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## **i-CONTROL HOLDINGS LIMITED**

### **超智能控股有限公司**

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

**(Stock code: 1402)**

## **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022**

The board (the “**Board**”) of directors (the “**Directors**”) of i-Control Holdings Limited (the “**Company**”) is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 September 2022, together with the comparative unaudited figures for the corresponding period in 2021 as follows:

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

*For the six months ended 30 September 2022*

		<b>Six months ended</b>	
		<b>30 September</b>	
		<b>2022</b>	2021
	<i>Notes</i>	<b>HK\$'000</b>	<i>HK\$'000</i>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
Revenue	3	<b>73,560</b>	74,309
Cost of sales		<b>(47,271)</b>	(45,773)
Staff cost		<b>(17,748)</b>	(18,196)
Depreciation and amortisation		<b>(1,972)</b>	(1,519)
Other income and net gain	3	<b>234</b>	20
Other operating expenses		<b>(4,115)</b>	(4,828)
Finance costs	5	<b>(235)</b>	(191)
<b>Profit before taxation</b>		<b>2,453</b>	3,822
Income tax expenses	6	<b>(418)</b>	(1,028)
<b>Profit for the period</b>		<b>2,035</b>	2,794
<b>Other comprehensive income</b>			
<b>Item that may be reclassified subsequently to profit or loss:</b>			
Exchange differences arising on translating foreign operations		<b>(1,682)</b>	(52)
<b>Total comprehensive income for the period</b>		<b>353</b>	2,742

		<b>Six months ended</b>	
		<b>30 September</b>	
		<b>2022</b>	2021
<i>Notes</i>		<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Profit (loss) for the period attributable to:</b>			
	Equity shareholders of the Company	<b>2,378</b>	3,013
	Non-controlling interests	<b>(343)</b>	(219)
		<u><b>2,035</b></u>	<u>2,794</u>
<b>Other comprehensive income</b>			
<b>for the period attributable to:</b>			
	Equity shareholders of the Company	<b>(1,573)</b>	(59)
	Non-controlling interests	<b>(109)</b>	7
		<u><b>(1,682)</b></u>	<u>(52)</u>
<b>Total comprehensive income</b>			
<b>for the period attributable to:</b>			
	Equity shareholders of the Company	<b>805</b>	2,954
	Non-controlling interests	<b>(452)</b>	(212)
		<u><b>353</b></u>	<u>2,742</u>
<b>Earnings per share</b>			
	Basic	<b>8</b> <u><u>HK0.23 cents</u></u>	<u>HK0.30 cents</u>
	Diluted	<b>8</b> <u><u>HK0.23 cents</u></u>	<u>HK0.30 cents</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 September 2022*

	<i>Notes</i>	<b>30 September 2022 HK\$'000 (Unaudited)</b>	31 March 2022 HK\$'000 (Audited)
<b>Non-current assets</b>			
Property and equipment	<i>9</i>	<b>81,997</b>	82,856
Intangible assets	<i>9</i>	<b>11,769</b>	–
Financial assets at fair value through other comprehensive income (“FVTOCI”)		<b>8,586</b>	8,586
Prepayments		–	4,416
Deferred tax assets		<b>682</b>	805
		<b>103,034</b>	96,663
<b>Current assets</b>			
Inventories		<b>18,959</b>	17,902
Trade receivables and contract assets	<i>10</i>	<b>47,795</b>	44,238
Prepayments, deposits and other receivables		<b>4,845</b>	5,017
Loan to an investee		<b>8,586</b>	8,586
Tax recoverables		–	356
Bank balances and cash		<b>53,121</b>	71,034
		<b>133,306</b>	147,133
<b>Current liabilities</b>			
Trade payables	<i>11</i>	<b>18,112</b>	20,131
Other payables and accruals		<b>24,461</b>	24,255
Lease liability	<i>12</i>	<b>242</b>	–
Bank borrowings	<i>13</i>	<b>20,479</b>	22,527
Tax payables		<b>788</b>	312
		<b>64,082</b>	67,225
<b>Net current assets</b>		<b>69,224</b>	79,908
<b>Total assets less current liabilities</b>		<b>172,258</b>	176,571
<b>Non-current liability</b>			
Deferred tax liabilities		<b>1,072</b>	1,483
<b>Net assets</b>		<b>171,186</b>	175,088
<b>Capital and reserves</b>			
Share capital	<i>15</i>	<b>10,505</b>	10,505
Reserves		<b>159,519</b>	163,799
<b>Total equity attributable to equity shareholders of the Company</b>		<b>170,024</b>	174,304
Non-controlling interests		<b>1,162</b>	784
<b>Total equity</b>		<b>171,186</b>	175,088

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2022

	Attributable to the owners of the Company										
	Share capital HK\$'000	Shares held under share award scheme HK\$'000	Share premium HK\$'000	Merger reserve HK\$'000	Employee share-based compensation reserve HK\$'000	Translation reserve HK\$'000	Statutory surplus reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total Equity HK\$'000
At 1 April 2021 (audited)	10,000	-	26,344	10,817	-	(117)	-	97,934	144,978	(63)	144,915
Profit (loss) for the period	-	-	-	-	-	-	-	3,013	3,013	(219)	2,794
Other comprehensive income for the period:											
Exchange differences arising on translating foreign operations	-	-	-	-	-	(59)	-	-	(59)	7	(52)
Total comprehensive income for the period	-	-	-	-	-	(59)	-	3,013	2,954	(212)	2,742
Issue of shares under share award scheme	5	(270)	265	-	-	-	-	-	-	-	-
Issue of shares under placing	500	-	28,000	-	-	-	-	-	28,500	-	28,500
Capital injection by non-controlling interests	-	-	-	-	-	-	-	-	-	888	888
Equity-settled share-based payment transactions (note 14)	-	-	-	-	116	-	-	-	116	-	116
2021 final dividend paid (note 7)	-	-	(6,828)	-	-	-	-	-	(6,828)	-	(6,828)
At 30 September 2021 (unaudited)	10,505	(270)	47,781	10,817	116	(176)	-	100,947	169,720	613	170,333
At 1 April 2022 (audited)	10,505	(126)	47,781	10,817	426	270	208	104,423	174,304	784	175,088
Profit (loss) for the period	-	-	-	-	-	-	-	2,378	2,378	(343)	2,035
Other comprehensive income for the period:											
Exchange differences arising on translating foreign operations	-	-	-	-	-	(1,573)	-	-	(1,573)	(109)	(1,682)
Total comprehensive income for the period	-	-	-	-	-	(1,573)	-	2,378	805	(452)	353
Capital injection by non-controlling interests	-	-	-	-	-	-	-	-	-	830	830
Equity-settled share-based payment transactions (note 14)	-	42	-	-	126	-	-	-	168	-	168
2022 final dividend paid (note 7)	-	-	(5,253)	-	-	-	-	-	(5,253)	-	(5,253)
At 30 September 2022 (unaudited)	10,505	(84)	42,528	10,817	552	(1,303)	208	106,801	170,024	1,162	171,186

