman Islands and British Virgin Islands**

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

### **Macau**

The entity within the Group incorporated in Macau is subject to Macau profits tax at progressive rates ranging from 3% to 9% on the taxable income above MOP32,000 but below MOP300,000, and thereafter at a fixed rate of 12%. In addition, special tax incentives were provided to the effect that the tax-free income threshold amounting to MOP600,000 for FP2022 and FP2021.

### **Hong Kong**

In March 2018, the Hong Kong Government introduced a two-tiered profits tax rates regime by enacting the Inland Revenue (Amendment) (No. 3) Ordinance 2018 (the "**Ordinance**"). Under the two-tiered profits tax rates regime, the first HK\$2 million of assessable profits of qualifying corporations is taxed at 8.25% and the remaining assessable profits at 16.5%. The Ordinance is effective from the year of assessment 2018 to 2019. The provisions for Hong Kong Profits Tax of the nominated subsidiary for FP2022 and FP2021 are calculated in accordance with the two-tiered profits tax rates regime; while the provisions, if any, for the other subsidiary incorporated in Hong Kong remain calculated at 16.5%.

### **The PRC**

Mainland corporate income tax ("**CIT**") was made on the estimated assessable profits of the entities within the Group incorporated and operating in the PRC and was calculated in accordance with the relevant tax rules and regulations of the PRC. The general CIT rate is 25% for FP2022 and FP2021.

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

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

During FP2022, there were no unremitted earnings whose distribution to owners from PRC subsidiaries that are subject to withholding tax of 5%. No deferred tax liabilities were provided on the unremitted earnings.

## **7. DIVIDEND**

No interim dividend was paid or declared by the Company during FP2022 and FP2021.

## 8. EARNINGS PER SHARE

In determining the weighted average number of ordinary Shares in issue during FP2022 and FP2021, the ordinary Shares issued upon the incorporation of the Company, and the capitalisation issue (Note 11), were deemed to be issued on 1 January 2021 as if the Company has been incorporated by then.

### (a) Basic earnings per Share

Basic earnings per Share is calculated by dividing the profit attributable to shareholders of the Company (the “Shareholders”) by the weighted average number of Shares in issue during FP2022 and FP2021.

	Six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
Profits attributable to the Shareholders ( <i>HK\$'000</i> )	7,136	3,238
Weighted average number of ordinary Shares in issue for basic earnings per Share ( <i>thousand shares</i> )	<u>346,930</u>	<u>342,265</u>
<b>Basic earnings per Share (<i>HK cents</i>)</b>	<b><u>2.06</u></b>	<b><u>0.95</u></b>

### (b) Diluted earnings per Share

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

For FP2022 and FP2021, the Group has one category of potentially dilutive Shares – ordinary Shares with redemption rights. The exercise of the redemption rights would be dilutive if the exercise price of such Shares is above the average market price.

	Six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
Profits attributable to the Shareholders ( <i>HK\$'000</i> )	7,136	3,238
Weighted average number of ordinary Shares in issue for basic earnings per Share ( <i>thousand shares</i> )	<u>352,376</u>	<u>345,261</u>
<b>Diluted earnings per Share (<i>HK cents</i>)</b>	<b><u>2.03</u></b>	<b><u>0.94</u></b>

## 9. TRADE RECEIVABLES

	As at 30 June 2022 <i>HK\$'000</i> (Unaudited)	As at 31 December 2021 <i>HK\$'000</i> (Audited)
Due from third parties	181,356	192,273
Loss allowance	<u>(3,038)</u>	<u>(3,470)</u>
Total trade receivables, net of allowance	<u><b>178,318</b></u>	<u><b>188,803</b></u>

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

The credit terms of trade receivables granted by the Group are generally one to three months. The ageing analysis of the trade receivables based on invoice date is as follows:

	As at 30 June 2022 <i>HK\$'000</i> (Unaudited)	As at 31 December 2021 <i>HK\$'000</i> (Audited)
Up to 3 months	62,804	163,479
Over 3 months and within 6 months	41,063	12,522
Over 6 months and within 1 year	65,844	13,935
Over 1 year	<u>11,645</u>	<u>2,337</u>
	<u><b>181,356</b></u>	<u><b>192,273</b></u>

