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ASIA TELE-NET AND TECHNOLOGY CORPORATION LIMITED

亞洲聯網科技有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 679)

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

The Board of Directors (the “Board”) of Asia Tele-Net and Technology Corporation Limited (the “Company”) is pleased to announce the unaudited results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2022 with comparative figures as follows:

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

For the six months ended 30 June 2022

		Six months ended 30 June	
	<u>NOTES</u>	<u>2022</u> HK\$'000 (unaudited)	<u>2021</u> HK\$'000 (unaudited)
Revenue - contracts with customers	3A	166,925	173,095
Cost of sales		<u>(158,688)</u>	<u>(146,205)</u>
Gross profit		8,237	26,890
Other gains or losses	5	(16,955)	1,811
Other income	5	43,932	131,565
Selling and distribution costs		(4,561)	(5,079)
Administrative expenses		(43,385)	(48,388)
Reversal of impairment losses under expected credit loss model, net		44,972	9,569
Finance costs		<u>(1,405)</u>	<u>(2,027)</u>
Profit before taxation		30,835	114,341
Taxation	4	<u>(17,927)</u>	<u>(30,144)</u>
Profit for the period	5	<u>12,908</u>	<u>84,197</u>

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME - continued
For the six months ended 30 June 2022

		Six months ended 30 June	
	<u>NOTE</u>	<u>2022</u> HK\$'000 (unaudited)	<u>2021</u> HK\$'000 (unaudited)
Other comprehensive (expense) income			
Item that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operations			
- subsidiaries		<u>(25,737)</u>	<u>25,364</u>
Total comprehensive (expense) income for the period		<u><u>(12,829)</u></u>	<u><u>109,561</u></u>
Profit (loss) for the period attributable to:			
Owners of the Company		12,913	84,223
Non-controlling interests		<u>(5)</u>	<u>(26)</u>
		<u><u>12,908</u></u>	<u><u>84,197</u></u>
Total comprehensive (expense) income attributable to:			
Owners of the Company		(12,875)	109,560
Non-controlling interests		<u>46</u>	<u>1</u>
		<u><u>(12,829)</u></u>	<u><u>109,561</u></u>
Earnings per share	7		
Basic		<u><u>HK3.03 cents</u></u>	<u><u>HK19.75 cents</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 June 2022

	<u>NOTES</u>	<u>30.6.2022</u> HK\$'000 (unaudited)	<u>31.12.2021</u> HK\$'000 (audited)
Non-current assets			
Property, plant and equipment		46,193	46,843
Right-of-use assets		648	5,261
Deferred Consideration	8	95,769	-
Loans receivable		8,797	8,769
Investments in debt instruments		497,707	33,044
Interests in associates		-	-
Deferred tax assets		729	729
		<u>649,843</u>	<u>94,646</u>
Current assets			
Inventories		28,346	33,074
Deferred Consideration	8	229,114	283,129
Loans receivable		35,354	48,068
Contract assets		86,273	83,939
Debtors and prepayments	9	72,553	90,342
Investments at fair value through profit or loss		181,770	26,765
Amounts due from associates		79	66
Taxation recoverable		1,250	1,251
Pledged bank deposits		3,834	-
Bank deposits		282,386	755,203
Bank balances and cash		321,761	459,447
		<u>1,242,720</u>	<u>1,781,284</u>
Current liabilities			
Creditors and accrued charges	10	139,568	172,286
Other payables		201,000	201,000
Dividend payable		8,529	-
Bank borrowing		60,000	-
Warranty provision		12,592	14,956
Contract liabilities		43,083	30,887
Lease liabilities		4,423	8,984
Taxation payable		6,848	4,418
		<u>476,043</u>	<u>432,531</u>
Net current assets		<u>766,677</u>	<u>1,348,753</u>
Total assets less current liabilities		<u>1,416,520</u>	<u>1,443,399</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION - continued
At 30 June 2022

	<u>NOTE</u>	<u>30.6.2022</u> HK\$'000 (unaudited)	<u>31.12.2021</u> HK\$'000 (audited)
Capital and reserves			
Share capital		4,265	4,265
Reserves		<u>1,293,533</u>	<u>1,314,937</u>
Equity attributable to owners of the Company		1,297,798	1,319,202
Non-controlling interests		<u>78</u>	<u>32</u>
Total equity		<u>1,297,876</u>	<u>1,319,234</u>
Non-current liabilities			
Accrued charges	10	24,858	41,352
Warranty provision		1,832	1,298
Deferred tax liabilities		<u>91,954</u>	<u>81,515</u>
		<u>118,644</u>	<u>124,165</u>
		<u>1,416,520</u>	<u>1,443,399</u>

NOTES

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for certain buildings and financial instruments, which are measured at revalued amounts or fair values, as appropriate.

Other than additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards ("HKFRS") which became relevant to the Group, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2022 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2021.

Application of amendments to HKFRSs

In the current interim period, the Group has applied, the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2022 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 - 2020

The application of the amendments to HKFRSs in the current period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

2. PRINCIPAL ACCOUNTING POLICIES - continued

Application of amendments to HKFRSs - continued

Accounting policies on application of Amendments to HKAS 37 Onerous Contracts - Cost of Fulfilling a Contract

Accounting policies

Provisions

For assessment of outstanding unfulfilled contracts as at 1 January 2022, the unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. When assessing whether a contract is onerous or loss-making, the Group includes costs that relate directly to the contract, consisting of both the incremental costs (e.g. direct labour and materials) and an allocation of other costs (e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling that contract) that relate directly to fulfilling contracts.

Transition and summary of effects

The Group has applied the amendments to contracts for which the Group has not yet fulfilled all its obligations as at the date of initial application, 1 January 2022. Specifically, the Group's assessment of onerous contracts in relation to unfulfilled contracts related to contract works in respect of design, manufacturing and sale of custom-built electroplating machinery and other industrial machinery and concluded that there is no material impact on the Group's financial position and performance as at the date of initial application and during the six months ended 30 June 2022.