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2022

	Six months ended	
	30 September	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<b>Net cash used in operating activities</b>	<u>(2,126)</u>	<u>(9,318)</u>
<b>Investing activities</b>		
Development cost paid for intangible assets	(8,298)	–
Acquisition of property and equipment	(453)	(45)
Bank interest received	6	26
<b>Net cash used in investing activities</b>	<u>(8,745)</u>	<u>(19)</u>
<b>Financing activities</b>		
Dividend paid	(5,253)	(6,828)
Repayment of bank borrowings	(2,048)	(1,965)
Interest paid	(234)	(191)
Issue of shares under placing	–	28,500
Capital injection by non-controlling interest	830	888
Government grant received	648	–
Interest element of repayment of lease liability	(1)	–
<b>Net cash (used in) from financing activities</b>	<u>(6,058)</u>	<u>20,404</u>
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(16,929)</b>	<b>11,067</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>71,034</b>	<b>68,692</b>
Effect of foreign exchange rate changes	(984)	(55)
<b>Cash and cash equivalents at the end of the period, represented by bank balances and cash</b>	<u><b>53,121</b></u>	<u><b>79,704</b></u>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

### 1. CORPORATE INFORMATION AND BASIS OF PREPARATION OF FINANCIAL INFORMATION

The Company was incorporated in the Cayman Islands on 21 August 2014 as an exempted company with limited liability under the Companies Law (as revised) of the Cayman Islands. The registered office of the Company is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands and its principal place of business is Units A&B, 12/F, MG Tower, 133 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong. The Company is engaged in investment holding while its principal subsidiaries are principally engaged in provision of video conferencing and multimedia audiovisual (“**VCMA**”) solution and maintenance services and cloud-based Information Technology and Operational Technology (“**IT+OT**”) managed services.

The Company’s shares (“**Shares**”) have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 18 December 2019. The Directors consider that the Company’s immediate and ultimate holding company is Phoenix Time Holdings Limited, which is incorporated in the British Virgin Islands. Its ultimate controlling party is Mr. Zhong Naixiong.

The Company’s financial statements are presented in Hong Kong dollars (“**HK\$**”), which is the Company’s functional and presentation currency. Other than the subsidiaries established in the People’s Republic of China (the “**PRC**”) and Singapore whose functional currency is Renminbi and Singapore dollar respectively, the functional currency of the Company and other subsidiaries is HK\$.

### 2. SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the annual consolidated financial statements of the Group for the year ended 31 March 2022, except as described below.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”) and Hong Kong Accounting Standards (“**HKASs**”) issued by the Hong Kong Institute of Certified Public Accountants which are effective for the Group’s financial year beginning 1 April 2022:

Amendments to HKFRS 3	Reference to Conceptual Framework
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 cycle

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

### 3. REVENUE AND OTHER INCOME AND NET GAIN

Revenue represents the amounts received and receivable for services rendered in the normal course of business, net of discounts and sales related taxes. Analysis of the Group's revenue and other income and net gain is as follows:

	<b>Six months ended 30 September</b>	
	<b>2022</b>	<b>2021</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Revenue from contract customers within the scope of HKFRS 15</b>		
Disaggregated by major products or service line:		
Provision of VCMA solution and maintenance services:		
– VCMA solution services	56,420	61,645
– VCMA maintenance services	10,268	10,868
Provision of cloud-based IT+OT managed services:		
– Artificial Intelligence of Things (“AIoT”) operation and other services	5,586	514
– Security services	1,286	1,282
	<u>73,560</u>	<u>74,309</u>

#### Disaggregation of revenue by timing of recognition

	<b>Six months ended 30 September</b>	
	<b>2022</b>	<b>2021</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Timing of revenue recognition		
At a point in time	63,292	63,441
Over time	10,268	10,868
	<u>73,560</u>	<u>74,309</u>
Total revenue from contracts with customers	<u>73,560</u>	<u>74,309</u>

	<b>Six months ended 30 September</b>	
	<b>2022</b>	<b>2021</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Other income and net gain</b>		
Government grants ( <i>note</i> )	648	–
Bank interest income	6	26
Net exchange loss	(414)	(6)
Others	(6)	–
	<u>234</u>	<u>20</u>

*Note:* During the six months ended 30 September 2022, the Group recognised government grants of approximately HK\$590,000 (2021: nil) and approximately HK\$58,000 (2021: nil) in respect of COVID-19-related subsidies related to Employment Support Scheme under the Anti-epidemic Fund and SME Financing Guarantee Scheme provided by the Government of the Hong Kong Special Administrative Region, respectively. There are no unfulfilled conditions and other contingencies attached to the receipts of those subsidies.

