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NET-A-GO TECHNOLOGY COMPANY LIMITED

網譽科技有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1483)

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

FINANCIAL HIGHLIGHTS

For the six months period ended 30 June 2022 (the “Interim Period”), unaudited operating results of the Group (as defined below) were as follows:

- Revenue amounted to approximately HK\$138,913,000 representing an decrease of 12.1% compared to the same period of the previous financial year;
- Profit attributable to equity holders of the Company decreased by 67.6% to HK\$7,404,000 for the Interim Period as compared to HK\$22,846,000 for the same period of previous financial year;
- Basic and diluted earnings per share for the Interim Period based on weighted average number of ordinary shares was HK0.9 cents;
- No dividend was declared for the Interim Period.

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

The board of directors (the “Board”) of Net-a-Go Technology Company Limited is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (the “Group”) for the Interim Period together with the comparative unaudited figures for the corresponding period in 2021 (the “Corresponding Period”) as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2022

		Unaudited for the six months ended 30 June	
		2022	2021
	Note	HK\$'000	HK\$'000
Revenue	4	<u>138,913</u>	<u>158,099</u>
Cost of revenue		<u>(119,201)</u>	<u>(119,594)</u>
Gross profit		19,712	38,505
Amortisation		(2,016)	(10,272)
General and administrative expenses	5	(12,068)	(14,502)
Other income		357	595
(Loss)/Gain on disposal of financial assets at fair value through profit or loss		(204)	17,786
Fair value gain on financial assets at fair value through profit or loss		<u>8,012</u>	<u>6,098</u>
Operating profit		13,793	38,210
Finance income	6	6	600
Finance costs		<u>(139)</u>	<u>(36)</u>
Finance income – net		<u>(133)</u>	<u>564</u>
Profit before income tax		13,660	38,774
Income tax expense	7	<u>(3,219)</u>	<u>(8,326)</u>
Profit for the period		<u>10,441</u>	<u>30,448</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

For the six months ended 30 June 2022

	Unaudited for the six months ended 30 June	
	2022	2021
	<i>Note</i> HK\$'000	<i>HK\$'000</i>
Profit attributable to:		
Equity holders of the Company	7,404	22,846
Non-controlling interests	3,037	7,602
	10,441	30,448
 Other comprehensive (loss)/income for the period:		
Items that may be reclassified to profit or loss		
– Exchange difference on translation of foreign operations	(641)	5,236
	(641)	5,236
 Other comprehensive (loss)/income for the period, net of tax	(641)	5,236
 Total comprehensive income for the period	9,800	35,684
 Total comprehensive income attributable to:		
Equity holders of the Company	6,763	28,082
Non-controlling interests	3,037	7,602
	9,800	35,684
 Earnings per share (HK cents)	<i>9</i>	
Basic and diluted	0.9	3.1
 Dividends (<i>HK\$</i>)	<i>8</i>	
	–	–

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2022

		30 June 2022 (Unaudited) <i>HK\$'000</i>	31 December 2021 (Audited) <i>HK\$'000</i>
	<i>Note</i>		
ASSETS			
Non-current assets			
Property, plant and equipment		54,705	62,347
Investment properties		98,816	100,050
Goodwill		134,098	115,428
Right of use assets		3,682	896
Deferred income tax assets		299	315
Intangible assets		22,266	24,282
Non-current deposits		–	718
Restricted cash		–	2,588
Contract assets		20,190	20,219
		<u>334,056</u>	<u>326,843</u>
Current assets			
Trade receivables	10	168,901	134,475
Deposit and prepayment and other receivables		32,116	36,977
Financial assets at fair value through profit or loss	11	68,928	96,609
Contract assets		–	12,407
Restricted cash		9,950	7,688
Cash and cash equivalents		231,341	233,608
		<u>511,236</u>	<u>521,764</u>
Total assets		<u>845,292</u>	<u>848,607</u>
EQUITY			
Equity attributable to owners of the Company			
Share capital		7,950	7,950
Share premium		628,837	628,837
Reserves		(100,099)	(83,073)
		<u>536,688</u>	<u>553,714</u>
Non-controlling interest		<u>105,523</u>	<u>102,487</u>
Total equity		<u>642,211</u>	<u>656,201</u>

CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

As at 30 June 2022

		30 June	31 December
		2022	2021
		(Unaudited)	(Audited)
	<i>Note</i>	HK\$'000	HK\$'000
LIABILITIES			
Non-current liabilities			
Lease liabilities		–	247
Deferred income tax liabilities		39,489	39,131
Deposits received		–	341
Obligation under finance lease		3,340	–
		<u>42,829</u>	<u>39,719</u>
Current liabilities			
Trade payables	<i>12</i>	32,714	25,156
Accruals, provisions and other payables		28,684	56,210
Lease liabilities		609	715
Consideration payables		60,293	60,293
Deposits received		838	530
Current income tax liabilities		23,826	9,783
Borrowings	<i>13</i>	13,288	–
		<u>160,252</u>	<u>152,687</u>
Total liabilities		<u>203,081</u>	<u>192,406</u>
Total equity and liabilities		<u>845,292</u>	<u>848,607</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

	Share capital	Share premium	Capital reserve	Exchange reserve	Share-based payment reserve	Share held for employee share scheme	Accumulated losses	Statutory reserve	Total	Non-controlling interest	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance as at 1 January 2022 (Audited)	7,950	628,837	4,986	25,372	20,434	(33,806)	(113,972)	13,913	553,714	102,487	656,201
Comprehensive income:											
Profit for the period	-	-	-	-	-	-	7,404	-	7,404	3,037	10,441
Other comprehensive income:											
Currency translation difference	-	-	-	(641)	-	-	-	-	(641)	-	(641)
Total other comprehensive income	-	-	-	(641)	-	-	-	-	(641)	-	(641)
Total comprehensive income	-	-	-	(641)	-	-	7,404	-	6,763	3,037	9,800
Transaction with owners in their capacity as owners:											
Issuance of ordinary share	-	-	-	-	-	-	-	-	-	-	-
Share-based payment	-	-	-	-	2,942	-	-	-	2,942	-	2,942
Transfer to statutory reserve	-	-	-	-	-	-	(491)	963	472	(472)	-
Acquisition of a subsidiary company	-	-	(6,180)	(6,687)	-	-	(12,973)	1	(25,839)	471	(25,368)
Acquisition of shares under employee share scheme	-	-	-	-	-	(1,364)	-	-	(1,364)	-	(1,364)
Balance as at 30 June 2022 (Unaudited)	7,950	628,837	(1,194)	18,044	23,376	(35,170)	(120,032)	14,877	536,688	105,523	642,211

	Share capital	Share premium	Capital reserve	Exchange reserve	Share-based payment reserve	Accumulated losses	Statutory reserve	Total	Non-controlling interest	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance as at 1 January 2021 (Audited)	7,050	480,200	4,986	14,548	10,832	(149,664)	10,142	378,094	90,040	468,134
Comprehensive income:										
Profit for the period	-	-	-	-	-	22,846	-	22,846	7,602	30,448
Other comprehensive income:										
Currency translation difference	-	-	-	5,236	-	-	-	5,236	-	5,236
Total other comprehensive income	-	-	-	5,236	-	-	-	5,236	-	5,236
Total comprehensive income	-	-	-	5,236	-	22,846	-	28,082	7,602	35,684
Transaction with owners in their capacity as owners:										
Issuance of ordinary share	900	148,637	-	-	-	-	-	149,537	-	149,537
Share-based payment	-	-	-	-	4,526	-	-	4,526	-	4,526
Transfer to statutory reserve	-	-	-	-	-	(879)	1,724	845	(845)	-
Balance as at 30 June 2021 (Unaudited)	7,950	628,837	4,986	19,784	15,358	(127,697)	11,866	561,084	96,797	657,881

NOTES TO THE INTERIM FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 20 June 2013 as an exempted company with limited liability under the Companies Law (2010 Revision) of the Cayman Islands. The address of the Company's registered office is P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands. The Company's principal place of business is located at Suite 1201, 12/F, 1111 King's Road, Taikoo Shing, Hong Kong.

The Company is listed on the Main Board of the Stock Exchange of Hong Kong Limited.

The Company is an investment holding company and its subsidiaries are principally engaged in environmental maintenance business, property leasing business and securities trading business.

The condensed consolidated interim financial information are presented in Hong Kong dollars ("HK\$") unless otherwise stated. These condensed consolidated interim financial information have been approved for issue by the Board of Directors on 30 August 2022.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

This condensed consolidated interim financial information for the six months ended 30 June 2022 has been prepared in accordance with HKAS 34 "Interim financial reporting". The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2021, which have been prepared in accordance with Hong Kong Financial Reporting Standards.

The condensed consolidated interim financial information have been prepared under the historical cost basis. The principal accounting policies used in the preparation of the interim financial statements are consistent with those used in the annual consolidated financial statements for the year ended 31 December 2021, except for the amendments and interpretations of Hong Kong Financial Reporting Standards ("New HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants which have become effective in this period as detailed in note 2.1 of this announcement.