## 10. TRADE AND OTHER PAYABLES

	As at 30 June 2022 <i>HK\$'000</i> (Unaudited)	As at 31 December 2021 <i>HK\$'000</i> (Audited)
Trade payables	109,052	108,753
Salaries payable	7,995	7,472
Accrued listing expenses	7,516	8,973
Accrued expenses	2,354	1,690
Other taxes payable	360	539
Other payables	1,412	2,207
	<u>128,689</u>	<u>129,634</u>

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

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

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

	As at 30 June 2022 <i>HK\$'000</i> (Unaudited)	As at 31 December 2021 <i>HK\$'000</i> (Audited)
Within 1 month	56,793	81,940
Over 1 month and within 3 months	21,671	19,522
Over 3 months and within 1 year	30,516	6,916
Over 1 year	72	375
	<u>109,052</u>	<u>108,753</u>

## 11. SHARE CAPITAL

	<i>Notes</i>	<b>Number of Shares '000</b>	<b>Nominal value of Shares HK\$'000</b>	<b>Share premium HK\$'000</b>
<b>Authorised</b>				
Ordinary Shares of HK\$0.01 each				
At 31 December 2021		38,000	380	–
Changes	b	<u>9,962,000</u>	<u>99,620</u>	<u>–</u>
At 30 June 2022		<u><u>10,000,000</u></u>	<u><u>100,000</u></u>	<u><u>–</u></u>
		<b>Number of Shares</b>	<b>Nominal value of Shares HK\$'000</b>	<b>Share premium HK\$'000</b>
<b>Issued and fully paid</b>				
At 31 December 2021 and 30 June 2022		<u><u>11,142</u></u>	<u><u>–*</u></u>	<u><u>48,101</u></u>

\* *Less than HK\$1,000*

- (a) The Company was incorporated in the Cayman Islands on 18 February 2021 as an exempted company with limited liability with an authorised share capital of HK\$380,000 divided into 38,000,000 ordinary Shares with a par value of HK\$0.01 each. On date of incorporation, one Share was allotted and issued at par as fully paid to the initial subscriber, which was subsequently transferred to Tai Wah on the same date at par.
- (b) Pursuant to the meeting of the Board dated 20 June 2022, the authorised share capital of the Company was increased from HK\$380,000 divided into 38,000,000 Shares of par value of HK\$0.01 each to HK\$100,000,000 divided into 10,000,000,000 Shares of par value of HK\$0.01 each by the creation of an additional 9,962,000,000 Shares of par value of HK\$0.01 each.

### Capitalisation issue

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

### Global offering

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

## MANAGEMENT DISCUSSION AND ANALYSIS

### INDUSTRY OVERVIEW AND OUTLOOK

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

As an IT solutions provider and authorised distributor, the Group introduces IT products and services, and provides related IT solutions to the local markets, including Macau and Hong Kong, and provides IT solution services covering procurement and integration, Managed services and maintenance services to the end users in Macau. The Group also distributes IT products to the IT solutions providers and resellers.

Despite the fact that the COVID-19 pandemic may continue, the Group expects the growth of information industry in Macau will remain positive in the long run for the following reasons:

- (a) the IT solutions projects in Macau that are currently in the pipeline to be launched in coming years will unlikely be affected and there is a steady demand for the upgrade, replacement and maintenance of IT systems;
- (b) remote working tools and online teaching platforms, particularly video conferencing software, have seen a significant increase in demand as a result of the border control and other preventive measures against the COVID-19 pandemic. The increased popularity of online applications would expedite the digitalisation of enterprises, thereby creating more growth opportunities for IT solutions providers;
- (c) the outbreak of COVID-19 is expected to bring limited impacts to the gaming and hospitality sector in Macau in the long run as the effect of the COVID-19 pandemic has gradually subsided in Macau following the gradual relaxation of the border control measures and the resumption of business activities;
- (d) market participants in gaming and hospitality industry in Macau are always seeking new service features and value-added services due to the intensifying competitions and changing needs from customers; and
- (e) in order to enhance operation efficiency, organisations tend to adopt cloud-based technology to store data which could be accessed by all employees.

The development of 5G Network, advancement and popularisation of data analytics, increased infrastructure requirements for emerging technology adoption and increased data exposure would also continuously drive the demand for IT solutions in Macau.