3A. REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregation of revenue from contracts with customers

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Types of goods or service		
Contract works in respect of design, manufacturing and sale of custom-built electroplating machinery and other industrial machinery		
- Printed circuit boards	113,274	105,284
- Surface finishing	19,963	32,136
	133,237	137,420
Sale of spare parts of electroplating machinery	6,374	3,542
Provision of services - repairs, maintenance and modification	27,314	32,133
Total	<u>166,925</u>	<u>173,095</u>

3B. SEGMENT INFORMATION

The Group has one operating segment being the electroplating equipment segment which contributes the entire revenue of the Group. For the purpose of resources allocation and assessment of performance, the executive directors, being the chief operating decision makers, regularly review the Group's revenue by types of goods or services and no further discrete financial information was provided other than segment result of the operating segment as a whole.

Reconciliation of the operating segment result to profit before taxation is as follows:

	<u>Electroplating equipment</u>	
	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Segment revenue	<u>166,925</u>	<u>173,095</u>
Segment loss	<u>(16,680)</u>	<u>(10,239)</u>
Intra-group management fee charged to operating segments	2,313	2,262
Certain other gains and losses	(25,651)	4,449
Certain other income	42,991	129,700
Central corporate expenses	(16,852)	(18,815)
Reversal of impairment losses under expected credit loss model for loans receivable and Deferred Consideration, net	45,613	8,842
Imputed interest on non-current portion of provision for performance related incentive payments	<u>(899)</u>	<u>(1,858)</u>
Profit before taxation	<u>30,835</u>	<u>114,341</u>

4. TAXATION

	Six months ended 30 June	
	<u>2022</u>	<u>2021</u>
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Hong Kong Profits Tax	-	-
PRC Enterprise Income Tax		
Charge for the period	3,728	76,162
	<u>3,728</u>	<u>76,162</u>
Deferred tax charge (credit)	14,199	(46,018)
	<u>17,927</u>	<u>30,144</u>

No provision for Hong Kong Profits Tax has been made in the condensed consolidated financial statements as the group entities are subjected to Hong Kong Profits Tax have no assessable profit for both periods or the assessable profit is wholly absorbed by tax losses brought forward.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulations of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

5. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	<u>2022</u>	<u>2021</u>
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Profit for the period has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	2,375	2,068
Depreciation of right-of-use assets	5,087	4,282
Imputed interest expense on non-current portion of provision for performance related incentive payments	899	1,858
Included in other income:		
Interest income from Deferred Consideration	(22,313)	(116,212)
Interest income from other financial assets	(13,161)	(11,866)
Dividend income	(6,831)	(1,673)
Included in other gains or losses		
Net exchange loss	26,839	2,594
Net change in fair value of investments at fair value through profit or loss	<u>(9,894)</u>	<u>(4,449)</u>

6. DIVIDEND

During the six months ended 30 June 2022, a final dividend of HK\$0.02 (six months ended 30 June 2021: HK\$0.02) per share with aggregate amount of approximately HK\$8,529,000 (six months ended 30 June 2021: HK\$8,529,000) in respect of the year ended 31 December 2021 was declared and approved by shareholders of the Company as at 30 June 2022. The amount subsequently paid to owners of the Company on 25 July 2022.

Subsequent to the end of the current interim period, the directors of the Company have determined that an interim dividend of HK\$0.01 (six months ended 30 June 2021: HK\$0.01) per share amounting to approximately HK\$4,265,000 (six months ended 30 June 2021: HK\$4,265,000) will be paid to owners of the Company.

7. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the Group's profit for the period attributable to owners of the Company of approximately HK\$12,913,000 (six months ended 30 June 2021: HK\$84,223,000) and the number of ordinary shares of 426,463,400 (six months ended 30 June 2021: 426,463,400) in issue.

No diluted earnings per share have been presented as there were no potential ordinary shares in issue during both periods.

8. DEFERRED CONSIDERATION

On 7 August 2011, a wholly-owned subsidiary of the Company entered into an agreement with an independent third party (the "Counterparty") in relation to a re-development plan of two parcels of industrial lands located in Bao An District, Shenzhen, the PRC from industrial land into residential properties for resale. The Group has undertaken a series of negotiations with the Counterparty on the settlement scheme. On 28 June 2019 and 9 September 2019, the negotiation was finalised and the Group is offered a guaranteed cash consideration of RMB2,750,000,000 (equivalent to approximately HK\$3.1 billion) payable by six tranches which will be due within on or before 6 January 2020 to on or before 5 January 2023. The Deferred Consideration is measured at amortised cost using the effective interest method, less any impairment. As at 31 December 2021, the outstanding instalment payments amounted to RMB400,000,000, RMB400,000,000 and RMB750,000,000 which are repayable on or before 5 January 2022, 5 July 2022 and 5 January 2023 respectively. In December 2021, the Group was notified by the Counterparty that the repayment of the first two remaining instalments of an aggregate amount of RMB800,000,000 is expected to be delayed, and therefore the Deferred Consideration is regarded as credit-impaired since then.

8. DEFERRED CONSIDERATION (CONTINUED)

As at 31 December 2021, the Group received a deposit of HK\$200,000,000 from the related company of the Counterparty as security to the Counterparty's repayment obligations, and such amount is included in "other payables" on the condensed consolidated statement of financial position at 31 December 2021 and 30 June 2022. Such security will be applied as partial settlement of the Deferred Consideration if the Counterparty has not fully settled the said RMB800,000,000 by 30 November 2022. At the same time, the Group is entitled to default interest from the date of default as agreed in the initial agreements. Furthermore, in May 2022, the Counterparty has pledged certain of its properties to the Group as additional security of the outstanding amount of Deferred Consideration, of which the proceeds from selling those properties after deducting direct expenses is restricted for the settlement of the Deferred Consideration, and such right is extended until the Counterparty had fulfilled its repayment obligations. Except as described above, there are no other changes to the terms or settlement scheme.

