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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 2023**

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 2023 with comparative figures as follows:

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

*For the six months ended 30 June 2023*

	<u>NOTES</u>	<u>Six months ended 30 June</u>	
		<u>2023</u> HK\$'000 (unaudited)	<u>2022</u> HK\$'000 (unaudited)
Revenue - contracts with customers	3A	200,069	166,925
Cost of sales		<u>(161,897)</u>	<u>(158,688)</u>
Gross profit		38,172	8,237
Other gains or losses	5	(6,963)	(16,955)
Other income	5	51,086	43,932
Selling and distribution costs		(5,915)	(4,561)
Administrative expenses		(38,769)	(43,385)
Reversal of impairment losses under expected credit loss model, net		110,064	44,972
Finance costs		<u>(1,275)</u>	<u>(1,405)</u>
Profit before taxation		146,400	30,835
Taxation	4	<u>(36,424)</u>	<u>(17,927)</u>
Profit for the period	5	<u>109,976</u>	<u>12,908</u>

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
 COMPREHENSIVE INCOME - continued  
*For the six months ended 30 June 2023*

	<u>NOTE</u>	<u>Six months ended 30 June</u>	
		<u>2023</u> HK\$'000 (unaudited)	<u>2022</u> HK\$'000 (unaudited)
<b>Other comprehensive expense</b>			
Item that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operations - subsidiaries		<u>(20,051)</u>	<u>(25,737)</u>
Total comprehensive income (expense) for the period		<u>89,925</u>	<u>(12,829)</u>
Profit (loss) for the period attributable to:			
Owners of the Company		110,007	12,913
Non-controlling interests		<u>(31)</u>	<u>(5)</u>
		<u>109,976</u>	<u>12,908</u>
Total comprehensive income (expense) attributable to:			
Owners of the Company		89,903	(12,875)
Non-controlling interests		<u>22</u>	<u>46</u>
		<u>89,925</u>	<u>(12,829)</u>
Earnings per share	7		
Basic		<u>HK27.92 cents</u>	<u>HK3.03 cents</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*At 30 June 2023*

	<u>NOTES</u>	<u>30.6.2023</u> HK\$'000 (unaudited)	<u>31.12.2022</u> HK\$'000 (audited)
Non-current assets			
Property, plant and equipment		29,725	30,321
Right-of-use assets		-	-
Deferred Consideration	8	433,967	328,616
Loans receivable		25,747	34,591
Investments in debt instruments		305,130	461,045
Interests in associates		-	-
		<u>794,569</u>	<u>854,573</u>
Current assets			
Inventories		31,937	27,009
Loans receivable		6,938	-
Contract assets		68,157	71,941
Debtors and prepayments	9	78,576	102,704
Investments at fair value through profit or loss		185,999	170,463
Investments in debt instruments		377,845	67,257
Amounts due from associates		104	83
Taxation recoverable		1,243	1,251
Pledged bank deposits		1,302	-
Bank deposits		-	271,930
Bank balances and cash		164,371	243,624
		<u>916,472</u>	<u>956,262</u>
Current liabilities			
Creditors and accrued charges	10	155,576	209,245
Other payables		1,000	201,000
Dividend payable		7,879	-
Warranty provision		15,717	14,361
Contract liabilities		105,560	89,631
Bank borrowing		27,484	-
Lease liabilities		2,175	2,050
Taxation payable		7,825	8,176
		<u>323,216</u>	<u>524,463</u>
Net current assets		<u>593,256</u>	<u>431,799</u>
Total assets less current liabilities		<u>1,387,825</u>	<u>1,286,372</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION - continued  
At 30 June 2023

	<u>NOTE</u>	<u>30.6.2023</u> HK\$'000 (unaudited)	<u>31.12.2022</u> HK\$'000 (audited)
Capital and reserves			
Share capital		3,940	3,940
Reserves		<u>1,262,333</u>	<u>1,180,309</u>
Equity attributable to owners of the Company		1,266,273	1,184,249
Non-controlling interests		<u>18</u>	<u>(4)</u>
Total equity		<u>1,266,291</u>	<u>1,184,245</u>
Non-current liabilities			
Accrued charges	10	-	3,501
Warranty provision		2,880	2,913
Lease liabilities		4,270	5,511
Deferred tax liabilities		<u>114,384</u>	<u>90,202</u>
		<u>121,534</u>	<u>102,127</u>
		<u>1,387,825</u>	<u>1,286,372</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.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2023 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31 December 2022.

#### Application of amendments to HKFRSs

In the current interim period, the Group has applied the following new and 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 2023 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The application of the new and amendments to HKFRSs in the current interim 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.