#### 4. SEGMENT INFORMATION

The Directors consider that there are two operating and reportable business segments for the Group, being the provision of VCMA solution and maintenance services and cloud-based IT+OT managed services. The Group's operating segments are reported in a manner consistent with the information reported to the Board, being the chief operating decision maker (the "CODM"), for the purposes of resources allocation and performance assessment.

The Directors have chosen to organise the Group around differences in products and services.

Specifically, the Group's reportable segments are as follows:

1. Provision of VCMA solution and maintenance services
2. Provision of cloud-based IT+OT managed services

##### (a) Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segments:

	Provision of VCMA solution and maintenance services		Provision of cloud-based IT+OT managed services		Total	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
<b>For the six months ended 30 September</b>						
Segment revenue – external customers	<u>66,688</u>	<u>72,513</u>	<u>6,872</u>	<u>1,796</u>	<u>73,560</u>	<u>74,309</u>
Segment results	<u>11,095</u>	<u>12,599</u>	<u>(2,333)</u>	<u>(1,458)</u>	<u>8,762</u>	11,141
Unallocated other income and net loss					(215)	(41)
Unallocated expenses					<u>(6,094)</u>	<u>(7,278)</u>
Profit before tax					<u>2,453</u>	<u>3,822</u>

Segment results represents the result from each segment without allocation of Directors' emoluments, other income and net gain, certain items of other operating expenses and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

**(b) Segment assets and liabilities**

The following is an analysis of the Group's assets and liabilities by reportable segments:

	Provision of VCMA solution and maintenance services		Provision of cloud-based IT+OT managed services		Total	
	30 September 2022 <i>HK\$'000</i> (Unaudited)	31 March 2022 <i>HK\$'000</i> (Audited)	30 September 2022 <i>HK\$'000</i> (Unaudited)	31 March 2022 <i>HK\$'000</i> (Audited)	30 September 2022 <i>HK\$'000</i> (Unaudited)	31 March 2022 <i>HK\$'000</i> (Audited)
Segment assets	<u>67,887</u>	<u>62,987</u>	<u>17,176</u>	<u>19,042</u>	<u>85,063</u>	<u>82,029</u>
Unallocated assets					<u>151,277</u>	<u>161,767</u>
Total assets					<u>236,340</u>	<u>243,796</u>
Segment liabilities	<u>(32,401)</u>	<u>(32,751)</u>	<u>(3,822)</u>	<u>(7,224)</u>	<u>(36,223)</u>	<u>(39,975)</u>
Unallocated liabilities					<u>(28,931)</u>	<u>(28,733)</u>
Total liabilities					<u>(65,154)</u>	<u>(68,708)</u>

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments other than certain property and equipment, bank balances and cash, certain prepayments, deposits and other receivables, deferred tax assets and tax recoverables which are unable to allocate to reportable segments; and
- all liabilities are allocated to reportable segments other than certain other payables and accruals, bank borrowings, tax payables and deferred tax liabilities.

**(c) Geographical information**

The Group's operations are located in Hong Kong (place of domicile), the PRC and Singapore. The Group's customers are mainly located in Hong Kong, the PRC and Macau.

An analysis of the Group's revenue from external customers is presented based on the location of customers as below:

	Six months ended 30 September	
	2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Unaudited)
Hong Kong (place of domicile)	<u>64,762</u>	<u>71,687</u>
The PRC (other than Hong Kong and Macau)	<u>8,231</u>	<u>2,257</u>
Macau	<u>567</u>	<u>365</u>
	<u>73,560</u>	<u>74,309</u>

The Group's information about its non-current assets (*note*) is presented based on location of the assets as below:

	<b>30 September 2022 HK\$'000 (Unaudited)</b>	31 March 2022 HK\$'000 (Audited)
Hong Kong (place of domicile)	<b>81,739</b>	82,835
The PRC (other than Hong Kong and Macau)	<b>12,027</b>	21
	<b>93,766</b>	82,856

*Note:* Non-current assets excluded deferred tax assets, financial assets at FVTOCI and non-current portion of prepayments.

## 5. FINANCE COSTS

	<b>Six months ended 30 September 2022 HK\$'000 (Unaudited)</b>	2021 HK\$'000 (Unaudited)
Interest expenses on bank borrowings	<b>234</b>	191
Interest on lease liability	<b>1</b>	–
	<b>235</b>	191

## 6. INCOME TAX EXPENSES

	<b>Six months ended 30 September 2022 HK\$'000 (Unaudited)</b>	2021 HK\$'000 (Unaudited)
Current tax:		
– Hong Kong Profits Tax	<b>750</b>	1,028
– PRC Enterprise Income Tax	<b>(44)</b>	–
Deferred taxation	<b>(288)</b>	–
<b>Total income tax expenses for the period</b>	<b>418</b>	1,028

Under the two-tiered profits tax rates regime in Hong Kong, the first HK\$2 million of profits of qualifying corporation will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. For the six months ended 30 September 2022 and 2021, Hong Kong Profits Tax of the qualified entity of the Group is calculated in accordance with the two-tiered profits tax rates regime. The profits of other Group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime continue to be taxed at the flat rate of 16.5%.

Under the Law of the PRC on Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulation of the EIT Law, PRC Enterprise Income Tax is calculated at 25% (2021: 25%) of the estimated assessable profits for the six months ended 30 September 2022 and 2021.

The Singapore subsidiary is in loss-making position for the six months ended 30 September 2022 and 2021 and accordingly does not have any provision for Singapore Corporate Tax at 17%.

Pursuant to the rules and regulations of the Cayman Islands, the Group is not subject to any income tax in the Cayman Islands.

## 7. DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 September 2022 (2021: nil).

The payment of a final dividend of HK0.50 cents per share amounted to approximately HK\$5,253,000 for the year ended 31 March 2022 (2021: HK0.65 cents per share amounted to HK\$6,828,000) was resolved and declared at the annual general meeting of the Company held on 16 September 2022.