2.1 New Accounting Standards and Accounting Changes

The following new amendments to standards and interpretations are mandatory for accounting periods beginning on or after 1 January 2022. The adoption of these amendments to standards does not have any significant impact to the results and financial position of the Group.

Accounting Guideline 5 (revised)	<i>Revised Accounting Guideline 5 Merger Accounting for Common Control Combinations</i>
Amendments to HKAS 16	<i>Property, Plant and Equipment – Proceeds before Intended Use</i>
Amendments to HKFRS 3, HKAS 16 and HKAS 37	<i>Narrow-scope Amendments</i>
Amendments to HKAS 37	<i>Onerous Contracts – Cost Fulfilling a Contract</i>
Amendments to HKFRS 3	<i>Reference to the Conceptual Framework</i>

The Group has not applied any new standards and interpretations that are not effective for current accounting period.

3. SEGMENT INFORMATION

(a) Analysis of segment revenue and results

The Chief Operating Decision Maker (“CODM”) has been identified as the Directors who review the Group’s internal reporting in order to assess performance and allocate resources. The CODM has determined the operating segments based on these reports.

The Group has four operating segments (i) environmental maintenance business, (ii) property leasing business, (iii) securities trading business and (iv) medical devices business.

Certain comparative figures has been reclassified to conform with current year’s presentation.

Segment revenue and results

The following is an analysis of the Group’s revenue and results by operating segment:

	Environmental maintenance business		Property leasing business		Securities trading business		Medical devices business		Total	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Segment revenue										
External Revenue	131,718	156,467	1,614	1,496	-	136	5,581	-	138,913	158,099
Fair value gain on financial assets at fair value through profit and loss	-	-	-	-	8,012	6,098	-	-	8,012	6,098
Segment profit/(loss)	12,852	33,298	385	961	7,808	15,067	(314)	-	20,731	49,326
Finance income									6	600
Finance costs									(139)	(36)
Unallocated corporate expenses									(6,938)	(11,116)
Profit before tax									13,660	38,774

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit/(loss) represents the profit earned/loss incurred by each segment without allocation of central administration costs, depreciation of certain plant and equipment, directors' emoluments, finance income, finance cost and exchange gain/(loss). This is the measure reported to the CODM for purposes of resources allocation and performance assessment.

(b) Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating segment:

	Environmental maintenance business		Property leasing business		Securities trading business		Medical device business		Total	
	As at 30 June 2022	As at 31 December 2021	As at 30 June 2022	As at 31 December 2021	As at 30 June 2022	As at 31 December 2021	As at 30 June 2022	As at 31 December 2021	As at 30 June 2022	As at 31 December 2021
	(Unaudited) HK\$'000	(Audited) HK\$'000	(Unaudited) HK\$'000	(Audited) HK\$'000	(Unaudited) HK\$'000	(Audited) HK\$'000	(Unaudited) HK\$'000	(Audited) HK\$'000	(Unaudited) HK\$'000	(Audited) HK\$'000
Segment assets	418,789	378,392	98,817	137,529	68,928	97,865	26,973	0	613,507	613,786
Cash and cash equivalents									231,341	233,608
Deferred income tax assets									299	315
Other unallocated corporate assets									145	898
Total assets									845,292	848,607
Segment liabilities	55,273	76,064	1,473	1,878	1,328	3,601	12,663	0	70,737	81,543
Deferred income tax liabilities									39,489	39,131
Consideration payables									60,293	60,293
Current income tax liabilities									23,826	9,783
Other unallocated corporate liabilities									8,736	1,656
Total liabilities									203,081	192,406

(c) **Geographical information**

Revenues are attributed to geographic areas based on the location of customers. Revenues regarding geographical segments based on the location of customers or revenue source for the Interim Period are presented as follows:

	For the six months ended 30 June	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
China	138,913	157,963
Hong Kong	0	136
	<u>138,913</u>	<u>158,099</u>

Information about major customers

During the Interim Period, no single customer accounted for more than 10% of the Group's total revenue (six months ended 30 June 2021: Nil).

4. REVENUE

Turnover which consists of revenue from (i) environmental maintenance business, (ii) property leasing business, (iii) securities trading business and (iv) medical devices business, for the Interim Period together with the comparative unaudited figures for the Corresponding Period are as follows:

	For six months ended 30 June	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Revenue		
Environmental maintenance business:		
Service income for provision of environmental maintenance services	131,718	156,467
Property leasing business:		
Rental income	1,614	1,496
Securities trading business:		
Securities interest income	–	136
Medical devices business:		
Sales of medical devices	5,581	–
	<u>138,913</u>	<u>158,099</u>

Assets related to contracts with customers

The Group has recognised the following revenue-related contract assets

	As at 30 June 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
Contract assets		
Classified under:		
– non-current assets	20,190	20,219
– current assets	–	12,407
	<u>20,190</u>	<u>32,626</u>

As at 30 June 2022, contract assets amounting to HK\$20,190,000 (as at 31 December 2021: HK\$32,626,000) as the Group has entered into a service contract with a customer of its environmental maintenance business in which the Group has provided the relevant services ahead of the agreed payment schedule of 8 years. No contract assets (as at 31 December 2021: HK\$12,407,000) are classified as non-current assets based on the agreed payment schedule as at 30 June 2022.