Up to 30 June 2022, apart from the default interest amounting to HK\$10,671,000, the Group has not received any settlement from the Counterparty. During the six months ended 30 June 2022, reversal of impairment losses under expected credit loss model of approximately HK\$45,150,000 (six months ended 30 June 2021: HK\$8,634,000) is recognised in profit or loss. The basis of determining the inputs and assumptions and the estimation techniques used in the condensed consolidated financial statements for the six months ended 30 June 2022 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2021, except that in the measurement of expected cash shortfalls as at 30 June 2022, the Group also considers the amount and timing of cash flows that are expected from the foreclosure on the pledged properties. As such, the reversal of expected credit loss of Deferred Consideration during the current period mainly arose from decrease in loss given default as a result of the expected recovery from the additional security as described above. Besides, interest income of approximately HK\$22,313,000 (six months ended 30 June 2021: HK\$116,212,000) is recognised by applying the effective interest rate to the amortised cost of the Deferred Consideration (six months ended 30 June 2021: gross carrying amount of the Deferred Consideration). Such interest income is recognised as other income in profit or loss for both periods.

As at 30 June 2022, the net carrying amount of Deferred Consideration amounting to approximately HK\$229,114,000 (31 December 2021: HK\$283,129,000) is expected to be settled within one year and accordingly is classified as current assets, while the rest of the amounts are classified as non-current assets.

9. DEBTORS AND PREPAYMENTS

	<u>30.6.2022</u> HK\$'000 (unaudited)	<u>31.12.2021</u> HK\$'000 (audited)
Trade debtors from contracts with customers	41,191	63,174
Less: Allowance for credit losses	<u>(1,210)</u>	<u>(516)</u>
	39,981	62,658
Rental and utility deposits	2,398	2,922
Deposits paid for purchase of raw materials	7,019	8,504
Deposits paid for subcontracting cost	4,549	7,653
Account balance placed with a broker	12,531	8
Other tax receivables	1,831	1,223
Other debtors and prepayments	<u>4,244</u>	<u>7,374</u>
	<u><u>72,553</u></u>	<u><u>90,342</u></u>

The Group allows a general credit period of one to two months to its customers.

The following is an ageing analysis of trade debtors net of allowance for credit losses presented based on the invoice date at the end of the reporting period, which is approximately the respective recognition dates for sales of goods or respective dates of the achievement of the relevant milestone as stipulated in the relevant service contracts as appropriate:

	<u>30.6.2022</u> HK\$'000 (unaudited)	<u>31.12.2021</u> HK\$'000 (audited)
1 - 60 days	37,838	57,147
61 - 120 days	255	3,215
121 - 180 days	208	772
Over 180 days	<u>1,680</u>	<u>1,524</u>
	<u><u>39,981</u></u>	<u><u>62,658</u></u>

10. CREDITORS AND ACCRUED CHARGES

	<u>30.6.2022</u> HK\$'000 (unaudited)	<u>31.12.2021</u> HK\$'000 (audited)
Trade creditors	80,014	89,930
Accrued staff costs	13,518	16,265
Commission payables to sales agents	17,448	18,794
Payment for acquisition of debts investments	-	12,201
Provision for performance related incentive payments to directors and key management	32,644	58,745
Other creditors and accrued charges for operating costs	<u>20,802</u>	<u>17,703</u>
	164,426	213,638
Less: Non-current portion of provision for performance related incentive payments to directors and key management	<u>(24,858)</u>	<u>(41,352)</u>
	<u><u>139,568</u></u>	<u><u>172,286</u></u>

The following is an ageing analysis of trade creditors as at the end of the reporting period which is based on the invoice dates of the amounts due:

	<u>30.6.2022</u> HK\$'000 (unaudited)	<u>31.12.2021</u> HK\$'000 (audited)
0 - 60 days	29,767	53,240
61 - 120 days	23,334	22,133
121 - 180 days	15,236	6,829
Over 180 days	<u>11,677</u>	<u>7,728</u>
	<u><u>80,014</u></u>	<u><u>89,930</u></u>

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

During the period ended 30 June 2022 (“Period Under Review”), the Group recorded profit attributable to owners of the Company of approximately HK\$12,913,000 compared to the profit attributable to owners of the Company of approximately HK\$84,223,000 for the period ended 30 June 2021 (“Previous Period”). The decrease in the Group’s profit attributable to owners of the Company during the Period Under Review was mainly due to the off-setting effect of (i) drop in gross profit of approximately HK\$18,653,000 from approximately HK\$26,890,000 in the Previous Period to approximately HK\$8,237,000 in the Period Under Review; (ii) the interest income from Deferred Consideration has reduced by approximately HK\$93,899,000 and (iii) increase in the reversal of impairment losses under the expected credit loss model of approximately HK\$35,403,000.

Reference is made to the Group’s announcement dated 26 August 2022. Certain figures contained in such announcement were different from the final figures stated in this announcement including (i) the decreased interest income from the deferred consideration was previously estimated at HK\$97 million and (ii) the increase in the reversal of impairment losses under the expected credit loss model which was previously estimated at HK\$61 million. The net effect to the Group’s profit attributable to owners was previously estimated at a drop of 60%-70% for the Period Under Review as compared to the Previous Period. Based on the condensed consolidated financial statements which is reviewed by the Company’s auditors, the net effect should be 85% instead. The figures stated in the announcement dated 26 August 2022 represented the best estimates made by the management of the Company based on the then information.

The basic earnings per share for the Period Under Review was HK3.03 cents compared to the basic earnings per share of HK19.75 cents for the Previous Period.

FINANCIAL REVIEW

Revenue

The revenue for the Period Under Review was approximately HK\$166,925,000 or 3.6% less than the Previous Period.

In terms of business segment, approximately 85.0% of the revenue was generated from PCB sector (the Previous Period: approximately 76.6%) and approximately 15.0% came from surface finishing sector (the Previous Period: approximately 23.4%). In terms of the machines geographical installation base, the revenue composition during the Period Under Review was 83.4% machines in PRC, 5.6% in the USA, 2.3% in Korea, 2.0% in Taiwan, and 6.7% in rest of the world.