### 3A. REVENUE FROM CONTRACTS WITH CUSTOMERS

#### Disaggregation of revenue from contracts with customers

	<u>Six months ended 30 June</u>	
	<u>2023</u> HK\$'000 (unaudited)	<u>2022</u> HK\$'000 (unaudited)
<b>Types of goods or services</b>		
Contract works in respect of design, manufacturing and sale of custom-built electroplating machinery and other industrial machinery		
- Printed circuit boards	76,880	113,274
- Surface finishing	<u>89,279</u>	<u>19,963</u>
	166,159	133,237
Sale of spare parts of electroplating machinery	5,883	6,374
Provision of services - repairs, maintenance and modification	<u>28,027</u>	<u>27,314</u>
<b>Total</b>	<u><u>200,069</u></u>	<u><u>166,925</u></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> <u>Six months</u> <u>ended 30 June</u>	
	<u>2023</u> HK\$'000 (unaudited)	<u>2022</u> HK\$'000 (unaudited)
Segment revenue	<u>200,069</u>	<u>166,925</u>
Segment profit (loss)	<u>9,365</u>	<u>(16,680)</u>
Intra-group management fee charged to operating segments	2,313	2,313
Certain other gains and losses	(8,249)	(25,651)
Certain other income	50,995	42,991
Central corporate expenses	(18,098)	(16,852)
Reversal of impairment losses under expected credit loss model for loans receivable and Deferred Consideration, net	110,637	45,613
Imputed interest on non-current portion of provision for performance related incentive payments	<u>(563)</u>	<u>(899)</u>
Profit before taxation	<u><u>146,400</u></u>	<u><u>30,835</u></u>

#### 4. TAXATION

	<u>Six months ended 30 June</u>	
	<u>2023</u> HK\$'000 (unaudited)	<u>2022</u> HK\$'000 (unaudited)
Hong Kong Profits Tax	-	-
PRC Enterprise Income Tax		
Charge for the period	6,276	3,728
Withholding tax	5,643	-
	<u>11,919</u>	<u>3,728</u>
Deferred tax charge	24,505	14,199
	<u>36,424</u>	<u>17,927</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

	<u>Six months ended 30 June</u>	
	<u>2023</u> HK\$'000 (unaudited)	<u>2022</u> HK\$'000 (unaudited)
Profit for the period has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	905	2,375
Depreciation of right-of-use assets	-	5,087
Imputed interest on non-current portion of provision for performance related incentive payments	563	899
Included in other income:		
Interest income from Deferred Consideration	(27,904)	(22,313)
Interest income from investments in debt instruments	(12,713)	(4,992)
Interest income from other financial assets	(3,238)	(8,169)
Dividend income	(6,177)	(6,831)
Included in other gains or losses		
Net exchange loss	21,619	26,839
Net change in fair value of investments at fair value through profit or loss	<u>(14,227)</u>	<u>(9,894)</u>

## 6. DIVIDEND

During the six months ended 30 June 2023, a final dividend of HK\$0.02 (six months ended 30 June 2022: HK\$0.02) per share with aggregate amount of HK\$7,879,000 (six months ended 30 June 2022: HK\$8,529,000) in respect of the year ended 31 December 2022 was declared and approved by shareholders of the Company as at 19 June 2023. The amount subsequently paid to owners of the Company on 20 July 2023.

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 2022: HK\$0.01) per share amounting to HK\$3,940,000 (six months ended 30 June 2022: 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 HK\$110,007,000 (six months ended 30 June 2022: HK\$12,913,000) and the number of ordinary shares of 393,953,400 (six months ended 30 June 2022: 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

Deferred Consideration represents an outstanding principal amount of RMB1,550,000,000 from an independent third party (the "Counterparty") arising from a land re-development project. The amount has become credit-impaired during the year ended 31 December 2021 and the Group has undergone a series of negotiations with regards to collaterals with the Counterparty after 31 December 2021. As at 31 December 2022, the collaterals obtained were security deposit of HK\$200,000,000 (presented as other payables) and first charge over certain properties situated in the PRC. During the current period, the Group has returned the HK\$200,000,000 security deposits and in return the Counterparty has provided certain additional properties situated in Hong Kong and the PRC as collaterals with a higher market value at date of re-negotiation. As at 30 June 2023, the net carrying amount of Deferred Consideration amounting to HK\$433,967,000 (31 December 2022: HK\$328,616,000) is not expected to be settled within one year and accordingly is classified as non-current assets.

During the six months ended 30 June 2023, reversal of impairment losses under expected credit loss model of HK\$113,173,000 (six months ended 30 June 2022: HK\$45,150,000) 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 2023 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2022, of which the Group 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. The expected credit loss is estimated at each reporting date to reflect the changes in loss given default as a result of the change in value of the collaterals due to market fluctuation. Besides, interest income of HK\$27,904,000 (six months ended 30 June 2022: HK\$22,313,000) is recognised by applying the effective interest rate to the amortised cost of the Deferred Consideration while the Group has received penalty interest from late payment amounting to HK\$20,483,000 (six months ended 30 June 2022: HK\$11,823,000).