5. GENERAL AND ADMINISTRATIVE EXPENSES

	For six months ended 30 June	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Depreciation on fixed assets	569	556
Legal and professional fee	599	1,463
Rent and rate	559	523
Share-based payment expenses	2,942	4,526
Staff salaries and allowances	5,852	4,892
Travelling expenses	272	528
Others	1,275	2,014
	<u>12,068</u>	<u>14,502</u>

6. FINANCE INCOME

The finance income for the Interim Period amounted to approximately HK\$6,000 (six month ended 30 June 2021: HK\$600,000) mainly comprised of interest income on short-term bank deposits.

7. INCOME TAX EXPENSE

	For six months ended 30 June	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Current income tax		
Hong Kong profit tax	3	–
PRC enterprise income tax	3,216	8,326
Income tax expenses	<u>3,219</u>	<u>8,326</u>

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits for six months ended 30 June 2022 and 2021. The applicable corporate income tax rate for Mainland China subsidiaries is 25% on the estimated assessable profits.

8. DIVIDENDS

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

9. EARNINGS PER SHARE

(a) *Basic*

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the Interim Period and corresponding period of previous financial year.

	For six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
Profit attributable to owners of the Company (<i>HK\$'000</i>)	<u>7,404</u>	<u>22,846</u>
Weighted average number of ordinary shares in issue (<i>thousands</i>)	<u>795,000</u>	<u>743,287</u>
Earnings per share (<i>HK\$</i>)	<u><u>0.009</u></u>	<u><u>0.031</u></u>

(b) *Diluted*

Diluted earning/(loss) per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the Interim Period, the Company has one category of dilutive potential ordinary shares: 40,000,000 share options granted (six months ended 30 June 2021: 40,000,000 share options granted). However, the computation of diluted earnings per share for the Interim Period does not assume the exercise of share option granted by the Company as the exercise price of those options was higher than the average market price per share.

10. TRADE RECEIVABLES

	30 June 2022 (Unaudited) <i>HK\$'000</i>	31 December 2021 (Audited) <i>HK\$'000</i>
0 to 30 days	22,732	28,571
31 to 60 days	21,055	22,140
61 to 90 days	17,824	16,295
More than 90 days	107,916	68,095
	169,527	135,101
Loss: loss allowance	(626)	(626)
	168,901	134,475

As at 30 June 2022, the Group's trade receivables mainly comprised receivables from the Group's environmental maintenance business. These receivables were not past due nor impaired and amounted to approximately HK\$169,527,000 (as at 31 December 2021: HK\$135,101,000). They are related to customers for whom there were no recent history of default.

As at 30 June 2022, no trade receivables were impaired (as at 31 December 2021: same). Provision for impairment of trade receivables in the amount of HK\$626,000 was made as at 30 June 2022 (as at 31 December 2021: same).

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2022 (Unaudited) HK\$'000	31 December 2021 (Audited) HK\$'000
Hong Kong listed equity securities	53,222	28,958
Unlisted equity investments	15,706	21,081
Equity securities listed outside Hong Kong	<u>0</u>	<u>46,570</u>
	<u>68,928</u>	<u>96,609</u>

12. TRADE PAYABLES

The aging analysis of trade payables based on the invoice date was as follows:

	30 June 2022 (Unaudited) HK\$'000	31 December 2021 (Audited) HK\$'000
0-30 days	14,512	9,011
31-60 days	1,343	2,854
61-90 days	3,030	2,497
More than 90 days	<u>13,829</u>	<u>10,794</u>
	<u>32,714</u>	<u>25,156</u>

The carrying amounts of the Group's trade payables approximate their fair values and are denominated in Hong Kong dollars.

13. BORROWINGS

	30 June 2022 (Unaudited) HK\$'000	31 December 2021 (Audited) HK\$'000
Bank loans (<i>Note</i>)	<u>13,288</u>	<u>–</u>

Note:

Bank borrowings have an effective interest rate of 4.15% per annum. The carrying amounts of the borrowings were denominated in RMB.