Gross Profit

Due to price pressure from customer and inflation, gross profit was 4.9% which was lower than the Previous Period (approximately 15.5%).

Other gain or losses

This mainly represented (a) Net change in realized and unrealized fair value gain of investments at fair value through profit or loss of approximately HK\$9,894,000 (the Previous Period: HK\$4,449,000) and (b) net exchange loss of approximately HK\$26,839,000 (the Previous Period: HK\$2,594,000).

- (a) Net change in realized and unrealized fair value gain of investments at fair value through profit or loss was approximately HK\$9,894,000 (the Previous Period: HK\$4,449,000)

All investments at fair value through profit or loss were recorded at fair value as at 30 June 2022 and represented listed securities in Hong Kong. The gain of approximately HK\$9,894,000 represents fair value gain of these investments, as a result of mark to market valuations as at the balance sheet date.

Below are information of the Group's investments at fair value through profit or loss as at 30 June 2022:

Company Name / Stock Code	% of shareholding as at 30 June 2022	Net fair value change HK\$'000	Fair value as at 30 June 2022 HK\$'000	% of Total Assets of the Group as at 30 June 2022	Fair value as at 31 December 2021 HK\$'000	% of Total Assets of the Group as at 31 December 2021
Shanghai Industrial Urban Development Group Ltd. (563)	0.26%	(1,133)	8,434	0.45%	9,567	0.51%
Q P Group Holdings Ltd. (1412)	1.59%	763	11,186	0.59%	10,423	0.56%
Hysan Development Company Ltd. (14)	0.07%	(101)	17,974	0.95%	-	-
China Mobile Ltd. (941)	0.01%	(3,099)	98,000	5.18%	-	-
Agricultural Bank of China Ltd. (1288)	0.02%	1,550	14,800	0.78%	-	-
Bank of China Ltd (3988)	0.00%	1,935	6,260	0.33%	-	-
SenseTime Group Inc. (20)	0.00%	(7,231)	12,019	0.63%	-	-
CNOOC Ltd (883)	-	16,371	-	-	-	-
Others		839	13,097	0.69%	6,775	0.36%
Total		<u>9,894</u>	<u>181,770</u>	<u>9.60%</u>	<u>26,765</u>	<u>1.43%</u>

(b) Net exchange loss of approximately HK\$26,839,000 (the Previous Period: HK\$2,594,000)

The net exchange loss was mainly due to the exchange loss arising from period end revaluation of bank deposit and debt instruments which was denominated in RMB. During the Period Under Review, RMB was depreciated by approximately 4.4%.

Other income

This mainly represented (a) interest income from other financial assets of approximately HK\$13,161,000 (the Previous Period: HK\$11,866,000) (b) interest income from Deferred Consideration of approximately HK\$22,313,000 (the Previous Period: HK\$116,212,000) (c) Government subsidy of approximately HK\$1,179,000 (the Previous Period: HK\$1,039,000) and (d) dividend income from investments in Hong Kong listed securities of approximately HK\$6,831,000 (the Previous Period: HK\$1,673,000).

(a) Interest income from other financial assets

This represented (i) interest income arising from loans receivable of approximately HK\$1,292,000 (the Previous Period: HK\$2,069,000) (ii) interest received from bank deposits of approximately HK\$6,877,000 (the Previous Period: HK\$9,797,000) and (iii) interest income from investments in debt instruments of approximately HK\$4,992,000 (the Previous Period: nil).

i) Interest arising from loans receivable

On 21 October 2019, the Group entered into a loan facility agreement ("2019 Loan Facility Agreement") with Karl Thomson Financial Group Limited ("KTFG"), which is a wholly owned subsidiary of Hong Kong Finance Investment Holding Group Limited ("Hong Kong Finance Investment"). Mr. Lam Kwok Hing, an executive director and the ultimate controlling shareholder of the Company, and Mr. Nam Kwok Lun, an executive director of the Company who has an indirect interest in the Company, are the directors of Hong Kong Finance Investment. Pursuant to 2019 Loan Facility Agreement, the Group provides an unsecured revolving loan facility of HK\$130,000,000 bearing interest at prime rate as announced from time to time by The Hong Kong and Shanghai Banking Corporation Limited for lending Hong Kong Dollars ("Prime Rate") for a term of three years commencing from the loan effective date and ending on 20 October 2022.

Pursuant to the 2019 Loan Facility Agreement, the Group has received interest income of approximately HK\$694,000 (the Previous Period: HK\$1,405,000) from KTFG.

Besides the revolving loan facility with KTFG, the Group has also received interest income of approximately HK\$598,000 from other loans (the Previous Period: HK\$664,000).

ii) Interest received from bank deposits

Interest income from bank deposits was approximately HK\$6,877,000 (the Previous Period: HK\$9,797,000).

iii) Interest income from investments in debt instruments

Interest income from investments in debt instruments was approximately HK\$4,992,000 (the Previous Period: nil).

(b) Interest income from Deferred Consideration

Please refer to note 8 of the financial information of this result announcement for more detailed explanation on the interest income of approximately HK\$22,313,000 (the Previous Period: HK\$116,212,000)

(c) Government subsidy

During the Period Under Review, the HKSAR Government has launched the 2022 Employment Support Scheme (“ESS”) under the Anti-epidemic Fund to provide time-limited financial support to employers to retain employees who may otherwise be made redundant. The Group has received a total of approximately HK\$820,000 from the ESS.

The PRC subsidiaries of the Group have also received approximately HK\$359,000 (the Previous Period: HK\$1,039,000) being refund of certain government fees. The refund was a hardship subsidy due to the Covid-19 pandemic.

(d) Dividend income

Dividend income received from investments in Hong Kong listed securities was approximately HK\$6,831,000 (the Previous Period: HK\$1,673,000).