9. DEBTORS AND PREPAYMENTS

	<u>30.6.2023</u> HK\$'000 (unaudited)	<u>31.12.2022</u> HK\$'000 (audited)
Trade debtors from contracts with customers	35,151	42,054
Less: Allowance for credit losses	<u>(2,525)</u>	<u>(1,897)</u>
	32,626	40,157
Rental and utilities deposits	1,838	2,430
Deposits paid for purchase of raw materials	18,456	33,562
Deposits paid for subcontracting cost	4,549	4,549
Account balance placed with a broker	7,777	933
Interest receivable	7,032	11,858
Other tax receivables	855	3,839
Other debtors and prepayments	<u>5,443</u>	<u>5,376</u>
	<u>78,576</u>	<u>102,704</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>30.6.2023</u> HK\$'000 (unaudited)	<u>31.12.2022</u> HK\$'000 (audited)
0 - 60 days	31,898	38,625
61 - 120 days	19	149
121 - 180 days	-	785
Over 180 days	<u>709</u>	<u>598</u>
	<u>32,626</u>	<u>40,157</u>

10. CREDITORS AND ACCRUED CHARGES

	<u>30.6.2023</u> HK\$'000 (unaudited)	<u>31.12.2022</u> HK\$'000 (audited)
Trade creditors	87,720	93,341
Accrued staff costs	19,785	43,247
Commission payables to sales agents	13,345	15,185
Provision for performance related incentive payments to directors and key management	9,636	36,073
Other creditors and accrued charges for operating costs	<u>25,090</u>	<u>24,900</u>
	155,576	212,746
Less: Non-current portion of provision for performance related incentive payments to directors and key management	<u>-</u>	<u>(3,501)</u>
	<u><u>155,576</u></u>	<u><u>209,245</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>30.6.2023</u> HK\$'000 (unaudited)	<u>31.12.2022</u> HK\$'000 (audited)
0 - 60 days	23,305	31,928
61 - 120 days	23,034	26,154
121 - 180 days	11,675	19,320
Over 180 days	<u>29,706</u>	<u>15,939</u>
	<u><u>87,720</u></u>	<u><u>93,341</u></u>

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **RESULTS**

During the period ended 30 June 2023 (“Period Under Review”), the Group recorded profit attributable to owners of the Company of approximately HK\$110,007,000 compared to the profit attributable to owners of the Company of approximately HK\$12,913,000 for the period ended 30 June 2022 (“Previous Period”). The significant increase in the Group’s profit attributable to owners of the Company was mainly due to the off-setting effect of (i) increase in the reversal of impairment losses under expected credit loss model; (ii) increase in tax provision; (iii) increase in other income; (iv) decrease in other gains or losses; (v) decrease in administrative expenses and (vi) rise in profit margin as compared to the Previous Period.

The basic earnings per share for the Period Under Review was HK27.92 cents compared to the basic earnings per share of HK3.03 cents for the Previous Period.

### **FINANCIAL REVIEW**

#### **Revenue**

The revenue for the Period Under Review was approximately HK\$200,069,000 or 19.9% more than the Previous Period.

In terms of business segment, approximately 46.3% of the revenue was generated from PCB sector (the Previous Period: approximately 85.0%) and approximately 53.7% came from surface finishing sector (the Previous Period: approximately 15.0%). In terms of the machines geographical installation base, the revenue composition during the Period Under Review was 52.2% machines in PRC, 12.2% in Korea, 10.3% in Mexico, 5.9% in the USA, 4.9% in India, 4.0% in Russia, 2.9% in Taiwan and 7.6% in rest of the world.

#### **Gross Profit**

Due to implementation of cost control measures, the average gross profit recoded an improvement from 4.9% the Previous Period to 19.1% for the Period Under Review.

## 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\$14,227,000 (the Previous Period: HK\$9,894,000) and (b) net exchange loss of approximately HK\$21,619,000 (the Previous Period: HK\$26,839,000).

(a) Net change in realized and unrealized fair value gain of investments at fair value through profit or loss was approximately HK\$14,227,000 (the Previous Period: HK\$9,894,000)

All investments at fair value through profit or loss were recorded at fair value as at 30 June 2023 and represented listed securities in Hong Kong. The gain of approximately HK\$14,227,000 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 2023:

Company Name / Stock Code	% of Shareholding as at 30 June 2023	Fair value change HK\$'000	Fair value as at 30 June 2023 HK\$'000	% of Total Assets of the Group as at 30 June 2023	Fair value as at 31 December 2022 HK\$'000	% of Total Assets of the Group as at 31 December 2022
Shanghai Industrial Urban Development Group Ltd. (563)	0.26%	(2,706)	5,602	0.33%	8,308	0.46%
Q P Group Holdings Ltd. (1412)	1.59%	(848)	10,677	0.62%	11,525	0.64%
Hysan Development Company Ltd (14)	0.07%	(4,697)	14,531	0.85%	19,228	1.06%
SenseTime Group Inc. (20)	0.01%	(576)	7,949	0.46%	8,525	0.47%
China Mobile Ltd. (941)	0.01%	24,600	128,100	7.49%	103,500	5.72%
China Construction Bank Corporation (939)	0.00%	180	5,070	0.30%	4,890	0.27%
MTT Group Holdings Ltd (2350)	2.50%	(1,122)	4,605	0.27%	4,418	0.24%
Others		(604)	9,465	0.55%	10,069	0.56%
<b>Total</b>		<u>14,227</u>	<u>185,999</u>	<u>10.87%</u>	<u>170,463</u>	<u>9.42%</u>

(b) Net exchange loss of approximately HK\$21,619,000 (the Previous Period: HK\$26,839,000)

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 3.1%.