14. EVENTS AFTER THE REPORTING PERIOD

There is no material subsequent event undertaken by the Group after 30 June 2022, up to the date of this results announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND OPERATIONAL OVERVIEW

For the Interim Period, the Group was principally engaged in four operating segments, (i) environmental maintenance business, (ii) property leasing business, (iii) securities trading business and (iv) medical devices business. The Company and its subsidiaries recorded a revenue of approximately HK\$138,913,000, compared to a revenue of approximately HK\$158,099,000 for the six month period ended 30 June 2021 (the “Corresponding Period”). Profit attributable to the equity holders of the Company was approximately HK\$7,404,000 for the Interim Period (Corresponding period: HK\$22,846,000).

The decrease in profit attributable to the equity holders of the Company was primarily due to the following factors:

- (i) For the six months ended 30 June 2021, there was a relief related to value-added-tax (the “VAT Relief”) granted by the local government in the People’s Republic of China (the “PRC”) due to the COVID-19 pandemic in the amount of approximately HK\$2.5 million. There were no such kind of relief granted by the local government in the PRC during the Interim Period;
- (ii) Decrease in revenue from the Group’s environmental maintenance business in the amount of approximately HK\$24.7 million during the Interim Period, representing a decrease of approximately 15.8% as compared with the corresponding Period, as certain environmental maintenance service contracts were completed and did not renew during the year of 2021; and
- (iii) The absence of gain on disposal of financial assets at fair value through profit and loss during the Interim Period. For the corresponding Period, the Group recorded gain on disposal of financial assets at fair value through profit and loss in the amount of HK\$17.8 million.

Environmental Maintenance Business

The environmental maintenance business is based in Chengdu, the PRC, and is penetrating into other regions in the PRC such as Xinjiang Autonomous Region, Hebei Province and Inner Mongolia Autonomous Region. Its scope of services mainly includes (i) janitorial services for public areas in cities; (ii) classification management of solid waste, bulky garbage and food waste; and (iii) facility maintenance management of refuse collection points.

As of 30 June 2022, the Group had a total of 12 environmental maintenance service contracts in progress with the total contract amount for the remaining contract term of approximately RMB633 million.

Property Leasing Business

During the Interim Period, the Group recorded rental income in the amount of HK\$1,614,000 for the leasing of an office in Beijing (Corresponding Period: HK\$1,496,000).

Securities Trading Business

During the Interim Period, the Group do not record any securities interest income (Corresponding Period: HK\$136,000).

The Group recorded loss on disposal of financial assets at fair value through profit or loss in the amount of approximately HK\$204,000 (Corresponding Period: gain of approximately HK\$17,786,000) and fair value gain of financial assets at fair value through profit and loss in the amount of approximately HK\$8,012,000 (Corresponding Period: HK\$6,098,000).

The table below sets forth the performance of different financial assets held by the Group during the Interim Period:

Nature of financial assets	Name of the underlying company	Remarks	Value as at	Investment	Receipt from	Realised gain	Unrealised	Fair value	Size relative
			1 January 2022	for the interim Period	disposal for the interim Period	for the interim period	change for the interim period	as at 30 June 2022	to total assets as at 30 June 2022
			HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Unlisted Equity Investments	A private fund	a	21,081	-	-	-	(5,375)	15,706	1.9%
Hong Kong Listed Equity Securities	Various listed companies in HK	b	28,958	13,122	(2,373)	(583)	14,098	53,222	6.3%
Listed Equity Investments	A list money market fund in PRC	c	46,570	-	(46,977)	407	-	0	-
			<u>96,609</u>					<u>68,928</u>	

- a. The unlisted equity investments represented the investment in Pentamount Global SPC – Global Income SP in 2021. The investment objective of the segregated portfolio is to maximize capital appreciation by investing a wide range of instruments mainly in listed bond.
- b. The fair value of the listed equity securities is determined based on a quoted market bid price in a relevant stock exchange.
- c. The Fund is an open-end money market fund. The Fund was approved by the China Securities Regulatory Commission and was listed on the Shanghai Stock Exchange since 28 January 2013. The fair value of the fund is determined based on a quoted market bid price in a relevant stock exchange.

Medical Devices Business

The Group starts to engage in the medical devices business after the completion of acquisition of medical devices business on 31 May 2022. The pen injector from the Company's medical devices business is categorized as a Class II medical devices in China and has obtained the relevant certification approved by the National Medical Products Administration ("NMPA"). The Company was granted with the International Organisation for Standardisation 13485 ("ISO 13485") Certificate for meeting the regulatory requirements of the design, development and production of pen injector and has obtained the CE Full Quality Assurance System Certificate ("CE marking") for its pen injector for complying the product safety requirement across Europe.

