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**NET-A-GO TECHNOLOGY COMPANY LIMITED**

**網譽科技有限公司**

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

**(Stock Code: 1483)**

**INTERIM RESULTS ANNOUNCEMENT  
FOR THE SIX MONTHS ENDED 30 JUNE 2023**

**FINANCIAL HIGHLIGHTS**

For the six months period ended 30 June 2023 (the “Interim Period”), unaudited operating results of the Group (as defined below) were as follows:

- Revenue amounted to approximately HK\$109,946,000 representing an decrease of 20.9% compared to the same period of the previous financial year;
- Loss attributable to equity holders of the Company amounted to HK\$1,945,000 for the Interim Period as compared to profit attributable to equity holders of the Company amounted to HK\$7,404,000 for the same period of previous financial year (“Corresponding Period”);
- Basic and diluted loss per share for the Interim Period based on weighted average number of ordinary shares was HK0.3 cents;
- No dividend was declared for the Interim Period.

## INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

The board of directors (the “Board”) of Net-a-Go Technology Company Limited (the “Company”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (the “Group”) for the Interim Period together with the comparative unaudited figures for the corresponding period in 2022 (the “Corresponding Period”) as follows:

### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the six months ended 30 June 2023*

		Unaudited for the six months ended 30 June	
	Note	2023 HK\$'000	2022 HK\$'000
Revenue	4	<u>109,946</u>	<u>138,913</u>
Cost of revenue		<u>(96,932)</u>	<u>(119,201)</u>
<b>Gross profit</b>		<b>13,014</b>	19,712
Amortisation		(1,557)	(2,016)
General and administrative expenses	5	(12,103)	(12,068)
Other income		380	357
Loss on disposal of financial assets at fair value through profit or loss		(84)	(204)
Fair value (loss)/gain on financial assets at fair value through profit or loss		<u>(1,523)</u>	<u>8,012</u>
<b>Operating (loss)/profit</b>		<b>(1,873)</b>	13,793
Finance income	6	3,264	6
Finance costs		<u>(159)</u>	<u>(139)</u>
Finance income – net		<u>3,105</u>	<u>(133)</u>
Profit before income tax		1,232	13,660
Income tax expense	7	<u>(1,697)</u>	<u>(3,219)</u>
<b>(Loss)/profit for the period</b>		<b><u>(465)</u></b>	<b><u>10,441</u></b>

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

*For the six months ended 30 June 2023*

	<b>Unaudited for the six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
(Loss)/profit attributable to:		
Equity holders of the Company	<b>(1,945)</b>	7,404
Non-controlling interests	<b>1,480</b>	3,037
	<b>(465)</b>	10,441
 Other comprehensive loss for the period:		
Items that may be reclassified to profit or loss		
– Exchange difference on translation of foreign operations	<b>(910)</b>	(641)
	<b>(910)</b>	(641)
<b>Other comprehensive loss for the period, net of tax</b>	<b>(910)</b>	(641)
 <b>Total comprehensive (loss)/income for the period</b>	<b>(1,375)</b>	9,800
 Total comprehensive (loss)/income attributable to:		
Equity holders of the Company	<b>(2,855)</b>	6,763
Non-controlling interests	<b>1,480</b>	3,037
	<b>(1,375)</b>	9,800
 <b>(Loss)/earnings per share (HK cents)</b>	<i>9</i>	
Basic and diluted	<b>(0.3)</b>	0.9
 Dividends ( <i>HK\$</i> )	<i>8</i>	
	–	–

## CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2023

		30 June 2023 (Unaudited) <i>HK\$'000</i>	31 December 2022 (Audited) <i>HK\$'000</i>
	<i>Note</i>		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		29,691	37,341
Investment properties		79,932	79,932
Right of use assets		1,980	2,672
Deferred income tax assets		541	5
Intangible assets		34,038	35,594
Non-current deposits		–	470
Restricted cash		–	2,369
Contract assets		19,408	18,062
		<u>165,590</u>	<u>176,445</u>
<b>Current assets</b>			
Trade receivables	10	203,631	186,468
Deposit and prepayments and other receivables		25,669	31,979
Financial assets at fair value through profit or loss	11	85,595	185,699
Inventories		18,848	19,446
Restricted cash		2,341	9
Cash and cash equivalents		185,323	81,911
		<u>521,407</u>	<u>505,512</u>
<b>Total assets</b>		<u><b>686,997</b></u>	<u><b>681,957</b></u>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		7,950	7,950
Share premium		628,837	628,837
Reserves		(256,508)	(256,156)
		<u>380,279</u>	<u>380,631</u>
<b>Non-controlling interests</b>		<u>93,587</u>	<u>92,107</u>
<b>Total equity</b>		<u><b>473,866</b></u>	<u><b>472,738</b></u>

## CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

As at 30 June 2023

		<b>30 June</b>	31 December
		<b>2023</b>	2022
		<b>(Unaudited)</b>	(Audited)
	<i>Note</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities		<b>1,356</b>	1,820
Deferred income tax liabilities		<b>32,873</b>	32,958
Deposits received		<u>–</u>	<u>412</u>
		<b>34,229</b>	35,190
<b>Current liabilities</b>			
Trade payables	<i>12</i>	<b>31,545</b>	44,149
Accruals, provisions and other payables		<b>55,477</b>	46,526
Lease liabilities		<b>849</b>	1,096
Consideration payables		<b>59,604</b>	59,604
Deposits received		<b>6,437</b>	2,812
Current income tax liabilities		<b>24,990</b>	8,647
Borrowings	<i>13</i>	<u>–</u>	<u>11,195</u>
		<b>178,902</b>	174,029
<b>Total liabilities</b>		<b>213,131</b>	209,219
<b>Total equity and liabilities</b>		<b>686,997</b>	681,957



# NOTES TO THE INTERIM FINANCIAL INFORMATION

## 1. GENERAL INFORMATION

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

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

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

The condensed consolidated interim financial information are presented in Hong Kong dollars ("HK\$") unless otherwise stated. These condensed consolidated interim financial information have been approved for issue by the Board of Directors on 30 August 2023.

## 2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

This condensed consolidated interim financial information for the six months ended 30 June 2023 has been prepared in accordance with HKAS 34 "Interim financial reporting". The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2022, which have been prepared in accordance with Hong Kong Financial Reporting Standards.

The condensed consolidated interim financial information have been prepared under the historical cost basis. The principal accounting policies used in the preparation of the interim financial statements are consistent with those used in the annual consolidated financial statements for the year ended 31 December 2022, except for the amendments and interpretations of Hong Kong Financial Reporting Standards ("New HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants which have become effective in this period as detailed in note 2.1 of this announcement.

## 2.1 New Accounting Standards and Accounting Changes

### Application of amendments to HKFRSs

In the Interim Period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after January 1, 2023 for the preparation of the Group's consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	<i>Insurance Contracts and the related Amendments</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>

The application of the amendments to HKFRSs in the 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.

## 3. SEGMENT INFORMATION

### (a) Analysis of segment revenue and results

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

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

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

The "Others" business segment consists of the financials of manufacturing and selling of medical devices business, selling of cosmetics business and selling of frozen meat business.

