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IN TECHNICAL PRODUCTIONS HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8446)

**(1) CLARIFICATION ANNOUNCEMENT
IN RELATION TO THE ANNUAL REPORT
FOR THE SEVEN MONTHS ENDED 31 DECEMBER 2022
AND
(2) DISCLOSEABLE TRANSACTION —
PROVISION OF LOAN**

(1) CLARIFICATION ANNOUNCEMENT IN RELATION TO THE ANNUAL REPORT FOR THE SEVEN MONTHS ENDED 31 DECEMBER 2022

Reference is made to the Annual Report.

The Board would like to clarify that:

- (i) certain line items under “Notes to the Consolidated Financial Statements — Note 20 Trade and other receivables, prepayments and deposits” on page 145 of the Annual Report should read as follows with the corresponding corrections shown in bold:

	As at 31 December 2022 HK\$	As at 31 May 2022 HK\$
Trade receivables	23,426,816	13,790,437
Less: allowance for bad and doubtful debts	<u>(11,453,365)</u>	<u>(9,614,247)</u>
Trade receivables, net	11,973,451	4,176,190
Prepayments for purchase of equipment	2,105,041	1,972,934
Deposits for equipment rental	4,825,915	5,660,593
Other receivables, prepayment and deposits (note a)	64,237,365	1,947,562
Registered capital receivable (note b)	<u>122,840,590</u>	<u>—</u>
	<u>205,982,362</u>	<u>13,757,279</u>

	As at 31 December 2022 HK\$	As at 31 May 2022 HK\$
Less: Non-current portion		
Prepayments for purchase of equipment	(2,105,041)	(1,972,934)
Prepayments and rental deposits	<u>(333,135)</u>	<u>(321,921)</u>
	<u>(2,438,176)</u>	<u>(2,294,846)</u>
Current portion	203,544,186	11,462,433

Notes:

- (a) **The other receivables are mainly (i) advance to third parties; and (ii) the prepayments to an IT service provider regarding the NFT virtual reality platform development.**
- (b) **The registered capital receivable had been fully settled as at the date of this report.**
- (ii) under “Notes to the Consolidated Financial Statements — Note 37 Subsidiaries” on page 170 of the Annual Report, the registered capital of Shenzhen Xinhang should be RMB148,595,718 and the paid-up registered capital of Shenzhen Xinhang should be RMB39,501,055, respectively, instead of RMB1,485,957,180.

It has been brought to the Board’s attention that the original figures which are adjusted in this announcement were wrongly stated due to inadvertent clerical errors. Save for the adjustments stated in this announcement, all information and contents set out in the Annual Report remains unchanged.

(2) DISCLOSEABLE TRANSACTION — PROVISION OF LOAN

The Board announces that on 27 October 2022, Shenzhen Xinhang, a subsidiary of the Company, made a Loan in the principal amount of RMB20,000,000 (equivalent to approximately HK\$22,520,000) to the Borrower.

Loan Agreement

The principal terms of the Loan Agreement are summarised as follows:

Date:	27 October 2022 as confirmed and supplemented by a written agreement dated 25 June 2023
Parties:	(i) Shenzhen Xinhang, as lender; and (ii) Shenzhen Jinhua Yu Supply Chain Company Limited* (深圳市金華宇供應鏈有限公司), as borrower
Principal amount:	RMB20,000,000 (equivalent to approximately HK\$22,520,000)
Interest rate:	Nil
Term:	There is no fixed term.
Collateral:	Nil
Repayment:	After six months of the advance of the Loan, Shenzhen Xinhang may, by written notice to the Borrower, request for partial or full repayment of the Loan. The Borrower shall repay accordingly within one month of the receipt of such written notice.
Other major terms:	In the course of its business development, the Borrower shall proactively refer Shenzhen Xinhang to enterprises and governmental authorities for business cooperation. In the event that the terms offered by Shenzhen Xinhang and other third parties are the same, the Borrower shall first engage Shenzhen Xinhang to provide IT technical consulting services in respect of its existing and future deals.

As at the date of this announcement, the entire amount of the Loan remains outstanding.

Funding of the Loan

The Loan was funded by the Group's internal resources.

Information on the Group and Shenzhen Xinhang

The Company is an investment holding company whose Shares are listed on GEM. The Group is principally engaged in the provision of visual display solution services in Hong Kong, the PRC and Macau and the provision of information technology consulting services in the PRC.

Shenzhen Xinhang is a limited liability company established in the PRC on 11 June 2020 and based in Shenzhen, Guangdong Province. It is principally engaged in (i) the provision of one-stop technical consulting services and solutions for e-commerce business platforms; and (ii) the metaverse technology business.

Information on the Borrower

The Borrower is a limited liability company established in the PRC and is principally engaged in IT hardware business in the PRC. The Borrower is owned as to 90% and 10% by Huang Feihong (黃飛紅) and Huang Zhihan (黃芷涵), respectively, who are PRC residents and Independent Third Parties.

REASONS FOR AND BENEFITS OF THE PROVISION OF LOAN

The terms of the Loan Agreement were negotiated on an arm's length basis between the Group and the Borrower, having regard to the amount of the Loan, the Group's business relationship with the Borrower, the background of the Borrower and the potential benefits that may be brought to the Group.