FINANCIAL REVIEW

Revenue

The table below sets forth the revenue breakdown of the Group's for the Interim Period and Corresponding Period:

	For the six months ended	
	30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Revenue		
– from environmental maintenance business	131,718	156,467
– from property leasing business	1,614	1,496
– from securities trading business	0	136
– from medical devices business	5,581	0
	<u>138,913</u>	<u>158,099</u>

During the Interim Period, the Group recorded a total revenue of approximately HK\$138,913,000 (Corresponding Period: approximately HK\$158,099,000) representing an decrease of approximately 12.1% as compared to the corresponding period in 2021. The decrease was primarily due to the decrease of revenue from environmental maintenance business as certain environmental maintenance service contracts were completed and did not renew during the year of 2021.

Cost of Revenue

The cost of revenue is mainly comprised of service fees to workers, material consumed, depreciation on machinery and motor vehicles, motor vehicles expenses and utilities expenses from the environmental maintenance business. Cost of revenue for the Interim Period amounted to approximately HK\$119,201,000 (Corresponding Period: HK\$119,594,000), representing an decrease of approximately 0.3% as compared to Corresponding Period. The Gross profit margin decrease from 24.4% from the Corresponding Period to 14.2% for the Interim Period. The drop in gross profit margin was mainly attributable from the environmental maintenance business because of:

- a) Certain environmental maintenance service contracts with high gross profit margin (Gross profit ratio ranged from 37.0% to 56.0%) were completed and did not review since the year of 2021.
- b) Certain new environmental maintenance service contracts engaged in the second half of 2021 have comparative low profit margin (Gross profit ratio ranged from 5.7% to 11.1%)

Employee Benefit Expenses

The Group had 801 workers from the environmental maintenance business in PRC and 42 office staff from Hong Kong and PRC office, total 843 employees as at 30 June 2022 (As at 30 June 2021: 1,797 workers and 62 office staff, total 1,859 employees). Salaries and benefits expenses for workers were recognised as service fees to workers and classified under cost of revenue while salaries and benefits expenses for office staff were classified under general and administrative expenses.

During the Interim Period, salaries and benefits expenses for workers and office staff were respectively approximately HK\$71,122,000 and HK\$5,852,000 (Corresponding Period: approximately HK\$71,174,000 and HK\$4,892,000). The Group would regularly review the work allocation of the workers and office staff to maintain a high standard of service.

Profit Attributable to the Equity Holders of the Company

During the Interim Period, the Group recorded profit attributable to the equity holders of the Company in the amount of approximately HK\$7,404,000 (Corresponding Period: approximately HK\$22,846,000). The decrease in profit attributable to the equity holders of the Company were mainly attributable to the absence of gain on disposal of financial assets at fair value through profit and loss during the Interim Period (Corresponding Period: gain of approximately HK\$17,786,000).

Liquidity, Financial Resources and Capital structure

Capital structure

The Group's objectives of managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors its capital on the basis of the gearing ratio. The Group's strategy for lowering the gearing ratio to an acceptable level remain constant during the Interim Period.

Cash position and pledged bank deposit

As at 30 June 2022, the Group's cash and cash equivalents were approximately HK\$231,341,000 representing a slightly decrease of approximately 1% as compared with approximately HK\$233,608,000 as at 31 December 2021.

Trade receivables

As at 30 June 2022, the Group's trade receivables were approximately HK\$168,901,000, representing an increase of approximately 25.6% as compared to such amount as at 31 December 2021. The trade receivables were mainly comprised of trade receivable from the environmental maintenance business while the increase was mainly arised from new environmental maintenance projects which have longer credit period.

Capital expenditure

For the Interim Period, the Group's capital expenditure was approximately HK\$860,000 (Corresponding Period: approximately HK\$17,059,000), which was mainly used in the environmental maintenance business.

Gearing ratio

The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as consideration payables plus loans from a shareholder less cash and cash equivalents. Total capital is calculated as 'equity' shown in the consolidated balance sheet plus net debt. As at 30 June 2022 and 31 December 2021, the Group was in a net cash position, hence, no gearing ratio is disclosed.

Foreign Exchange Exposure

The Group operated in Hong Kong and PRC and primarily used HKD and RMB for the business in Hong Kong and PRC. The Group was exposed to foreign exchange risk based on fluctuations between HKD and RMB arising from its core operation in the Hong Kong and PRC. The Group did not undertake derivatives financial instruments or hedging instruments for speculative purposes. The Group will constantly review the economic situation and its foreign currency risk profile, continue to actively monitor foreign exchange exposure to minimize the impact of any adverse currency movement.