## 8. EARNINGS PER SHARE

	<b>Six months ended 30 September</b>	
	<b>2022</b>	<b>2021</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Earnings</b>		
Earnings for the purpose of basic and diluted earnings per share	<u>2,378</u>	<u>3,013</u>
	<b>Six months ended 30 September</b>	
	<b>2022</b>	<b>2021</b>
	<b>'000</b>	<b>'000</b>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>1,050,500</u>	<u>1,012,197</u>
Weighted average number of ordinary shares in issue	<u>1,050,500</u>	1,012,197
Effect of share options granted	<u>–</u>	<u>2,688</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>1,050,500</u>	<u>1,014,885</u>

The diluted earnings per share for the six months ended 30 September 2021 is calculated by adjusting the weighted average number of ordinary shares outstanding by the assumption of the conversion of all potential dilutive ordinary shares arising from share options granted by the Company.

The computation of diluted earnings per share does not assume the exercise of the Company’s outstanding share options because the exercise price of those options was higher than the average market price for shares for the six months ended 30 September 2022.

## 9. MOVEMENTS IN PROPERTY AND EQUIPMENT AND INTANGIBLE ASSETS

During the six months ended 30 September 2022, the Group acquired approximately HK\$453,000 (2021: HK\$45,000) of property and equipment and approximately HK\$1,548,000 (2021: HK\$1,519,000) of depreciation was recognised in the condensed consolidated statement of profit or loss and other comprehensive income.

During the six months ended 30 September 2022, the Group recognised approximately HK\$12,174,000 (2021: nil) of intangible assets and approximately HK\$424,000 (2021: nil) of amortisation was recognised in the condensed consolidated statement of profit or loss and other comprehensive income.

## 10. TRADE RECEIVABLES AND CONTRACT ASSETS

	<b>30 September 2022 HK\$'000 (Unaudited)</b>	31 March 2022 HK\$'000 (Audited)
Trade receivables	<b>46,769</b>	43,190
Contract assets	<b>1,026</b>	1,048
	<b>47,795</b>	44,238

The Group generally allows credit periods ranged from 30 days to 180 days to the customers. The following is an ageing analysis of trade receivables, presented based on date of acknowledgement of receipt of goods by customers, which approximated the respective revenue recognition dates, at the end of each reporting period.

	<b>30 September 2022 HK\$'000 (Unaudited)</b>	31 March 2022 HK\$'000 (Audited)
0 to 30 days	<b>25,251</b>	15,203
31 to 60 days	<b>4,177</b>	2,288
61 to 120 days	<b>5,429</b>	13,984
121 to 365 days	<b>9,481</b>	9,383
Over 365 days	<b>2,431</b>	2,332
	<b>46,769</b>	43,190

The Group measures the loss allowance for trade receivables and contract assets at an amount equal to lifetime expected credit losses. The expected credit losses on trade receivables and contract assets are estimated using a provision matrix by reference to past default experience and creditworthiness of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The expected credit losses on contract assets are estimated based on past default experience on amounts not yet past due.

As at 30 September 2022, gross amount of trade receivables and contract assets amounting to approximately HK\$47,795,000 (31 March 2022: HK\$44,238,000) arose from contracts with customers. No loss allowance has been made on trade receivables and contract assets as the amount involved is insignificant.

## 11. TRADE PAYABLES

An ageing analysis of trade payables presented based on the date of recognition at the end of the reporting period is as follows:

	<b>30 September 2022 HK\$'000 (Unaudited)</b>	31 March 2022 HK\$'000 (Audited)
0 to 60 days	8,484	5,055
61 to 90 days	135	5,656
Over 90 days	9,493	9,420
	<u>18,112</u>	<u>20,131</u>

The general credit periods on purchase of goods ranged from 30 days to 180 days. The Group has financial risk management policies or plans for its payables with respect to the credit timeframe.

## 12. LEASE LIABILITY

As at 30 September 2022, the carrying amount of lease liability was approximately HK\$242,000 (31 March 2022: nil).

Amounts recognised in profit or loss:

	<b>Six months ended 30 September 2022 HK\$'000 (Unaudited)</b>	2021 HK\$'000 (Unaudited)
Interest expense on lease liability	1	–
Expense relating to short-term leases	291	294
	<u>292</u>	<u>294</u>

For the six months ended 30 September 2022, the total cash outflow for leases amount to approximately HK\$291,000 (2021: HK\$294,000).

### 13. BANK BORROWINGS

	<b>30 September 2022 HK\$'000 (Unaudited)</b>	31 March 2022 HK\$'000 (Audited)
Secured mortgage loans	<u>20,479</u>	<u>22,527</u>
Carrying amount repayable (based on scheduled repayment dates set out in the loan agreements):		
Within one year	4,096	4,096
More than one year but not exceeding two years	4,096	4,096
More than two years but not exceeding five years	<u>12,287</u>	<u>14,335</u>
	<u>20,479</u>	<u>22,527</u>
Carrying amount of bank loans that are not repayable within one year from the end of the reporting period but contain a repayment on demand clause (shown under current liabilities)	16,383	18,431
Carrying amount repayable within one year	<u>4,096</u>	<u>4,096</u>
Amounts shown under current liabilities	<u>20,479</u>	<u>22,527</u>

Borrowings comprise:

			<b>Carrying amount</b>	
			<b>30 September 2022 HK\$'000 (Unaudited)</b>	31 March 2022 HK\$'000 (Audited)
	<b>Maturity date</b>	<b>Effective interest rate</b>		
Floating-rate borrowings:				
– HKD mortgage loans <sup>(1)</sup>	25/9/2027	2.13% (31 March 2022: 1.53%)	15,646	17,211
– HKD mortgage loans <sup>(2)</sup>	25/9/2027	2.13% (31 March 2022: 1.53%)	<u>4,833</u>	<u>5,316</u>
			<u>20,479</u>	<u>22,527</u>

<sup>(1)</sup> The floating rate is lower of Hong Kong Interbank Offered Rate (“**HIBOR**”) plus 1.4% or 2.25% below best lending rate. Repayable in 155 monthly installments commencing from drawdown of the borrowings.