Selling and Distribution Costs

The selling and distribution costs represented exhibition and marketing expenses, product and public liability insurance cost and the respective personnel cost on the sales team. The costs for the Period Under Review was 10.2% lower than the Previous Period. It was primarily due to reduced sales activities due to the COVID-19 pandemic.

Administrative expenses

The administrative expenses for the Period Under Review was 10.3% lower than the Previous Period.

(a) Provision for performance related incentive payments

Provision for performance related incentive payments is calculated by applying the pre-agreed percentage on the overall financial performance of the Group for a financial year and discounted to present value. Overall financial performance of the Group refers to the profit after taxes attributable to the owners of the company as reported in the annual report.

For the Period Under Review, no provision was made for performance related incentive payments (the Previous Period: HK\$4,196,000).

(b) Decrease in general expenses

The remaining administrative expenses was approximately HK\$43,385,000 was 1.8% lower than the Previous Period (the Previous Period: HK\$44,192,000).

As a benchmark, the average inflation rates in China and Hong Kong for first half 2022 were 1.7%¹ and 1.5%² respectively.

¹ Inflation rate in China is reported by the National Bureau of Statistics of China.

² Inflation rate in Hong Kong is reported by Census and Statistics Department of Hong Kong.

Reversal of impairment losses under expected credit loss model, net

This represented impairment losses under expected credit loss model for trade debtors, contract assets, loans receivable and Deferred Consideration, net of reversal as below:-

	Six months ended 30 June	
	2022 HK\$'000	2021 HK\$'000
Trade debtors	695	(761)
Contract assets	(53)	34
Loans receivable	(464)	(208)
Deferred Consideration	(45,150)	(8,634)
	(44,972)	(9,569)

Finance cost

This represented (a) interest on bank borrowings of HK\$304,000 (the Previous Period: nil); (b) the imputed interest expenses regarding the provision of performance related incentive payments of approximately HK\$900,000 (the Previous Period: HK\$1,858,000) and (c) the interest expenses on lease liabilities of approximately HK\$201,000 (the Previous Period: HK\$169,000).

Since the provision for performance related incentive payments is discounted to present value, when the expected payment timetable comes closer, the present value of such incentive payments will be revised upwards. An imputed interest expense will arise accordingly and hence an amount of approximately HK\$900,000 was reported for the Period Under Review

The lease liability is treated as a borrowing, with its value increased as interest is recognised and decreased as lease payments are made.

Taxation

Taxation of approximately HK\$17,927,000 (the Previous Period: HK\$30,144,000) represented mainly taxes paid or payable by our wholly-owned subsidiaries in China.

As the Group recorded a gain in relation to the Longhua Project before tax approximately HK\$66,564,000 (the Previous Period: HK\$118,792,000), the Group recorded a corresponding estimated taxes of approximately HK\$17,727,000 (the Previous Period: HK\$31,212,000).

Net gain in relation to the Longhua Project

As can be seen from above explanations, various incomes and expenses in relation to the property re-development plan in Longhua were recorded in the Period Under Review and the Previous Period. In order to help the shareholders to understand the overall impact, we have prepared a summary table below:-

	Six months ended 30 June	
	2022 HK\$'000	2021 HK\$'000
Under “Other Income” – Interest income from Deferred Consideration	22,313	116,212
Under “Administrative expenses” – Provision for directors’ bonus	-	(4,196)
Under “Finance cost” – Imputed interest on non-current portion of provision for performance related incentive payments and special management bonus	(899)	(1,858)
Under “Reversal of impairment losses under expected credit loss model, net” - Reversal of impairment losses under expected credit loss model, net	45,150	8,634
Under “Taxation”	(17,727)	(31,212)
Net gain in relation to the Longhua Project	48,837	87,580

Deferred Consideration

Please refer to note 8 of the financial information of this result announcement for more detailed explanation.

Loans receivable

On 21 October 2019, the Group entered into 2019 Loan Facility Agreement with KTFG, which is a wholly owned subsidiary of Hong Kong Finance Investment. Mr. Lam Kwok Hing, an executive director and the ultimate controlling shareholder of the Company, and Mr. Nam Kwok Lun, an executive director of the Company who has an indirect interest in the Company, are the directors of Hong Kong Finance Investment. Pursuant to 2019 Loan Facility Agreement, the Group provides an unsecured revolving loan facility of HK\$130,000,000 bearing interest at Prime Rate for a term of three years commencing from the loan effective date and ending on 20 October 2022.

As at 30 June 2022, a loan of approximately HK\$24,000,000 (31 December 2021: approximately HK\$36,000,000) was drawn by KTFG in accordance with the terms of the 2019 Loan Facility Agreement. The average effective interest rate, which is equal to contractual interest rate, is 5% (The Previous Period: 5 %) per annum.

As reported in above, the total interest income earned in relation to above loans was approximately HK\$694,000 (the Previous Period: HK\$1,405,000).

As at 30 June 2022, besides the revolving loan facility with KTFG, the Group has granted three loans with independent third parties bearing interest between 2.2% to 8.0% per annum and the Group has received interest income of approximately HK\$598,000 from these loans. (the Previous Period: HK\$664,000)

The carrying amount for each respective period is shown below:-

	As at 30/06/2022 HK\$'000	As at 31/12/2021 HK\$'000
Principal outstanding repayable within one year	37,319	50,500
Principal outstanding repayable after one year	13,024	12,992
Less impairment loss allowance	(6,192)	(6,655)
Net carrying amount	44,151	56,837
Analysed for reporting purpose as:		
Current	35,354	48,068
Non-current	8,797	8,769
	44,151	56,837

Contract assets

The Group is entitled to invoice customers for construction of custom-built electroplating machinery and other industrial machinery based on achieving a series of performance-related milestones. The contract assets represent the amount which the Group is entitled to claim against the customers for the work completed but not yet billed. They are not billed because the agreed performance-related milestones are still under processed. When a performance-related milestone of a certain project is completed, such related contract assets will be transferred to trade debtors.