Significant Investment Held, Material Acquisition or Disposal of Subsidiaries and Affiliated Companies and Plans for Material Investment or Capital Assets

Completion of Acquisition of Medical Devices Business

On 8 April 2022, Aerospace Huatai Environmental Protection Co., Ltd.* ("Aerospace Huatai"), an indirect wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with Shanghai Benemae Pharmaceutical Corporation ("Shanghai Benemae"), pursuant to which Aerospace Huatai has conditionally agreed to acquire, and Shanghai Benemae has conditionally agreed to sell 90% of the equity interests in the Target Company at a total Consideration of RMB27,000,000 (equivalent to approximately HK\$33,067,972). (the "2022 Acquisition")

The 2022 Acquisition was completed on 31 May 2022. Upon the completion, the Target Company becomes an indirect non wholly-owned subsidiary of the Company. The financial results of the Target Company will be consolidated into the financial statements of the Group.

Save as disclosed above, there is no plan for material investments or capital assets as at 30 June 2022.

Change in Use of Proceeds from the Placing

Reference is made to (i) the announcement of the Company dated 23 March 2021 in relation to the 2021 Share Placing; (ii) the announcement of the Company dated 15 April 2021 in relation to the completion of the 2021 Share Placing; and (iii) the announcement of the Company dated 30 April 2021 in relation to the termination of the memorandum of understanding (the “MOU”) for a possible acquisition and capital injection into Beijing Yunling Technology Co., Ltd. (北京雲聆科技有限公司) (the “Possible Acquisition”) (the “Termination Announcement”). The net proceeds received by the Company from the 2021 Share Placing (the “Net Proceeds”), after deducting the underwriting fees and commissions and other expenses payable by the Company in connection with the 2021 Share Placing, were approximately HK\$149.5 million.

As stated in the Termination Announcement, the MOU was terminated with effect from 30 April 2021 and the parties to the MOU decided not to proceed with the Possible Acquisition. The Board has therefore decided to apply the Net Proceeds for other possible investments in high-growth business in PRC which will generate a stable and constant stream of income to the Group and create long term value for the Shareholders.

Further reference is made to the announcement of the Company dated 8 April 2022 and 4 July 2022, the use of proceed from the 2021 Share Placing were revised to (i) approximately HK\$41.7 million will be used for funding the operating costs and expenses of the initial stages of the new environmental maintenance projects; (ii) approximately HK\$33.1 million will be used for the 2022 Acquisition; (iii) approximately HK\$60.7 million will be used for the development of meat trading business and further development of logistics chain business and (iv) the remaining portion of approximately HK\$14 million will be used by the Company as general working capital of the Group.

USE OF PROCEEDS

The Company has not conducted any equity fund raising activities during the Interim Period and subsequently after 30 June 2022. The use of proceeds from the 2020 Subscriptions and 2021 Share Placing are updated as follows:

Use of Proceeds from the 2020 Subscriptions

Reference is made to the announcement of the Company dated 16 December 2019, 19 December 2019 and 7 January 2020 for the 2020 Subscription.

The net proceeds from the 2020 Subscription were approximately HK\$177,000,000 and the Company intends to apply the net proceeds in (i) the settlement of outstanding consideration payable for the acquisition of BYL Property Holdings Group Limited in 2018 (“Settlement of Consideration Payable”) amounting to approximately HK\$74,571,000 as at 31 December 2019; and (ii) general working capital as to the remaining balance. Up to the date of this announcement, the Company had paid approximately HK\$13,920,000 for the Settlement of outstanding consideration payable, with the remaining balance to be utilised as intended. Approximately HK\$102,429,000 has been utilised as general working capital as intended. The Group has no intention to change the use of proceeds from the 2020 Subscriptions.

Use of Proceeds from the 2021 Share Placing

The net proceeds from the 2021 Share Placing were utilized as follows:

	Revised allocation of the Net Proceeds on 4 July 2022 <i>HK\$ million</i>	Utilised amount of the Net Proceeds as at the date of this announcement <i>HK\$ million</i>	Unutilised Net Proceeds as at the date of this announcement <i>HK\$ million</i>
Operating costs and expenses of the initial stages of the new environmental maintenance projects	41.7	41.7	–
General working capital of the Group	14.0	14.0	–
Development of meat trading business and further development of logistics chain business	60.7	14	(Note) 46.7
Investment in the 2022 Acquisition	33.1	33.1	–
Total	149.5	102.8	46.7

Note: The unutilised amount is expected to be fully utilised by the end of 2022.

Impact of COVID-19

As as the date of this announcement, the Group was not aware of any material adverse effects on the financial statements as a result of the COVID-19 outbreak.

Contingent Liabilities

As at 30 June 2022, the Group did not have any material contingent liabilities.