### **Other income**

This mainly represented (a) interest income from investments in debt instruments of approximately HK\$12,713,000 (the Previous Period: HK\$4,992,000) (b) interest income from other financial assets of approximately HK\$3,238,000 (the Previous Period: HK\$8,169,000) (c) interest income from Deferred Consideration of approximately HK\$27,904,000 (the Previous Period: HK\$22,313,000) (d) Fees arising from the Security Trustee Appointment Letter dated 2 June 2023 of approximately HK\$920,000 (the Previous Period: nil) and (e) dividend income from investments in Hong Kong listed securities of approximately HK\$6,177,000 (the Previous Period: HK\$6,831,000).

(a) Interest income from investments in debt instruments

Interest income from investments in debt instruments was approximately HK\$12,713,000 (the Previous Period: HK\$4,992,000).

(b) Interest income from other financial assets

This represented (i) interest income arising from loans receivable of approximately HK\$1,040,000 (the Previous Period: HK\$1,292,000) and (ii) interest received from bank deposits of approximately HK\$2,198,000 (the Previous Period: HK\$6,877,000).

i) Interest arising from loans receivable

On 7 September 2022, the Group entered into a loan facility agreement (“2022 Loan Facility Agreement”) with Karl Thomson Financial Group Limited (“KTFG”), which is a wholly owned subsidiary of Wisdom Wealth Resources Investment Holding Group Limited (“Wisdom Wealth Resources”). 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 Wisdom Wealth Resources. Pursuant to 2022 Loan Facility Agreement, the Group provides an unsecured revolving loan facility of HK\$80,000,000 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 2025.

During the Period Under Review, the Group has received interest income of approximately HK\$524,000 (the Previous Period: HK\$694,000) from KTFG.

Besides the revolving loan facility with KTFG, the Group has also received interest income of approximately HK\$516,000 from other loans with independent third parties (the Previous Period: HK\$598,000).

ii) Interest received from bank deposits

Interest income from bank deposits was approximately HK\$2,198,000 (the Previous Period: HK\$6,877,000).

(c) 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\$27,904,000 (the Previous Period: HK\$22,313,000)

(d) Fees arising from the Security Trustee Appointment Letter dated 2 June 2023

Fees of approximately HK\$920,000 (the Previous Period: nil) was received in accordance with the terms set out in the Security Trustee Appointment Letter dated 2 June 2023.

(e) Dividend income

Dividend income received from investments in Hong Kong listed securities was approximately HK\$6,177,000 (the Previous Period: HK\$6,831,000).

### **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 29.7% higher than the Previous Period. It was primarily due to more sales activities in the post-pandemic recovery.

### **Administrative expenses**

The administrative expenses for the Period Under Review was 10.6% lower than the Previous Period. It was mainly due to reduction in headcount in early 2023 and our continuous effort in controlling our operating costs in order to drive an improved performance.

As a benchmark, the average inflation rates in China and Hong Kong for first half 2023 were 0.7%<sup>1</sup> and 2.0%<sup>2</sup> respectively.

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<sup>1</sup> Inflation rate in China is reported by the National Bureau of Statistics of China.

<sup>2</sup> 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	
	2023 HK\$'000	2022 HK\$'000
Trade debtors	628	695
Contract assets	(55)	(53)
Loans receivable	2,536	(464)
Deferred Consideration	(113,173)	(45,150)
	(110,064)	(44,972)

### Finance cost

This represented (a) interest on bank borrowings of HK\$567,000 (the Previous Period: HK\$304,000); (b) the imputed interest expenses regarding the provision of performance related incentive payments of approximately HK\$563,000 (the Previous Period: HK\$900,000) and (c) the interest expenses on lease liabilities of approximately HK\$145,000 (the Previous Period: HK\$201,000).

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\$563,000 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\$36,424,000 (the Previous Period: HK\$17,927,000) 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\$141,434,000 (the Previous Period: HK\$66,564,000), the Group recorded a corresponding estimated taxes of approximately HK\$35,636,000 (the Previous Period: HK\$17,727,000).

## 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	
	2023 HK\$'000	2022 HK\$'000
Under "Other Income" – Interest income from Deferred Consideration	27,904	22,313
Under "Other Income" – Fees arising from the Security Trustee Appointment Letter dated 2 June 2023	920	-
Under "Finance cost" – Imputed interest on non-current portion of provision for performance related incentive payments and special management bonus	(563)	(899)
Under "Reversal of impairment losses under expected credit loss model, net" - Reversal of impairment losses under expected credit loss model, net	113,173	45,150
Under "Taxation"	(35,636)	(17,727)
Net gain in relation to the Longhua Project	105,798	48,837

### Deferred Consideration

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

### Loans receivable

On 7 September 2022, the Group entered into 2022 Loan Facility Agreement with KTFG, which is a wholly owned subsidiary of Wisdom Wealth Resources. 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 Wisdom Wealth Resources. Pursuant to 2022 Loan Facility Agreement, the Group provides an unsecured revolving loan facility of HK\$80,000,000 bearing interest at Prime Rate for a term of three years commencing from the loan effective date and ending on 20 October 2025.