Contract liabilities

From time to time, customers will pay to the Group various performance related milestone payments in accordance with accepted purchase orders or agreed contracts. Contract liabilities represent the Group's obligations to transfer goods or services to customers for which the Group has already received consideration from the customers.

Deferred tax of under non-current assets and liabilities

The Group has recorded a deferred taxation of approximately HK\$81,221,000 as estimated taxation expenses in relation to the expected gain arising from the arrangement in relation to a site located at Longhua.

The balance of approximately HK\$10,004,000 represented deferred tax liabilities recognized for accelerated tax depreciation of approximately HK\$45,000, revaluation of properties of approximately HK\$787,000, and withholding tax provision for dividend payable by a PRC subsidiary of approximately HK\$9,172,000.

BUSINESS REVIEW ON ELECTROPLATING EQUIPMENT (UNDER THE TRADE NAME OF “PAL”)

Electroplating Equipment-Printed Circuit Boards (“PCB”) Sector

This sector is traded through our subsidiary Process Automation International Ltd (“PAL”).

During the Period Under Review, the revenue in this business area increased to HK\$113,274,000 from HK\$105,284,000 in Previous Period, representing a rise of 7.6%. Out of this total revenue, from the perspective of installation location, nearly 91.7% were shipment made to PRC (70.2% in the Previous Period) and 2.6% were shipment made to Russia (nil in the Previous Period).

Two main markets driving our revenue in PCB sector are PCBs used in smartphone and car. The development of car industry is elaborated in our other sector, surface finishing sector, below.

According to the quarterly reports released by IDC, worldwide smartphone shipments declined 8.9% year over year in the first quarter of 2022 with shipment volume stood at approximately 314 million units. Quarter two of 2022 faced a continued decline of 8.7% on year over year basis. Shipment volume has dropped to approximately 286 million units.

Top 5 Smartphone Companies, Worldwide Shipments, Market Share, and Year-Over-Year Growth, Q2 2022 (shipments in millions of units)					
Company	2Q 2022 Shipment Volumes	2Q 2022 Market Share	2Q 2021 Shipment Volumes	2Q 2021 Market Share	Year-Over-Year Change
Samsung	62.4	21.8%	59.1	18.9%	5.6%
Apple	44.6	15.6%	44.4	14.2%	0.5%
Xiaomi	39.5	13.8%	53.1	16.9%	-25.5%
vivo	24.8	8.7%	31.7	10.1%	-21.8%
OPPO	24.7	8.6%	32.8	10.5%	-24.6%
Others	89.9	31.5%	92.3	29.5%	-2.6%
Total	286.0	100.0%	313.4	100.0%	-8.7%
Source: IDC Quarterly Mobile Phone Tracker, August 4, 2022					

“Roaring inflation and economic uncertainty has seriously dampened consumer spending. OEMs have cut back orders for the rest of the year with Chinese vendors making the biggest cuts as their largest market continues to struggle” said Nabila Popal the research director with IDC's Worldwide Tracker team.

The biggest decline in demand in the second quarter of 2022 came from China. A decline of 14.3% was recorded. By contrast, the Asia Pacific region without China saw sales drop 2.2% only. The North American smartphone market reached 35.4 million units in Q2 2022, down 6.4% yearly amid economic challenges, high inflation and poor seasonal demand. India used to be a growth engine to the smartphone market has recorded a single digit growth only. Approximately 35 million smartphones were shipped to India in quarter two of 2022. Although this was a 3% year-over-year growth, the cumulative shipment volume for the first half of 2022 was declined by 1% year-over-year. The decline didn't change the rankings for top shipments among manufacturers in the second quarter of 2022 as illustrated in table above.

Electroplating Equipment-Surface Finishing (“SF”) Sector

This sector is traded through our subsidiary PAL Surface Treatment Systems Ltd (“PSTS”).

The revenue of SF sector has decreased by 37.9% from approximately HK\$32,136,000 in the Previous Period to approximately HK\$19,963,000 for the Period Under Review. Out of this total revenue, from the perspective of installation location, nearly 53.0% were shipment made to PRC (3.6% in the Previous Period) and 27.9% were shipment made to the USA (32.2% in the Previous Period).

The revenue of SF sector, for past few years, was mainly streamed from multinational companies selling automotive parts.

After a slight recovery in 2021, sales of light vehicle experienced a drop across three major car markets, including China, the United States and the European Union. Many analysts are now revising downward for their 2022 forecast of global car sales. After two Covid-19-impacted years, which were further affected by the chip shortages, most of market analysts originally hoped that year 2022 would deliver a continued recovery in global. However, new adverse factors have emerged since the start of 2022, including Russia’s invasion of Ukraine and the continued strict lockdowns in China. This has led to new disruption at various production sites in Europe and Asia, while chip shortages have remained. Workers in many countries of Europe have launched strikes to protest against inflation and the rising cost of living. When adding up these factors together, year 2022 to most of the car makers is a year with dampened demand while having to pay a higher production cost. Given the dim outlook, some car makers such as Ford and Tesla chose to downsize their operations and announced their layoff plans in order to better control their operational costs.

While the overall sales of light vehicles are reducing, demand of electric vehicles is increasing due to the rising fuel prices as well as the offer of government incentives. The latest Canalys research shows that 4.2 million electric vehicles were sold worldwide in the first half of 2022, up 63% on the first half of 2021. It is unfortunate that the increased sales in electric vehicles could not compensate or offset fully the decreased sales in fuel cars.

Outlook

Facing generally a weak market for both smartphone and automobile, although the Group was able to secure more or less the same level of revenue for the Period Under Review as compared to the Previous Period, the gross profit has shrunk. The impact of disruption in supply chain, and hence the increased cost of production, is worldwide. Like many other industrial players, the Group is facing extended delivery time as well as a higher direct material cost and shipping expenses.