Employees and Remuneration Policies

The Group had 843 (as at 30 June 2021: 1,859) employees as at 30 June 2022. The Group's remuneration practices are in line with the prevailing market practice and are determined on the basis of performance, qualification and experience of individual employee.

Dividend

The Directors do not recommend payment of dividend for the Interim Period (Corresponding Period: Nil).

Share Option Scheme and Share Option

The Company has adopted two share option schemes, namely, the 2013 Share Option Scheme which was adopted on 19 November 2013 and the 2021 Share Option Scheme which was adopted on 16 June 2021. The Schemes were adopted pursuant to resolutions passed by the Company's shareholders on 19 November 2013 and 16 June 2021 respectively for the primary purpose of providing eligible participants an opportunity to have a personal stake in the Company and to motivate, attract and retain the eligible participants whose contributions are important to the long-term growth and profitability of the Group.

During the Interim Period, no options had been granted, exercised, lapsed or forfeited from the 2013 Share Option Scheme and 2021 Share Option Scheme.

There were 40,000,000 and zero option respectively remained outstanding as at 30 June 2022 under the 2013 Share Option Scheme and 2021 Share Option Scheme.

Prospects

The Group had begun the development of the medical devices business during the Interim Period and will be developing the meat trading business in the second half of 2022.

Looking forward, the Group will continue to utilize its available resources to engage and develop its core business and newly engaged business, and seek for potential investment opportunities which will enable the Group to expand its business portfolio and diversify the revenue sources to increase the Shareholders' value.

The Board maintains its view that investing in high-growth businesses in the PRC, including high technology, software consulting and internet service related business, is key to contribute to a stable stream of income to the Group and to create long term value for the Shareholders. Due to the outbreak of COVID-19 and the quarantine and lockdown restrictions imposed by the PRC Government, the progress of identifying potential investment opportunities had been delayed. Nevertheless, the Board will endeavour to adhere to the plan of investing in the high growth businesses in the PRC and make announcement as and when appropriate.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

For the Interim Period, the Directors are not aware of any business or interest of the Directors, the management of the Company and their respective associates (as defined under the Listing Rules) that compete or may compete with the business of the Group and any other conflict of interest which any such person has or may have with the Group.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the Interim Period was the Company, or any of its subsidiaries or fellow subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the Interim Period.

CORPORATE GOVERNANCE

The Company is committed to ensure a high standard of corporate governance in the interests of the shareholders and devotes considerable effort to maintain high level of business ethics and corporate governance practices. The Company has complied with the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 of the Listing Rules throughout the Interim Period. The Company has applied the principles of, and complied with, the applicable code provisions of the CG Code during the Interim Period.

DIRECTORS’ SECURITIES TRANSACTIONS

The Group had adopted Appendix 10 of the Listing Rules (the “Model Code”) as its own code of conduct regarding Directors’ securities transactions on terms no less exacting than the required standard of dealings.

Having made specific enquiries to all the Directors and all the Directors of the Company had confirmed compliance with the required standard of dealings and the code of conduct for directors’ securities transactions during the Interim Period.

AUDIT COMMITTEE

The Company has established an audit committee (the “Audit Committee”). The Audit Committee performs, amongst others, review financial information of the Group; review relationship with and the terms of appointment of the external auditors; and review the Company’s financial reporting system, internal control system and risk management system.

The existing Audit Committee of the Company consists of three independent non-executive directors of the Company, chaired by Mr. Lam Ka Tak and the other two members are Mr. Xu Zhihao and Mr. Wong Sincere.

The unaudited interim financial results of the Group for the Interim Period have been reviewed by the Audit Committee.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This results announcement is published on the Company's website (www.netago.hk) and the HKExnews website (www.hkexnews.hk) of Hong Kong Exchanges and Clearing Limited. The 2022 Interim Report of the Company containing all the information required by the Listing Rules will be dispatched to the shareholders and available on the above websites in due course.

APPRECIATION

The Company's continuous development and progress facing market competition and challenges rest on the dedication and contributions of our staff from all departments as well as the trust, support and encouragement from all shareholders and business partners. On behalf of the Board, I would also like to express our sincere thanks to shareholders, clients, suppliers, business partners and other stakeholders for their continuing trust and unfailing support.

By Order of the Board
Net-a-Go Technology Company Limited
Sang Kangqiao
Chairman and Executive Director

Hong Kong, 30 August 2022

As at the date of this announcement, the Executive Directors are Mr. Sang Kangqiao, Mr. Xu Wenzhe and Mr. Cui Peng; and the Independent Non-executive Directors are Mr. Xu Zhihao, Mr. Lam Ka Tak and Mr. Wong Sincere.