As at 30 June 2023, a loan of approximately HK\$20,000,000 (31 December 2022: approximately HK\$19,500,000) was drawn by KTFG in accordance with the terms of the 2022 Loan Facility Agreement. The average effective interest rate, which is equal to contractual interest rate, is 5.75% (the Previous Period: 5%) per annum.

As reported in above, the total interest income earned in relation to above loans was approximately HK\$524,000 (the Previous Period: HK\$694,000).

As at 30 June 2023, besides the revolving loan facility with KTFG, the Group has granted a few loans with independent third parties bearing interest between 2.2% to 8.75% per annum and the Group has received interest income of approximately HK\$516,000 from these loans. (the Previous Period: HK\$598,000)

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

	As at 30/06/2023 HK\$'000	As at 31/12/2022 HK\$'000
Principal outstanding repayable within one year	7,500	-
Principal outstanding repayable after one year	33,154	40,024
Less: impairment loss allowance	(7,969)	(5,433)
Net carrying amount	32,685	34,591
Analysed for reporting purpose as:		
Current	6,938	-
Non-current	25,747	34,591
	32,685	34,591

### Investments in debt instruments

Investments in debt instruments made by the Group as of 30 June 2023 are set out below:

No	Issuer	Bond Currency	Coupon rate	Maturity date	Investment cost as at 30/6/2023 (HK\$000)	Bond Credit rating S&P's	Bond Credit rating Moody's	% to Group's total assets
1	Bank of Comm Company Ltd	RMB	3.15%	2024/12/13	18,491	A-	NR	1.1%
2	Henderson Land MTN Ltd	RMB	3.35%	2023/09/21	10,824	NR	NR	0.6%
3	Henderson Land MTN Ltd	RMB	3.30%	2024/02/07	97,650	NR	NR	5.7%
4	Wharf REIC Finance BVI Ltd	RMB	2.95%	2024/01/19	22,717	NR	A2	1.3%
5	Wharf Finance BVI Ltd	RMB	3.25%	2024/01/14	54,011	NR	NR	3.2%
6	Sun Hung Kai Properties Capital Market Ltd	RMB	2.80%	2024/06/24	15,023	A+	NR	0.9%
7	Barclays Bank PLC	RMB	4.00%	2024/03/24	16,316	A-	NR	1.0%
8	Wharf REIC Finance BVI Ltd	RMB	3.85%	2024/04/06	54,232	NR	A2	3.2%
9	Hong Kong Mortgage Corp Ltd	RMB	3.59%	2023/10/30	54,390	NR	Aa3	3.2%
10	China Construction Bank Corp of London	RMB	3.40%	2024/05/17	21,754	NR	A1	1.3%
11	Standard Chartered Bank	RMB	3.58%	2025/08/25	54,250	NR	NR	3.2%
12	Sun Hung Kai Properties Capital Market Ltd	RMB	3.20%	2027/08/14	5,175	NR	NR	0.3%
13	NWD MTN Ltd	USD	5.88%	2027/06/16	3,877	NR	NR	0.2%
14	NWD Finance BVI Ltd	USD	6.15%	Perpetual	7,754	NR	NR	0.5%
15	HKSAR Government of PRC	RMB	3.00%	2025/1/11	10,872	A++	AA-	0.6%
16	Link Finance Cayman 2009 Ltd	RMB	3.55%	2025/11/14	87,010	A	A2	5.1%
17	Bank of China Ltd, HK Branch	RMB	2.93%	2025/3/27	70,631	A	NR	4.1%
18	China Education Group	RMB	4.00%	2026/4/19	2,158	AA	NR	0.1%
19	Shanghai Commercial Bank Ltd	RMB	6.38%	2033/2/28	1,928	NR	A1	0.1%
20	HSBC Holdings PLC	USD	8.00%	Perpetual	1,552	NR	NR	0.1%
21	Bank of East Asia Ltd	USD	6.75%	2027/3/15	19,366	A	A3	1.1%
22	Swire Properties MTN Financing Ltd	RMB	3.20%	2025/1/18	16,256	NR	A2	1.0%
23	HK Mortgage Corp Ltd	USD	5.05%	2024/2/23	30,928	AA+	NR	1.8%
24	Bank of East Asia Ltd	USD	6.75%	2027/3/15	5,810	A	A3	0.3%
					<u>682,975</u>			

Out of the total investment cost of HK\$683 million, approximately HK\$305 million is classified under non-current assets while approximately HK\$378 million is classified under current assets.

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.

### Investments at fair value through profit or loss

The Group's investment strategy is to pursue a balanced approach in exploring favourable short-term and long-term investments to, including but not limited to, (a) build a diversified portfolio which can deliver steady income to the Group; (b) offer potential capital gain and (c) invest in sector(s) with long term potential growth. The Group will strive to deliver a diversified investment portfolio which offers potential growth while maintaining a relatively prudent capital management approach.

As at 30 June 2023, the Group held 21 listed equity securities in Hong Kong with the fair value of HK\$186.0 million.