The Group expects that the current operating environment, namely weak market momentum and higher cost of production due to inflation, will remain relatively the same for the second half of 2022. It is hard to say whether the current wave of inflation has peaked or not. According to the data published by Trading Economics, the annual inflation rate in the US slowed to 8.5% in July of 2022 from the historical high of 9.1% in June. Annual inflation rate in the Euro Area was confirmed at a new record high of 8.9% in July of 2022, compared to 8.6% in June and 2.2% a year earlier. China's annual inflation rate rose to 2.7% in July 2022 from 2.5% in June. In its July report, the IMF has lowered its global GDP growth forecast to 3.2% for 2022 and 2.9% for 2023 and commented that “the risks to the outlook are overwhelmingly tilted to the downside”. As far as the business of electroplating equipment is concerned, the Group is looking for providing alternative engineering design with reasonable cost structure as well as to exercise a tighter cost control over overhead.

PROPERTY DEVELOPMENT

Property Re-development Plan in Longhua

Reference is made to the Company's announcements issued (i) on 22 August 2011 with respect to the agreement ("Agreement") entered into by a wholly-owned subsidiary of the Company ("PASL") with an independent third party ("Counter Party") in relation to a re-development plan ("Re-development") of two parcels of industrial land located in Bao An District, Shenzhen, the PRC, of the Group ("Longhua Land") from industrial land into residential properties for resale; (ii) on 25 October 2013 with respect to the supplemental agreement signed, (iii) on 16 October 2014 with respect to the preliminary approval granted, (iv) on 26 October 2015 with respect to the second supplemental agreement signed, (v) on 30 November 2015 with respect to the final approval obtained for the construction plan, (vi) on 4 January 2017 with respect to the supplemental agreements which outlined the way to receive the expected consideration and (vii) on 28 June 2019 with respect to the revised supplemental agreements ("Revised Supplemental Agreements") and on 9 September 2019 with respect to the Second Revised Supplemental Agreement A which outlined further changes in respect of the way to receive the expected consideration.

According to the Second Revised Supplemental Agreement A, PASL will receive the guaranteed cash consideration of RMB2.75 billion from the Project Company in six (6) tranches. As of the date of this announcement, the Group has already received guaranteed cash consideration of RMB 1.2 billion and will further receive RMB 0.8 billion in year 2022 and RMB 0.75 billion in year 2023.

Reference is made to the announcement issued by the Company dated 31 December 2021. The Company was notified by the project company of the Longhua Project (the "Project Company") that it requests to postpone part of the guaranteed cash consideration for an amount of RMB0.8 billion in accordance with the terms set out in the Second Revised Supplemental Agreement A. The payment delay was mainly caused by the delinquent debt collections from their group's customers, namely property developers. The Project Company has in December 2021 paid to the Group HK\$200 million as security ("First Security") for its repayment obligations. They have since paid default interest of approximately HK\$10,671,000 to the Group on timely basis and in accordance with the terms of the Agreements

Reference is made to the announcement issued by the Company dated 16 May 2022. Through constant dialogue with the Project Company, the Project Company has agreed to provide a first legal charge for 7,922 sqm of the office space as additional security to PASL ("Second Security") to secure the repayment obligation of the Project Company for all outstanding amounts of the consideration. As a result, PASL has entered a charge agreement with the Project Company on 16 May 2022. The pledged property was valued at approximately RMB 238,710,000 as at 16 May 2022 by an independent valuer.

The Group will continue to monitor the progress of the repayment and is still working towards getting additional security from the Project Company or Counter Party. The Group will inform the shareholders and potential investments by making further announcement(s) as and when appropriate in accordance with the Listing Rules.

MATERIAL ACQUISITION AND DISPOSAL

Having received the guaranteed cash consideration of RMB 1.2 billion and after payment of relevant taxes, the Group has initially placed the cash under time deposits. In order to increase the average rate of return for the funds held by the Group, the Group has invested in certain debt instruments and listed securities. Reference is made to various announcements issued by the Company from January to May 2022.

Breakdown of investments in listed securities are stated in above. Below are Group's investment in debt instruments with a value of 5% or more of the Group's total assets as at 30 June 2022:

Bond Issuer	Coupon Interest Rate	Bond Maturity date	Par value of the bond (in RMB)	Fair value as of 30 June 2022 (in RMB and equivalent HKD)	% to Group's total assets
(1) Henderson Land MTN Ltd [an indirect wholly-owned subsidiary of the Henderson Land Development Company Limited (stock code : 0012)]					6.16%
- Security code HK0000778032	3.35%	21-Sep-23	10,000,000	9,975,300 (HK\$11,664,000)	
- Security code HK0000814571	3.30%	7-Feb-24	90,000,000	89,664,300 (HK\$104,847,000)	
(2) Barclays Bank PLC [a company whose shares are listed on the London Stock Exchange (Stock Code : BARC)]					
- Security code XS2357991038	4.00%	24-Mar-24	90,000,000	90,315,000 (HK\$105,608,000)	5.58%

The acquisition of the bonds forms part of the Group's ordinary course of treasury activities in managing its financial assets. The bonds offer a better return when compared to fixed-term deposit interest rates offered by commercial banks in Hong Kong. Primary objective of these investments is to collect the contractual interest due and principal upon maturity. At time of investment, the Group will consider the acquisition prices, the coupon rate, the maturity date and the background of the issuers.

Save as disclosed above, there were no other material acquisitions or disposals during the Period Under Review.

FINANCIAL REVIEW

Capital Structure, Liquidity and Financial Resources

As at 30 June 2022, the Group had equity attributable to owners of the Company of approximately HK\$1,297,798,000 (31 December 2021: HK\$1,319,202,000). The gearing ratio was 4.6% (31 December 2021: nil). The gearing ratio is calculated by dividing the aggregate amount of bank borrowings and other interest-bearing loans over the amount of equity attributable to the equity holders of the Company.

As at 30 June 2022, the Group had approximately HK\$604,147,000 of cash on hand (31 December 2021: HK\$1,214,650,000).