<sup>(2)</sup> The floating rate is lower of HIBOR plus 1.4% or 2.25% below best lending rate. Repayable in 146 monthly installments commencing from drawdown of the borrowings.

Notes:

- (a) The bank borrowings are all denominated in HK\$.
- (b) All borrowings were guaranteed by the Company and its certain subsidiaries in Hong Kong for both periods.
- (c) As at 30 September 2022, bank borrowings of approximately HK\$20,479,000 (31 March 2022: HK\$22,527,000) were secured by land and buildings of the Group with carrying amounts of approximately HK\$78,828,000 (31 March 2022: HK\$80,155,000).

#### 14. EQUITY-SETTLED SHARE-BASED PAYMENT TRANSACTIONS

##### (a) Share Option Scheme

On 20 April 2021, the Company granted share options (the “**Options**”) under the share option scheme of the Company (the “**Share Option Scheme**”) to Mr. Wang Yanghao (“**Mr. Wang**”), a senior management of the Company, to subscribe for a total of 3,000,000 Shares as disclosed in the announcement of the Company dated 20 April 2021. The 3,000,000 Options granted to Mr. Wang are exercisable at the subscription price of HK\$0.54 per Share, which is equivalent to the closing price of the Shares on the date immediately before the date of grant, from the respective dates set out below until 20 April 2028 (the “**Option Period**”):

- (i) as to 900,000 Options, exercisable at any time commencing from the date falling between the first anniversary of the date of grant up to and including the last day of the Option Period;
- (ii) as to 900,000 Options, exercisable at any time commencing from the date falling between the second anniversary of the date of grant up to and including the last day of the Option Period; and
- (iii) as to 1,200,000 Options, exercisable at any time commencing from the date falling on the third anniversary of the date of grant up to and including the last day of the Option Period.

The subscription price of HK\$0.54 per Share was determined in accordance with the scheme rules of the Share Option Scheme, being the highest of:

- (i) the closing price of HK\$0.54 per Share as quoted in the Stock Exchange’s daily quotation sheet on the date of grant;
- (ii) the average closing price of HK\$0.536 per Share as quoted in the Stock Exchange’s daily quotation sheet for the five (5) business days immediately preceding the date of grant; and
- (iii) the nominal value of HK\$0.01 per Share.

As at 30 September 2022 and up to the date of this announcement, 900,000 Options are exercisable at any time during the Option Period, subject to the terms and conditions of the Share Option Scheme, and the remaining 2,100,000 Options are not yet exercisable. All of the 3,000,000 Options have not been exercised.

Other than disclosed above, there were no Options granted, exercised, cancelled or lapsed under the Share Option Scheme during the period.

The fair value on the date of grant is estimated using a binomial pricing model, taking into account the terms and conditions upon which the Options were granted. The contractual life of the Options granted is 7 years. There is no cash settlement of the Options. The fair value of Options on the date of grant was HK\$808,000 which was estimated using the following assumptions:

Dividend yield:	3.03%
Expected volatility:	70%
Risk-free interest rate:	0.86%

For the six months ended 30 September 2022, the Company has recognised approximately HK\$126,000 (2021: HK\$116,000) of equity-settled share-based payment expenses in respect of the Options in the condensed consolidated statement of profit or loss and other comprehensive income.

**(b) Share Award Scheme**

The Company adopted a share award scheme (the “**Share Award Scheme**”) on 3 February 2021. The purpose of the Share Award Scheme is to recognise the contributions by certain employees and persons to the Group, to provide them with incentives in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group.

On 20 April 2021, the Company granted an award of 500,000 Shares (the “**Awarded Shares**”) to Mr. Wang under the Share Award Scheme. Subject to the lock-up condition as set out below and the scheme rules of the Share Award Scheme, the Awarded Shares shall vest in Mr. Wang and Mr. Wang shall have the right to receive the Awarded Shares in accordance with the following vesting schedule:

- (i) as to 150,000 Awarded Shares, representing 30% of the Awarded Shares, on the first anniversary of the date of grant;
- (ii) as to 150,000 Awarded Shares, representing 30% of the Awarded Shares, on the second anniversary of the date of grant; and
- (iii) as to 200,000 Awarded Shares, representing 40% of the Awarded Shares, on the third anniversary of the date of grant.

The vested Awarded Shares (and the vesting of the remaining Awarded Shares) are subject to the condition that Mr. Wang will not dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of the relevant vested Awarded Shares during a period of six (6) months commencing on the vesting date of the relevant Awarded Shares.

On 7 May 2021, the 500,000 new Shares in respect of the said award were issued and allotted to the trustee under the Share Award Scheme at nominal value under the general mandate granted to the Directors at the annual general meeting of the Company held on 7 August 2020.

For the six months ended 30 September 2022, the Company has recognised approximately HK\$42,000 (2021: nil) of equity-settled share-based payment expenses in respect of the Awarded Shares in the condensed consolidated statement of profit or loss and other comprehensive income.

## 15. SHARE CAPITAL

	<b>Number of shares '000</b>	<b>Share capital HK\$'000</b>
<b>Ordinary shares of HK\$0.01 each</b>		
<b>Authorised</b>		
At 31 March 2022 and 30 September 2022	<u>2,000,000</u>	<u>20,000</u>
<b>Issued and fully paid</b>		
At 31 March 2022 and 30 September 2022	<u>1,050,500</u>	<u>10,505</u>

## 16. CAPITAL COMMITMENT

At the end of the reporting period, the Group had the following contracted for but not provided other commitment:

	<b>30 September 2022 HK\$'000 (Unaudited)</b>	<b>31 March 2022 HK\$'000 (Audited)</b>
Capital expenditure on IT+OT product development	<u>-</u>	<u>6,624</u>

*Note:* In March 2022, Beijing National Greenfield Technology Co. Limited\* (北京能興國雲信息科技有限公司) has entered into a contract in relation to IT+OT product development project in the sum of approximately HK\$11,040,000 of which approximately HK\$4,416,000 has been prepaid and recognised as “Prepayments” under non-current assets of the consolidated statement of financial position as at 31 March 2022. During the six months ended 30 September 2022, the remaining balance of approximately HK\$6,624,000 has been paid.