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

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

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

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

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

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

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

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

Looking forward, the Group would excel its existing competitive strengths in Macau to maintain its leading position in Macau and capture further business opportunities in Greater Bay Area, especially in Hengqin. Hengqin is at the stage of developing tourism, leisure, healthcare, commercial and financial services, culture, science, education, and high-tech industries, and hence the IT solutions industry in Hengqin is expected to grow in a remarkable pace. The preferential tax treatment for enterprises that are conducive to Macau’s economic diversification would further put the Group to an advantageous position in exploring the market in Hengqin.

## **BUSINESS REVIEW**

During the first half of 2022, the Group continuously maintained its leading position in the Macau IT solutions market by providing comprehensive and high-quality end-to-end enterprise IT solutions to customers under various sectors in Macau and Hong Kong as well as conducting distribution business in Hong Kong and resale business in Macau.

Despite the impact of the COVID-19 pandemic in the first half of 2022, the number of orders under the business segment of distribution and resale has increased, resulting in a steady growth of the Group's business for FP2022.

The revenue of the Group for FP2022 increased from approximately HK\$221.2 million to approximately HK\$247.0 million, representing an increase of 11.7% as compared to that of FP2021.

### **Enterprise IT solutions**

The revenue from enterprise IT solutions slightly decreased from approximately HK\$153.6 million to approximately HK\$150.7 million. Such decrease was attributable to the net effect of the increase in the revenue from Managed services by approximately HK\$3.2 million and the decrease in the Professional IT services by approximately HK\$6.0 million. The change in revenue under Professional IT services was mainly due to the decrease in the revenue recognised from the significant contracts resulting from the completion of major parts of contracts as well as adverse impact of the COVID-19 outbreak which delayed budget allocations for building or upgrading the IT infrastructure. In addition, the increase in the revenue from Managed services was driven by the increase in the demand for related services from governmental bodies in Macau.

With increasing awareness of cyber security and the adverse impact of the COVID-19 pandemic in Macau and Hong Kong, the Group expects the demand of enterprise IT services would increase in the second half of 2022. Expanding and exploring more business opportunities in Managed services and IT maintenance and consultancy services would be the main focus of the Group in the second half of 2022. In addition, the orders under Managed services and IT maintenance and consultancy services could also provide a higher profit margin than that of Professional IT services to the Group.

### **Distribution and resale**

During the first half of 2022, the Group continuously acted as a distributor by partnering with system vendors or their authorised distributors in the sale and distribution of a selected range of hardware and associated system relating to corporate mobility and cybersecurity solutions in Hong Kong. Furthermore, the Group expanded its business in the PRC by committing several resale orders with large order value.

Resulting from the abovementioned development of the Group, the revenue from distribution and resale increased from approximately HK\$67.5 million to approximately HK\$96.3 million. Such increase in the amount was attributable to the increase in the number of resale orders in the PRC and fulfilment of outstanding orders of wireless LAN products in Hong Kong.

### **Establishment of the Artificial Intelligence of Things (“AIoT”) team and Brain-computer Interface (“BCI”) team**

The increasing application of metaverse experience in daily life brought new business opportunities to the Group. Since the first half of 2022, the Group has established AIoT team and BCI team in the PRC to develop core technologies which are widely applied in metaverse experience, including three-dimension reconstruction, haptic feedback, iris recognition technology, artificial intelligence, IoT, and edge computing, aiming to develop a metaverse eco-system for evolutionary users’ experience and IT solutions in the future.

## **FINANCIAL REVIEW**

### **Revenue**

The total revenue increased by approximately HK\$25.8 million or 11.7% to approximately HK\$247.0 million for FP2022 from approximately HK\$221.2 million for FP2021. The increase was primarily attributable to the aggregate effect of the slight decrease in revenue generated from the enterprise IT solutions business by approximately HK\$3.0 million and the increase in revenue generated from distribution and resale business by approximately HK\$28.8 million. For explanations of such change in revenue, please refer to the section headed “Business Review” in this announcement.

### **Cost of sales**

The cost of sales increased by approximately HK\$20.6 million or 11.6% to approximately HK\$197.9 million for FP2022 from approximately HK\$177.3 million for FP2021, which was generally in line with the increase in the revenue during the same period. There is no material change in the costs of sales mix during the periods.