The Borrower is principally engaged in IT hardware business in the PRC, which is capable of successfully bidding sizable IT deals from multinational companies or PRC government authorities. The Group advanced the Loan to the Borrower for the purpose of providing the Borrower with extra liquidity to procure IT hardware in order to perform its IT deals. Under the Loan Agreement, the Borrower shall endeavour to refer Shenzhen Xinhang to its customers in those sizeable deals in respect of IT technical consulting services which Shenzhen Xinhang can provide. In the event that the terms offered by Shenzhen Xinhang and other third parties are the same, the Borrower shall first engage Shenzhen Xinhang to provide IT technical consulting services in respect of its existing and future deals. Under such business cooperation arrangement, the IT hardware will be procured and built up by the Borrower, whereas the IT technical consulting services, systemic upgrade and specific software development will be rendered by Shenzhen Xinhang. Although the Loan is unsecured, non-interest bearing with no fixed repayment terms, the Directors are of the view that the Loan has strengthened the business cooperation relationship between the Group and the Borrower in the IT industry and also helps the Group to gain the business opportunities for potential future sizable deals bid by the Borrower from multinational companies and/or PRC government authorities. There have been successful cases of referrals from the Borrower since April 2023, which Shenzhen Xinhang has been engaged to provide IT systemic upgrade for PRC government authorities in Nanjing and Guangdong.

Therefore, the Directors are of the view that the terms of the Loan Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

GEM LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in the GEM Listing Rules) in respect of the Loan exceeded 5% but were all less than 25%, the provision of the Loan constituted a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules and was subject to the notification and announcement requirements under Chapter 19 of the GEM Listing Rules.

Due to inadvertent oversight, the Company failed to comply with the notification and announcement requirements regarding the Loan in a timely manner in accordance with Chapter 19 of the GEM Listing Rules.

REMEDIAL MEASURES

The Company deeply regrets for the non-compliance with the GEM Listing Rules in respect of the Loan and would like to stress that such non-compliance was an inadvertent oversight.

In order to avoid the recurrence of similar events in the future, the following remedial measures will be taken by the Group to ensure that the GEM Listing Rules are strictly complied with:

- (a) the Company will introduce a policy manual in respect of the GEM Listing Rules application of size test ratios;
- (b) the Company will formulate a guideline (the “**Guideline**”) pursuant to which relevant personnel responsible for assessments of notifiable transactions shall provide such relevant information in advance to a designated senior officer in the finance department of the Company for evaluation and approval so as to ensure compliance with the relevant GEM Listing Rules applicable to notifiable transactions particularly;
- (c) the Company will have its internal audit department perform regular checks on compliance with the Guideline;
- (d) the Company will provide specific training to its senior management and relevant personnel on the application of the GEM Listing Rules requirements for notifiable transactions;
- (e) the Company will communicate the above to its subsidiaries within the Group to facilitate and ensure compliance; and
- (f) the Company will continue to maintain close communications with its legal advisers and the Stock Exchange.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following expressions shall have the following meanings.

“Annual Report”	the annual report for the seven months ended 31 December 2022 of the Company published on 22 March 2023
“Board”	the board of Directors
“Borrower”	Shenzhen Jinhua Yu Supply Chain Company Limited* (深圳市金華宇供應鏈有限公司), a company established in the PRC with limited liability
“Company”	In Technical Productions Holdings Limited (stock code: 8446), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on GEM
“Director(s)”	member(s) of the Board
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM, as amended, supplemented or otherwise modified from time to time
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Third Party(ies)”	third party(ies) independent of and not connected (as defined under the GEM Listing Rules) with the Company and its connected person(s)
“IT”	information technology
“Loan”	a loan in the principal amount of RMB20,000,000 (equivalent to approximately HK\$22,520,000) provided by Shenzhen Xinhang to the Borrower pursuant to the terms of the Loan Agreement
“Loan Agreement”	a loan agreement dated 27 October 2022 entered into between Shenzhen Xinhang and the Borrower in respect of the provision of the Loan as confirmed and supplemented by a written agreement dated 25 June 2023

“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Shenzhen Xinhang”	Shenzhen Xinhang Information Technology Company Limited* (深圳市鑫杭信息科技有限公司), a company established in the PRC with limited liability and a subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

By order of the Board
IN TECHNICAL PRODUCTIONS HOLDINGS LIMITED
MA Lie
Chairman and Executive Director

Hong Kong, 5 July 2023

* *For identification purpose only*

In this announcement, for the purpose of illustration only, amounts quoted in RMB have been converted into HK\$ at the rate of HK\$1.126 to RMB1.

As at the date of this announcement, the Board comprises three executive Directors, namely, Mr. Ma Lie, Mr. Yeung Ho Ting Dennis and Ms. Zhang Yan Ling; and five independent non-executive Directors, namely, Mr. Cui Hai Bin, Ms. Jiang Yu E, Mr. Ji Gui Bao, Mr. Li Xiao Hua and Mr. Jiang Peiyan.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the websites of the Stock Exchange at www.hkexnews.hk and of the Company at www.intechproductions.com.