\* English name for identification purposes only

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

During the period, the Group maintained its market position as one of the leading VCMA solution service providers in Hong Kong. The Group's revenue is primarily derived from the provision of (i) VCMA solution services and maintenance services and (ii) cloud-based IT+OT managed services.

#### Provision of VCMA solution and maintenance services

The outbreak of COVID-19 pandemic since early 2020 has adversely affected the global business environment, posing a short-term threat to the Group's VCMA solutions business. Weak business sentiment, restricted cross-border and international travel, and high vacancy rates of Grade A office have caused a decline in demand for services related to the installation and upgrade of smart office systems, audiovisual equipment, related services and continued to affect the sales of various high-tech digital display products during the six months ended 30 September 2022.

#### Provision of cloud-based IT+OT managed services

The Group has strategically expanded into the PRC's ubiquitous Internet of Things (IoT) by offering integrated IT+OT managed services through its 85% owned subsidiary, Beijing National Greenfield Technology Co. Limited\* (北京能興國雲信息科技有限公司) (“**Beijing National Greenfield**”) in the PRC. Beijing National Greenfield commenced its operations in late 2020 and began generating revenue in the first quarter of 2021 and contributed approximately HK\$6,872,000 to the Group's revenue during the six months ended 30 September 2022, increased by 2.8 times over the same period of last year.

With the signing of the 5-year OEM agreement with the Singapore entity of Micro Focus, a world leading enterprise software company, for its ArcSight and Fortify products, Beijing National Greenfield accelerated its research and development in cyber security and IT+OT solutions and services tailor made to the PRC market in the first half of 2022. At the same time, Beijing National Greenfield has successfully registered 15 intellectual property rights related to the intelligent platform, has obtained 1 security specific products sales permit and 5 domestic product compatibility and interoperability certification in the PRC. Details of intellectual property rights and certification are as discussed below.

In May 2022, Beijing National Greenfield achieved breakthroughs in solution, product and service capabilities in application of security and Internet of Things (IoT) technologies, and the development of its own proprietary product services “next generation intelligent operation and management platform” was launched. The products have registered a total of 12 intellectual property rights in the PRC.

\* *English names for identification purposes only*

During the period, Beijing National Greenfield also achieved a breakthrough in enhancing the compatibility and interoperability of its own developed CPU chips, operating systems and servers, with 5 domestic compatibility and interoperability certification granted. Beijing National Greenfield has registered 3 intellectual property rights in China for its proprietary cyber security analytical platform, cyber security scanning system and capacity management solution.

During the same period, after undergoing strict review and vigorous approval process, Beijing National Greenfield's proprietary products, InterSight Logger and InterSight Enterprise Security Manager, were successfully granted selling permits by the Ministry of the Public Security in the PRC.

## **FINANCIAL REVIEW**

### **Revenue**

The Group's revenue decreased by approximately HK\$749,000 or 1.0% from approximately HK\$74,309,000 for the six months ended 30 September 2021 to approximately HK\$73,560,000 for the six months ended 30 September 2022.

Revenue generated from VCMA solution services decreased by approximately HK\$5,225,000 or 8.5% from approximately HK\$61,645,000 for the six months ended 30 September 2021 to approximately HK\$56,420,000 for the six months ended 30 September 2022. The decrease was mainly due to the conservatism of customers in upgrading office facilities and installing VCMA systems under the COVID-19 pandemic.

Revenue generated from VCMA maintenance services decreased by approximately HK\$600,000 or 5.5% from approximately HK\$10,868,000 for the six months ended 30 September 2021 to approximately HK\$10,268,000 for the six months ended 30 September 2022, which was mainly due to decrease in total maintenance project after the completion of related project of VCMA solution services.

Revenue generated from AIoT operation and other services increased by approximately HK\$5,072,000 or 986.8% from approximately HK\$514,000 for the six months ended 30 September 2021 to approximately HK\$5,586,000 for the six months ended 30 September 2022. The increase was attributable to the more sizable projects completed during the period and the obtaining of the OEM authorization of ArcSight product in June 2021. Revenue generated from security services remained stable at HK\$1,286,000 for the six months ended 30 September 2022 as compared to HK\$1,282,000 for the same period in 2021.

For details of the segment information, please refer to note 4 to the condensed consolidated financial statements in this announcement.

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

Gross operating profit is calculated based on the revenue for the period minus cost of sales for the period. Gross operating profit margin is calculated based on the gross operating profit for the period divided by the revenue for the period and multiplied by 100%.

Gross operating profit decreased by approximately HK\$2,247,000 from approximately HK\$28,536,000 for the six months ended 30 September 2021 to approximately HK\$26,289,000 for the six months ended 30 September 2022 which is in line with the decrease in revenue for the period.

Gross operating profit margin decreased slightly from approximately 38.4% for the six months ended 30 September 2021 to approximately 35.7% for the six months ended 30 September 2022.

## **Staff cost**

Staff cost decreased by approximately HK\$448,000 or 2.5% from approximately HK\$18,196,000 for the six months ended 30 September 2021 to approximately HK\$17,748,000 for the six months ended 30 September 2022. It was mainly due to a decrease in staff commission as a result of the drop in revenue.

## **Other operating expenses**

Other operating expenses mainly comprised legal and professional fee, promotion and exhibition expenses, rent and rates, trip and travelling expenses and other office expenses. Other operating expenses decreased by HK\$713,000 from approximately HK\$4,828,000 for the six months ended 30 September 2021 to approximately HK\$4,115,000 for the six months ended 30 September 2022, which was mainly due to the one-off professional fees and placing commission incurred for equity-settled share-based payment transactions and placing of new Shares respectively during the six months ended 30 September 2021.