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

The gross profit increased by approximately HK\$5.2 million or 11.9% to approximately HK\$49.1 million for FP2022 from approximately HK\$43.9 million for FP2021. The increase in the gross profit was attributable to the growth in the revenue. Meanwhile, the increase in the cost of sales was comparable to the increase in the revenue for FP2022. The Group’s overall gross profit margin has remained stable at approximately 19.9% and 19.8% for FP2022 and FP2021, respectively.

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

The other income and other net gains increased by approximately HK\$0.6 million or 75.8% to approximately HK\$1.5 million for FP2022 from approximately HK\$0.9 million for FP2021. The increase was mainly attributable to the one-off non-recurring subsidies for the purpose of providing financial support due to the prolonged unexpected impact of the COVID-19 pandemic in Hong Kong and rental subvention for offices in the PRC.

### **Selling and distribution expenses**

The selling and distribution expenses increased by approximately HK\$2.0 million or 22.7% to approximately HK\$10.8 million for FP2022 from approximately HK\$8.8 million for FP2021. The increase was mainly attributable to the increase in the salaries payable to the salespersons and commission expenses resulting from the increasing revenue and the expansion of the selling and marketing team in FP2022.

### **General and administrative expenses**

The general and administrative expenses decreased by approximately HK\$1.6 million or 5.1% to approximately HK\$29.2 million for FP2022 from approximately HK\$30.7 million for FP2021. The decrease was mainly attributable to the decrease in listing expenses by approximately HK\$5.1 million, netting off the increase in the employee benefits expenses by approximately HK\$2.7 million, the increase in the depreciation of right-of-use asset by approximately HK\$0.6 million and the increase in the depreciation of property, plant and equipment by approximately HK\$0.4 million.

### **Finance costs – net**

The finance costs – net increased by approximately HK\$0.4 million or 53.8% to approximately HK\$1.3 million for FP2022 from approximately HK\$0.8 million for FP2021. The increase was mainly attributable to the interest arising from the financial liability with redeemable right.

### **Income tax expense**

The income tax expense increased by approximately HK\$0.8 million or 45.4% to approximately HK\$2.6 million for FP2022 from approximately HK\$1.8 million for FP2021. The increase was mainly attributable to the increase in profit before income tax from FP2021 to FP2022. The listing expenses, which are non-deductible items for computing assessable profit during FP2022 and FP2021, have led to the high effective tax rate of approximately 26.8% and 35.7% for FY2022 and FY2021, respectively.

### **Profit and total comprehensive income for the period**

As a result of the foregoing reasons, the Group's profit and total comprehensive income for the period increased by approximately HK\$3.5 million or 103.3% to approximately HK\$6.9 million for FP2022 from approximately HK\$3.4 million for FP2021, which is mainly due to the increase in revenue and gross profit of the Group during the period.

## TREASURY POLICY

The Group has adopted a conservative approach towards its treasury policies and thus maintained a healthy liquidity position throughout FP2022. The Group strives to reduce exposure to credit risk by assessing the potential customer's credit quality, define credit limit by customer and conduct regular meetings and reviews on the overdue status of the customers. To manage liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and meet its short-term and long-term funding requirements.

## LIQUIDITY AND FINANCIAL RESOURCES

The Group financed its operations mainly through a combination of cash flow from operations and borrowings. As at 30 June 2022, the Group had cash and cash equivalents of approximately HK\$15.8 million (31 December 2021: HK\$14.5 million) that were mainly denominated in HK\$, MOP, RMB and US\$.

The gearing ratio of the Group as at 30 June 2022, which was calculated based on the total borrowings as at the respective dates, was approximately 17.7% (31 December 2021: approximately 18.6%).

On 23 March 2021, the Company entered into an investment agreement with one of the pre-IPO investors, Da Heng Qin (Macau) Limitada (formerly known as Da Heng Qin (Macao) Development Corporation Limited) (“**DHQ**”). Pursuant to the agreement, the Company or Tai Wah had an obligation to repurchase the Company's ordinary Shares issued to DHQ and the redeemable rights are recognised as a financial liability. The relevant interest rate is assessed to be 5.25%. As at 30 June 2022, the carrying amount of financial liability for the redeemable right was approximately HK\$38.9 million (31 December 2021: approximately HK\$37.9 million).