Company Name / Stock Code	Note	Investment Cost HK\$'000	Fair value as at 30 June 2023 HK\$'000	% as compared to the Group's total assets as at 30 June 2023	Dividend received HK\$'000	Fair value change HK\$'000	Fair value as at 31 December 2022 HK\$'000
China Mobile Ltd. (941)	(a)	102,739	128,100	7.49%	3,978	24,600	103,500
Others	(b)	110,205	57,899	3.38%	2,199	(10,373)	66,963
Total		212,944	185,999	10.87%	6,177	14,227	170,463

#### Notes:

(a) The principal business of the investee, China Mobile Limited ("China Mobile"), is the provision of communication and information services. As of 31 December 2022, the Group held 2,000,000 shares in China Mobile which represented approximately 0.01% of the total issued shares of China Mobile and approximately 5.72% of the Group's total assets. During the year, the Group acquired a total of 2,500,000 shares of China Mobile by batches and disposed 500,000 shares. The fair value change of approximately HK\$2,401,000 represented a realised fair value gain from the disposal of approximately HK\$1,841,000 and unrealised fair value gain of approximately HK\$560,000. The Group received a dividend of approximately HK\$8,334,000 during year 2022. China Mobile's revenue has grown steadily from approximately RMB 737 million in year 2018 to RMB 937 million in year 2022. For each financial year in last five years, its net profit after taxes was over RMB 100 million. Solid financial performance has demonstrated the strength of its management team. The dividend payout ratio was 67% in year 2022. The management of China Mobile has publicly committed to increase the dividend payout to 70% for year 2023. The Board believes that the investment in China Mobile will bring steady income to the Group.

(b) None of these investments represented more than 5% of the Group's total assets as at 30 June 2023.

### **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 HK\$113,484,000 under non-current liabilities**

The Group has recorded a deferred taxation of approximately HK\$111,979,000 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\$2,405,000 represented deferred tax liabilities recognized for accelerated tax depreciation of approximately HK\$45,000, credit of approximately HK\$392,000 for impairment losses on assets, and withholding tax provision for dividend payable by a PRC subsidiary of approximately HK\$2,752,000.

## 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 decreased to HK\$76,880,000 from HK\$113,274,000 in Previous Period, representing a drop of 32.1%. Out of this total revenue, from the perspective of installation location, nearly 41.8% were shipment made to PRC (91.7% in the Previous Period) and 27.1% were shipment made to Korea (1.0% 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, quarter two of 2023 for worldwide smartphone shipments faced a continued decline of 6.8% on year over year basis. Shipment volume has dropped to approximately 268 million units.

Top 5 Smartphone Companies, Worldwide Shipments, Market Share, and Year-Over-Year Growth, Q2 2023 (shipments in millions of units)					
Company	2Q 2023 Shipment Volumes	2Q 2023 Market Share	2Q 2022 Shipment Volumes	2Q 2022 Market Share	Year-Over-Year Change
Samsung	53.5	20.0%	63.1	21.9%	-15.2%
Apple	44.5	16.6%	45.4	15.8%	-2.0%
Xiaomi	33.2	12.4%	39.5	13.8%	-15.9%
OPPO	25.4	9.5%	27.4	9.5%	-7.5%
Transsion	25.3	9.4%	18.8	6.5%	34.4%
Others	86.0	32.1%	93.3	32.4%	-7.8%
<b>Total</b>	<b>268.0</b>	<b>100.0%</b>	<b>287.6</b>	<b>100.0%</b>	<b>-6.8%</b>
Due to rounding, some figures may not add up precisely to the totals shown					
Source: IDC Quarterly Mobile Phone Tracker, August 11, 2023					

IDC has further adjusted downward its 2023 forecast over the global shipments of smartphones. It expects the global shipment volumes will decline 3.2% in 2023, totaling 1.17 billion units for the year. As quoted in a report issued by IDC, “the revision is being driven by several factors, including a weaker economic outlook and ongoing inflation. Despite the lower forecast for 2023, IDC still expects a market recovery in 2024 with 6.0% year-over-year growth”.

Most of the Taiwan based PCB manufacturers have reported significant drop in revenue for first half of this year. In year 2022, most of the PCB manufacturers were still enjoying the blooming demands of electronic products. With the subside of Covid and the weaker than expected economic recovery, the demand over consumer electronic products such as smartphones, notebooks and wearable devices is shrinking. Another notable trend is a lot of Taiwan based PCB manufacturers announced plans to move their manufacturing base to South East Asian countries. Amongst its neighbours, Thailand attracts a higher foreign investments due to its low manufacturing costs and stable water supply. Apart from offering incentives, the Thai government also opened to immigrant workers from neighboring countries such as Myanmar.

## 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 increased by 347.2% from approximately HK\$19,963,000 in the Previous Period to approximately HK\$89,279,000 for the Period Under Review. Out of this total revenue, from the perspective of installation location, nearly 58.3% were shipment made to PRC (53.0% in the Previous Period) and 22.9% were shipment made to the Mexico (2.7% in the Previous Period).

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

According to a report issued by VDA, global car sales increased in all major country markets in the world during the first half of 2023.