As at 30 June 2022, the Group pledged deposits of HK\$3,834,000 (31 December 2021: nil) to banks to secure the issuance of bank guarantee of the same amount. Total bank facilities available to the Group is approximately HK\$952,100,000 (31 December 2021: HK\$102,300,000). Out of the facilities available, the Group has utilized (i) approximately HK\$3,834,000 as the issuance of bank's guarantee under which customers retain right to claim refund of purchase deposits received by the Group as at 30 June 2022 (31 December 2021: nil), (ii) nil for the issuance of import letters of credit to suppliers (31 December 2021: HK\$4,605,000) and (iii) bank borrowings of approximately HK\$60,000,000 (31 December 2021: nil).

Foreign Currency Risk

Most of the assets and liabilities in the Group were mainly denominated in Renminbi, US dollars, HK dollars and Euro.

Contingent Liabilities

As at 30 June 2022, the Company had issued corporate guarantees to banks in respect of banking facilities granted to subsidiaries of the Company. The amount utilized by the subsidiaries was approximately HK\$63,834,000 (31 December 2021: HK\$4,605,000).

Capital Commitment

As at 30 June 2022, the Group did not have any significant capital commitment (31 December 2021: nil).

Employee and Remuneration Policies

As at 30 June 2022, the Group employs a total of 406 employees. Employees are remunerated based on performance, experience and industry practice. Performance related bonuses are granted on discretionary basis. Other employee benefits included fund, insurance and medical cover.

INTERIM DIVIDEND

The Board has declared an interim dividend of HK\$0.01 per Share (2021: HK\$0.01 per Share) for the six months ended 30 June 2022. The interim dividend will be paid on or before 28 October 2022 to Shareholders whose names appear on the Register of Members of the Company at the close of business on 5 October 2022.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Monday, 3 October 2022 to Wednesday, 5 October 2022, both days inclusive. In order to qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's Share Registrars & Transfer Office, Tricor Secretaries Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Friday, 30 September 2022 (Hong Kong time), being the last share registration date. The payment of interim dividend will be scheduled on or before Friday, 28 October 2022.

CORPORATE GOVERNANCE AND OTHER INFORMATION

The Company has complied with the Corporate Governance Code and Corporate Governance Report (the "GC Code") as set out in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2022, with deviations from code provisions A.2.1 and A.4.2 of the GC Code in respect of the separate roles of chairman and chief executive officer, and rotation of directors.

Code Provision A.2.1

Under the code A.2.1, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

The Company does not at present have any officer with the title of Chief Executive Officer ("CEO"), but instead the duties of a CEO are performed by the Managing Director ("MD"). The Company does not have a separate Chairman and MD and Mr. Lam Kwok Hing currently holds both positions. The Board believes that vesting the roles of both Chairman and MD in the same person provides the Group with strong and consistent leadership and allows for more effective planning and execution of long-term business strategies. In addition, through the supervision of the Board which comprised of three independent non-executive directors, representing more than half of the Board, the interests of the shareholders are adequately and fairly represented.

Code Provision A.4.2

Under the code A.4.2, every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

According to Bye-laws of the Company, the Chairman or MD is not subject to retirement by rotation or taken into account on determining the number of directors to retire. This constitutes a deviation from code provision A.4.2 of the GC Code. As continuation is a key factor to the successful implementation of any long term business plans, the Board believes, together with the reasons for deviation from code provision A.2.1, that the present arrangement is most beneficial to the Company and the shareholders as a whole.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive directors, Mr. Cheung Kin Wai, Mr. Kwan Wang Wai, Alan and Mr. Ng Chi Kin, David. The Audit Committee has reviewed with the management of the Company the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters.

The international auditor of the Company, Messrs. Deloitte Touche Tohmatsu have reviewed the financial statements for the period under review and have issued a report on review of interim financial information. In accordance with the requirements of paragraph 39 of Appendix 16 of the Listing Rules, the Audit Committee has reviewed together with management the accounting principles and practices adopted by the Company and discussed auditing, internal control and financial report matters including the review of the unaudited interim financial statements for the six months ended 30 June 2022.

REMUNERATION COMMITTEE

The remuneration committee of the Company (the “Remuneration Committee”) is composed of three Directors, namely Messrs. Nam Kwok Lun, Kwan Wang Wai Alan and Ng Chi Kin David. The principal functions of the Remuneration Committee include determining the policy for the remuneration of executive directors, assessing performance of executive directors and approving the terms of executive directors’ service contracts; making recommendations to the Board on the Company’s policy and structure for all remuneration of directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration and to place recommendations before the Board concerning the total remuneration and/or benefits granted to the Directors from time to time.

NOMINATION COMMITTEE

The nomination committee of the Company (the “Nomination Committee”) is composed of three Directors, namely Messrs. Lam Kwok Hing, Cheung Kin Wai and Ng Chi Kin David. The principal functions of the Nomination Committee include reviewing the structure, size and composition of the Board, making recommendations on any proposed changes to the Board to complement the Company’s corporate strategy, identifying and nominating qualified individuals for appointment as additional directors or to fill Board vacancies as and when they arise.

MODEL CODE FOR SECURITIES TRANSACTION BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies (the “Model Code”) set out in Appendix 10 to the Listing Rules. Upon enquiry by the Company, all directors of the Company have confirmed that they have complied with the required standard set out in the Model Code throughout the six months ended 30 June 2022.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the six months ended 30 June 2022.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the websites of the Stock Exchange (<http://www.hkex.com.hk>) and the Company (<http://www.atnt.biz>). The interim report of the Company for the six months ended 30 June 2022 containing all the information required by the Listing Rules will be despatched to shareholders of the Company and made available for review on the same websites in due course.

By Order of the Board
Asia Tele-Net and Technology Corporation Limited
Lam Kwok Hing, M.H. J.P.
Chairman and Managing Director

Hong Kong, 30 August 2022

As at the date of this announcement, the executive directors of the Company are Messrs. Lam Kwok Hing, M.H. J.P. and Nam Kwok Lun, and the independent non-executive directors are Messrs. Cheung Kin Wai, Kwan Wang Wai, Alan and Ng Chi Kin, David.

** For identification purpose only*