As at 30 June 2022, the Group had total borrowings of approximately HK\$31.1 million (31 December 2021: approximately HK\$31.5 million), which comprised of short-term borrowings of approximately HK\$31.1 million (31 December 2021: approximately HK\$25.5 million) and total lease liabilities of approximately HK\$8.0 million (31 December 2021: approximately HK\$10.1 million), of which short-term lease liabilities amounted to approximately HK\$3.0 million (31 December 2021: approximately HK\$4.0 million).

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

## **FOREIGN EXCHANGE RISK**

The Group's revenues and expenditures are mainly denominated in HK\$, MOP, RMB and US\$. As at 30 June 2022, the Group has not entered into any hedging transactions. The Directors are of the view that the Group's current foreign exchange risk is insignificant. The Group manages its foreign exchange risk by closely monitoring the movement of the foreign currency rates and will consider hedging significant foreign currency exposure should the need arise.

## **CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES**

As at 30 June 2022, the Group had capital commitments of approximately HK\$0.4 million (31 December 2021: approximately HK\$0.9 million).

As at 30 June 2022, the Group did not have any significant contingent liabilities (31 December 2021: Nil).

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

There were no significant investment, material acquisition or disposal of subsidiaries and affiliated companies by the Group during FP2022 and FP2021. Save for the business plan as disclosed in the Prospectus, there was no plan for material investments or capital assets as at 30 June 2022.

## **EMPLOYEES AND REMUNERATION POLICY**

As at 30 June 2022, we employed a total of 228 full-time employees (including four executive Directors and excluding one non-executive Director and three independent non-executive Directors), as compared to a total of 176 full-time employees as at 30 June 2021. The remuneration packages that the Group offers to its employees include salary, commissions, discretionary bonuses, pension scheme and other cash subsidies. In general, the Group determines employee salaries based on each employee's qualifications, position and seniority. The Group has designed an annual review system to assess the performance of its employees, which forms the basis of its decisions with respect to salary raises, bonuses and promotions. The total staff costs incurred by the Group for FP2022 were approximately HK\$40.2 million compared to approximately HK\$33.3 million for FP2021. Various on-the-job trainings were provided to the employees.

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

## **EVENTS AFTER THE REPORTING PERIOD**

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

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

Save as disclosed in this announcement, there are no other significant events after the end of the reporting period that either request adjustment to the financial statement or are material to the understanding of the Group's current position.

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

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

## **INTERIM DIVIDEND**

The Directors do not recommend the payment of any interim dividend for FP2022 (FP2021: Nil).

## CORPORATE GOVERNANCE PRACTICES

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

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

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

## USE OF PROCEEDS

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

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

Use of proceeds	Percentage of total Net Proceeds	Allocation of Net Proceeds <sup>(Note)</sup> HK\$ million	Utilised Net Proceeds as at the date of this announcement HK\$ million	Unutilised Net Proceeds HK\$ million
Capturing business opportunities in the Greater Bay Area	43.8%	40.7	5.3	35.4
Upfront costs of two enterprise IT solution projects	30.4%	28.3	–	28.3
Strengthening the product development capabilities	15.8%	14.7	1.7	13.0
General working capital	10.0%	9.3	0.3	9.0
Total	<u>100.0%</u>	<u>93.0</u>	<u>7.3</u>	<u>85.7</u>

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

Save as disclosed above, the Group has no other update on the use of Net Proceeds up to the date of this announcement and will closely monitor the impact on the business environment in Macau from COVID-19. Further announcement will be published when there is any change in the use of Net Proceeds.

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

Since the Listing, the Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding dealings in the securities of the Company by the Directors and the Group's senior management who, because of his/her office or employment, is likely to possess inside information in relation to the Company or its securities.

## **AUDIT COMMITTEE**

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

## **REVIEW OF INTERIM RESULTS**

The Interim Financial Information is unaudited, but have been reviewed by the Audit Committee, including the accounting principles and practices adopted by the Group. Based on their review and discussions with the management, there is no disagreement by the Audit Committee with the accounting treatment adopted by the Group and the Audit Committee was satisfied that the interim results were prepared in accordance with applicable accounting standards and fairly present the Group's financial position and results for FP2022.

## **PUBLICATION OF UNAUDITED INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT**

This interim result announcement is published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website ([www.boardware.com](http://www.boardware.com)). The interim report of the Company for FP2022 containing all the information required by the Listing Rules will be despatched to the Shareholders and published on the aforesaid websites in due course.

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

Hong Kong, 30 August 2022

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