## **Income tax expenses**

Income tax expenses decreased from approximately HK\$1,028,000 for the six months ended 30 September 2021 to approximately HK\$418,000 for the six months ended 30 September 2022, which was due to a decrease in taxable profit in Hong Kong arising from the decrease in gross profit and the impact of deferred tax.

## **Profit for the period**

Profit for the period decreased from approximately HK\$2,794,000 for the six months ended 30 September 2021 to approximately HK\$2,035,000 for the six months ended 30 September 2022, which was mainly due to the decrease in revenue and gross operating profit, but partly set-off with the decrease in staff cost and other operating expenses.

## **OTHER INFORMATION**

### **PROSPECTS**

Looking ahead, the Group will continue to maintain and strengthen its position as one of Hong Kong's leading service providers of VCMA solutions and to further expand its market share in the VCMA solution industry in the PRC.

The Group expects that cloud-based IT+OT managed services will become a key revenue driver in the coming few years. This segment would allow the Group to expand the Group's clientele to major multi-national and local enterprises in the PRC by providing them with wide range of cloud-based services – from Software as a Service (SaaS), to proprietary data security operation center products and services, and IDC digital management products and services. Moreover, the Group's cloud-based IT+OT managed services includes Security Operation Centers (SOC), and smart operations managements the Group is authorised to build under OEM authorization. With the Group's extensive experience in VCMA solutions, increasing demand in the public cloud services, and strong management team leading the Group's cloud-based IT+OT managed services business, the management believes that the Group would return to healthy growth in the coming years when markets re-open.

The Group would adopt a prudent yet proactive development strategy and continue to explore potential investment opportunities, seize every business opportunity and deliver satisfactory long-term returns to the shareholders of the Company.

### **LIQUIDITY AND FINANCIAL RESOURCES**

The Group's operation and investments were financed principally by cash generated from its own business operations, bank borrowings and proceeds from issue of new Shares. As at 30 September 2022, the Group had net current assets of approximately HK\$69,224,000 (31 March 2022: HK\$79,908,000) and cash and cash equivalents of approximately HK\$53,121,000 (31 March 2022: HK\$71,034,000). Current liabilities of the Group as at 30 September 2022 included carrying amount of approximately HK\$16,383,000 (31 March 2022: HK\$18,431,000) in bank borrowings that were not repayable within one year from the end of the reporting period but contained a repayment on demand clause.

## **GEARING RATIO**

As at 30 September 2022, the gearing ratio (calculated on the basis of total debt divided by total assets at the end of the reporting period) of the Group was approximately 8.7% (31 March 2022: 9.2%).

## **FOREIGN CURRENCY RISK**

The majority of the Group's business transactions are in Hong Kong and are denominated in HK\$. The Group currently does not have a foreign currency hedging policy. However, the Directors will continuously monitor the related foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

## **CAPITAL COMMITMENT**

Details of capital commitment are set out in note 16 to the condensed consolidated financial statements in this announcement.

## **INTERIM DIVIDEND**

The Board has resolved not to declare any interim dividend for the six months ended 30 September 2022 (2021: nil).

## **CAPITAL STRUCTURE**

The capital structure of the Group consists of net debt, which includes bank borrowings, net of cash and cash equivalents and equity attributable to the owners of the Company, comprising issued share capital and reserves. The Directors review the Group's capital structure regularly. As part of this review, the Directors have considered the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends, issuance of new Shares as well as the issue of new debts or convertible securities or through the repayment of borrowings. Details of bank borrowings of the Group are set out in note 13 to the condensed consolidated financial statements in this announcement.

## USE OF PROCEEDS

The net proceeds from the placing of 50,000,000 new Shares to not less than six independent placees at the placing price of HK\$0.57 per placing share on 19 August 2021 (the “**Placing**”), after deduction of the placing commission and other costs and expenses relating to the Placing, amounted to approximately HK\$27,530,000 (“**Net Proceeds**”).

On 30 December 2021, the Board has resolved to change the intended use of the unutilised Net Proceeds and updated timeline for utilisation of the Net Proceeds for more efficient use of the Group’s financial resources.

As disclosed in the announcement of the Company dated 14 April 2022, the Board has further resolved to extend timeline for utilisation of the Net Proceeds intended to be used for the development of IT+OT business in the PRC to on or before 31 March 2023 in light of the continuing uncertainty brought about by the COVID-19 pandemic.

The following table sets forth the use of the Net Proceeds:

	Planned use of Net Proceeds as stated in the announcement dated 11 August 2021 (HK\$' million)	Revised use of Net Proceeds as stated in the announcement dated 30 December 2021 (HK\$' million)	Actual use of Net Proceeds up to 30 September 2022 (HK\$' million)	Amount of remaining Net Proceeds as at 30 September 2022 (HK\$' million)	Updated expected timeline for utilising the remaining Net Proceeds
Enhancing the development of VCMA solution services business in the PRC	12.39	3.81	0.02	3.79	on or before 31 March 2023
Development of IT+OT business in the PRC	12.39	12.39	10.73	1.66	on or before 31 March 2023
Working capital and general corporate purposes	2.75	2.75	2.75	–	N/A
Payment of the capital commitment by the Group in Changzhou Guoyun Green Data Technology Co., Limited	N/A	8.58	8.58	–	N/A
Total:	<u>27.53</u>	<u>27.53</u>	<u>22.08</u>	<u>5.45</u>	

The unused Net Proceeds amounting to approximately HK\$5.45 million were deposited in licensed banks in Hong Kong.

Further details of the Placing are set out in the Company’s announcements dated 11 August 2021 and 19 August 2021.

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

As at 30 September 2022, land and buildings of approximately HK\$78,828,000 (31 March 2022: HK\$80,155,000) were pledged to secure banking facilities granted to the Group.

## **CONTINGENT LIABILITIES**

The Group had no material contingent liabilities as at 30 September 2022 (31 March 2022: nil).