Region	Jan-Jun 2023	% Change
Europe (EU+EFTA+UK)	6,588,900	17.6
USA	7,658,200	12.9
Japan	2,047,700	19.5
Brazil	934,700	9.6
India	2,014,400	10.0
China	11,143,000	9.2

The growth in current year followed low car sales and production numbers in 2022 due to component shortages, the influence of the Russian invasion of Ukraine, and the COVID lockdown measures in China.

In recent years, Mexico has been a bright spot for car manufacturing as well as being a hub for electric vehicles. BMW will be making cars in San Luis Potosí. General Motor is building a new factory in the northern state of Coahuila and plans to retrofit its existing factory in Silao for EV production. Ford makes its electric Mustangs in the state of Mexico, while Jetour will be making EVs in Guanajuato. Tesla is set to open its gigafactory in Monterrey in 2024. Apart from these western brands, Chinese automaker Jetour also announced that it will build a \$3 billion automotive plant in Mexico by the end of 2024, with the aim of manufacturing electric and gasoline-powered cars for the North American market.

### Outlook

With global inflation seems easing a bit, it will likely remain at around 3% which is slightly above comfort levels. In Euro area, it remains around 5%. We expect all current tightening policies will continue in most of the developed countries in the West. On the other hands, growth in the first half of the year was strong in Asia. Most of the economic growth in the Asian area comes from China following its reopening. However, the National Bureau of Statistics of China reported that the Purchasing Managers’ Index (“PMI”), which measures activity in the manufacturing sector, was still below 50 in July 2023. This index indicated that the manufacturing sector in China has contracted in last four months. In order to boost consumer demands, the Chinese government has announced a set of stimuli in late July. The effect of which is yet to see.

We do see lots more enquiries during this post-pandemic period but we also face the cost pressure due to global inflation. Interest rate is at a relatively high level for a while and it may cause liquidity risk. While we are confident that our revenue in year 2023 will be a bit higher than last year, we remain cautious over our general financial performance such as our gross profit and overhead level and will be more alert against general commercial risk such as bad debt.

## **PROPERTY DEVELOPMENT**

### **Property Re-development Plan in Longhua**

References are made to the announcements of the Company dated 22 August 2011, 25 October 2013, 16 October 2014, 26 October 2015, 30 November 2015, 4 January 2017, 29 March 2017 and 28 June 2019 and the circulars of the Company dated 19 September 2011, 15 February 2017 and 27 September 2019 in relation to the Agreement. References are also made to the announcements of the Company dated 31 December 2021 (the “31 December Announcement”) and 16 May 2022 in relation to the updates of receivables due from and the additional security provided by the Project Company.

Unless defined otherwise, capitalised terms used in this announcement have the same meanings as those defined in the circular of the Company dated 27 September 2019 (the “Circular”).

Pursuant to the Revised Supplemental Agreement A and the Second Revised Supplemental Agreement A, PASL would, among others, receive the guaranteed cash consideration of RMB2.75 billion (the “Consideration”) from the Project Company. As at the date of this announcement, PASL has already received RMB1.2 billion.

As security to the Project Company’s payment obligations of the remaining Consideration, a deposit of HK\$200 million (the “Deposit”) was paid by Singkei Real Estate Investment Co., Limited (“Singkei”), a subsidiary of Shenzhen WarmSun, to the Group. Given the weak market outlook of the property market in mainland China, an impairment loss of approximately HK\$1.3 billion was recognised for the year ended 31 December 2021 leaving a receivable balance of approximately HK\$283 million (the “Deferred Consideration”). The Deferred Consideration represented (i) the Deposit and (ii) the then value of the possible repayment from the Project Company.

On 16 May 2022, the Project Company provided a further security by creating a first legal charge in favour of PASL over 7,922 sq.m. of office space of the relevant property located in Longhua, the PRC (the “First Pledged Longhua Property”) owned by the Project Company. Taking into consideration the Deposit and the then value of the First Pledged Longhua Property and assuming that the Group enforces the security created in respect of the First Pledged Longhua Property and realises the asset in favour of PASL on 31 December 2024, the value of the Deferred Consideration was adjusted upwards from HK\$283 million to HK\$328.6 million as of 31 December 2022.

Under the Revised Supplemental Agreement A, the Group is also entitled to charge default interest for, among others, delayed payment of the Consideration. As at the date of this announcement, the Group has received default interest in the amount of RMB48.4 million.

On 2 June 2023, PASL, Shenzhen WarmSun, the Project Company, Process Automation International Ltd (“PAL”) and Singkei entered into an agreement (the “Further Agreement”) in relation to certain credit enhancement arrangement for the Project Company’s payment obligation of the remaining Consideration.

Pursuant to the Further Agreement, the parties agreed to, among others, the following credit enhancement arrangement to secure the payment obligation of the Project Company of the remaining Consideration for the benefit of PASL:

- (a) a first mortgage in respect of certain Hong Kong properties (the “HK Mortgaged Properties”); and
- (b) a first legal charge in respect of an additional 6,086 sq.m. of office space of the relevant property located in Longhua, the PRC (the “Second Pledged Longhua Property”).