## **MATERIAL ACQUISITIONS AND DISPOSALS**

The Group had no material acquisitions or disposals of subsidiaries, associates and joint ventures during the period.

## **SIGNIFICANT INVESTMENTS HELD BY THE GROUP**

As at 30 September 2022, the Group did not hold any significant investments.

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

Save as disclosed in the section headed "Use of proceeds", the Group did not have other plans for material investments or capital assets as at 30 September 2022.

## **CHANGE IN INFORMATION OF DIRECTORS**

During the six months ended 30 September 2022, there was no change in any of the information disclosed pursuant to the requirement under paragraphs (a) to (e) and (g) of rule 13.51(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 30 September 2022, the Group employed 80 (31 March 2022: 85) full-time employees. The remuneration policy of the Group to reward its employees and executives is based on their performance, qualification, working experience, competence displayed with reference to selected comparable market remuneration data.

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

During the period, none of the Company or its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

## SHARE OPTION SCHEME

The Share Option Scheme was adopted under the written resolutions of the shareholders of the Company passed on 11 May 2015. The purpose of the Share Option Scheme is to enable the Company to grant options to selected participants as incentives or rewards for their contribution to the Group.

Details of share options granted on 20 April 2021 are set out in note 14(a) to the condensed consolidated financial statements in this announcement.

As at the date of this announcement, the total number of Shares available for issue under the Share Option Scheme is 97,000,000, being the balance of 10.0% of the Company's shares in issue as at the date of approval of the scheme mandate limit after deducting the total number of options granted under the Share Option Scheme, and represents approximately 9.2% of the existing issued share capital of the Company.

## SHARE AWARD SCHEME

The Share Award Scheme was adopted by the Company on 3 February 2021. The purpose of the Share Award Scheme is to recognise the contributions by certain employees and persons to the Group, to provide them with incentives in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group.

On 20 April 2021, the Company has granted the Awarded Shares to Mr. Wang under the Share Award Scheme. Subject to the lock-up condition as set out below and the scheme rules of the Share Award Scheme, the Awarded Shares shall vest in Mr. Wang and Mr. Wang shall have the right to receive the Awarded Shares in accordance with the following vesting schedule:

- (i) as to 150,000 Awarded Shares, representing 30% of the Awarded Shares, on the first anniversary of the date of grant;
- (ii) as to 150,000 Awarded Shares, representing 30% of the Awarded Shares, on the second anniversary of the date of grant; and
- (iii) as to 200,000 Awarded Shares, representing 40% of the Awarded Shares, on the third anniversary of the date of grant.

The vested Awarded Shares (and the vesting of the remaining Awarded Shares) are subject to the condition that Mr. Wang will not dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of the relevant vested Awarded Shares during a period of six (6) months commencing on the vesting date of the relevant Awarded Shares (the "**Lock-up Condition**").

On 7 May 2021, 500,000 new Shares in respect of the said award were issued and allotted to the trustee under the Share Award Scheme at nominal value under the general mandate granted to the Directors at the annual general meeting of the Company held on 7 August 2020.

On 20 April 2022, 150,000 Awarded Shares became vested in Mr. Wang and were transferred to him from the trustee under the Share Award Scheme, subject to the Lock-up Condition.

Details of the share award granted on 20 April 2021 are set out in note 14(b) to the condensed consolidated financial statements in this announcement.

As at the date of this announcement, only the abovementioned 500,000 Awarded Shares have been granted under the Share Award Scheme, with 149,500,000 Shares remain available for grant under the scheme limit.

## **CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY THE DIRECTORS**

The Company has adopted a code of conduct regarding securities transactions by the Directors (the “**Model Code**”) on terms no less exacting than the required standard of dealings as set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules. The Company, having made specific enquiries of all Directors, was not aware of any non-compliance with the Model Code during the period.

## **DIRECTORS’ INTERESTS IN COMPETING BUSINESS**

As at 30 September 2022, none of the Directors or their respective associates had any business or interests in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

## **CORPORATE GOVERNANCE PRACTICES**

The Company maintains a high standard of corporate governance to safeguard the interests of the shareholders of the Company and enhance its corporate value. The Company’s corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code in Appendix 14 to the Listing Rules (the “**CG Code**”). To the best knowledge of the Board, the Company had complied with the CG Code during the period and up to the date of this announcement.

## REVIEW OF RESULTS

The Company has established an audit committee (the “**Audit Committee**”) in accordance with the Listing Rules and the requirements of the CG Code for the purpose of reviewing and providing supervision over the Group’s financial reporting process, risk management and internal controls. The Audit Committee currently comprises three independent non-executive Directors, namely Mr. Fong Chi, Mr. Lum Pak Sum and Mr. Lai Kai Ming Ricky. Mr. Lum Pak Sum is the chairman of the Audit Committee.

The Audit Committee has reviewed the unaudited consolidated results of the Group for the period and this announcement and is of the view that they have complied with the applicable accounting standards, the Listing Rules and other applicable legal requirements, and that adequate disclosures had been made.

## SUFFICIENCY OF PUBLIC FLOAT

From the information publicly available to the Company and within the knowledge of the Directors, the Company has maintained the public float as required by the Listing Rules as at the date of this announcement.

## EVENT AFTER REPORTING PERIOD

The Board is not aware of any material event after the end of the reporting period and up to the date of this announcement that requires disclosure.

By order of the Board  
**Zhong Naixiong**  
*Chairman*

Hong Kong, 18 November 2022

*As at the date of this announcement, the executive Directors are Mr. Zhong Naixiong, Mr. Yau Wing Keung, Mr. Tong Sai Wong, Mr. Chan Wing Yiu and Mr. Chan Wing Lun; the non-executive Director is Dr. Wong King Keung; and the independent non-executive Directors are Mr. Fong Chi, Mr. Lum Pak Sum and Mr. Lai Kai Ming Ricky.*