In connection with the security arrangement in respect of the HK Mortgaged Properties, Treasure Chance Properties Limited (“Treasure Chance”), an indirect subsidiary of Shenzhen WarmSun will pay a monthly fee of HK\$920,000 to ATNT Group Management Limited (“ATNT Group Management”), an indirect subsidiary of the Company, for so long as the mortgages in respect of the HK Mortgaged Properties are not discharged. As at the date of this announcement, the Group has received the total fees of HK\$920,000.

The Group will continue to monitor the progress of the repayment. The Group will inform the shareholders and potential investors by making further announcement(s) as and when appropriate in accordance with the Listing Rules.

## **MATERIAL ACQUISITION AND DISPOSAL**

Reference is made to the announcements of the Company dated 18 January 2023, 16 February 2023, 9 March 2023, 21 March 2023, 22 March 2023, 14 May 2023 and 18 May 2023 in relation to the acquisition and disposal of bonds and listed equities. Current holdings as at 30 June 2023 are disclosed in the sections “Investments in debt instruments” and “Investments at fair value through profit or loss” shown in above.

On 7 September 2022, the Group has entered into the 2022 Loan Facility Agreement. Details of which is disclosed in below section named “Continuing Connected Transaction”.

Apart from disclosure as above, the Group has not entered any material transaction during the Period Under Review.

## **FINANCIAL REVIEW**

### **Capital Structure, Liquidity and Financial Resources**

As at 30 June 2023, the Group had equity attributable to owners of the Company of approximately HK\$1,266,273,000 (31 December 2022: HK\$1,184,249,000). The gearing ratio was 2.2% (31 December 2022: 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 2023, the Group had approximately HK\$164,371,000 of cash on hand (31 December 2022: HK\$515,554,000).

As at 30 June 2023, the Group pledged deposits of HK\$1,302,000 (31 December 2022: nil) to banks to secure the issuance of bank guarantee of the same amount. Total banking facilities available to the Group for electroplating equipment segment is HK\$102,300,000 (31 December 2022: HK\$102,300,000). Out of the facilities available, the Group has utilized approximately HK\$1,302,000 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 2023 (31 December 2022: nil) and nil for the issuance of import letters of credit to suppliers (31 December 2022: HK\$434,000).

As at 30 June 2023, banking facilities available to the Group for wealth management and investment purpose is HK\$1,499,800,000 (31 December 2022: HK\$218,000,000). The Group has utilized approximately HK\$27,484,000 for the bank borrowings (31 December 2022: nil).

### **Foreign Currency Risk**

Most of the assets in the Group were denominated in Renminbi. During the Period Under Review, Renminbi has depreciated for 3.1% which has brought a negative financial impact on the Group. The Group currently does not have any foreign currency hedging policy. However, the Group will continue to monitor foreign exchange exposure and will consider hedging arrangement should the need arises.

Rest of the assets and liabilities in the Group were mainly denominated in US dollars and HK dollars.

### **Contingent Liabilities**

As at 30 June 2023, the Company had guarantees of approximately HK\$1,602,100,000 (31 December 2022: HK\$345,000,000) to banks in respect of banking facilities granted to subsidiaries of the Company. The amount utilized by the subsidiaries was approximately HK\$28,786,000 (31 December 2022: HK\$434,000)

### **Capital Commitment**

As at 30 June 2023, the Group did not have any significant capital commitment (31 December 2022: nil).

### **Employee and Remuneration Policies**

As at 30 June 2023, the Group employs a total of 361 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 (2022: HK\$0.01 per Share) for the six months ended 30 June 2023. The interim dividend will be paid on or before 27 October 2023 to Shareholders whose names appear on the Register of Members of the Company at the close of business on 5 October 2023.

## **CLOSURE OF REGISTER OF MEMBERS**

The Register of Members of the Company will be closed from Tuesday, 3 October 2023 to Thursday, 5 October 2023, 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 Registrar & 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, 29 September 2023 (Hong Kong time), being the last share registration date. The payment of interim dividend will be scheduled on or before Friday, 27 October 2023.

## **CORPORATE GOVERNANCE AND OTHER INFORMATION**

The Company has complied with the Corporate Governance Code and Corporate Governance Report (the "CG Code") as set out in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2023, with deviations from code provisions C.2.1 and B.2.2 of the CG Code in respect of the separate roles of chairman and chief executive officer, and rotation of directors.

### **Code Provision C.2.1**

Under the code C.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 B.2.2**

Under the code B.2.2, 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 B.2.2 of the CG 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 C.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. Hong Hui Lung 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 2023.

## **REMUNERATION COMMITTEE**

The remuneration committee of the Company (the “Remuneration Committee”) is composed of three Directors, namely Messrs. Nam Kwok Lun, Cheung Kin Wai and Hong Hui Lung. 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 2023.

## **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 2023.

## **EVENTS AFTER THE REPORTING PERIOD**

The Company did not having any material subsequent events after the Period Under Review and up to the date of this announcement.

## **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 2023 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, 28 August 2023

*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, Ng Chi Kin, David and Hong Hui Lung.*

*\* For identification purpose only*