### Segment revenue and results

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

	Environmental maintenance business		Property leasing business		Securities trading business		Others		Total	
	Six months ended 30 June 2023		Six months ended 30 June 2022		Six months ended 30 June 2023		Six months ended 30 June 2022		Six months ended 30 June 2023	
	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Segment revenue										
External Revenue	91,318	131,718	1,364	1,614	79	-	17,185	5,581	109,946	138,913
Fair value gain/(loss) on financial assets at fair value through profit and loss	-	-	-	-	(1,523)	8,012	-	-	(1,523)	8,012
Segment profit/(loss)	6,790	12,852	607	385	(1,680)	7,808	(955)	(314)	4,762	20,731
Finance income									3,264	6
Finance costs									(159)	(139)
Unallocated corporate expenses									(6,635)	(6,938)
Profit before income tax									1,232	13,660

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

**(b) Segment assets and liabilities**

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

	Environmental maintenance business		Property leasing business		Securities trading business		Others		Total	
	As at 30 June 2023	As at 31 December 2022	As at 30 June 2023	As at 31 December 2022	As at 30 June 2023	As at 31 December 2022	As at 30 June 2023	As at 31 December 2022	As at 30 June 2023	As at 31 December 2022
	(Unaudited) HK\$'000	(Audited) HK\$'000	(Unaudited) HK\$'000	(Audited) HK\$'000	(Unaudited) HK\$'000	(Audited) HK\$'000	(Unaudited) HK\$'000	(Audited) HK\$'000	(Unaudited) HK\$'000	(Audited) HK\$'000
Segment assets	<b>274,605</b>	268,283	<b>79,808</b>	80,188	<b>100,271</b>	205,898	<b>44,937</b>	44,377	<b>499,621</b>	598,746
Cash and cash equivalents									<b>185,323</b>	81,911
Deferred income tax assets									<b>541</b>	5
Other unallocated corporate assets									<b>1,512</b>	1,295
Total assets									<b>686,997</b>	681,957
Segment liabilities	<b>74,289</b>	88,599	<b>1,325</b>	1,202	<b>38</b>	38	<b>17,293</b>	14,557	<b>92,945</b>	104,396
Deferred income tax liabilities									<b>32,873</b>	32,958
Consideration payables									<b>59,604</b>	59,604
Current income tax liabilities									<b>24,990</b>	8,647
Other unallocated corporate liabilities									<b>2,719</b>	3,614
Total liabilities									<b>213,131</b>	209,219

(c) **Geographical information**

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

	<b>For the six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
China	<b>100,952</b>	138,913
Hong Kong	<b>8,994</b>	–
	<b>109,946</b>	<b>138,913</b>

**Information about major customers**

During the Interim Period, no single customer accounted for more than 10% of the Group's total revenue (six months ended 30 June 2022: Nil).

**4. REVENUE**

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

	<b>For six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Revenue</b>		
<b>Environmental maintenance business:</b>		
Service income for provision of environmental maintenance services	<b>91,318</b>	131,718
<b>Property leasing business:</b>		
Rental income	<b>1,364</b>	1,614
<b>Securities trading business:</b>		
Securities interest income	<b>79</b>	–
<b>Others:</b>		
Sales of medical devices	<b>7,289</b>	5,581
Sales of frozen meat	<b>902</b>	–
Sales of cosmetic product	<b>8,994</b>	–
	<b>109,946</b>	<b>138,913</b>

### *Assets related to contracts with customers*

The Group has recognised the following revenue-related contract assets

	<b>As at 30 June 2023 (Unaudited) HK\$'000</b>	<b>As at 31 December 2022 (Audited) HK\$'000</b>
<b>Contract assets</b>		
Classified under:		
– non-current assets	<b>31,208</b>	29,862
Less: loss allowance	<b>(11,800)</b>	(11,800)
	<b><u>19,408</u></b>	<b><u>18,062</u></b>

As at 30 June 2023, contract assets were arisen from a service contract with a customer of its environmental maintenance business in which the Group has provided the relevant services with an agreed payment schedule of 8 years. Up to the date of this announcement, the Group has recognised accumulated revenue of HK\$32,626,000 (31 December 2022: HK\$32,626,000) in relation to this project. Since the Group has yet to receive audited project report from the customer as at respective year end date, the contract assets have yet to be converted to trade receivables as at 30 June 2023 (31 December 2022: same).

The accumulated impairment of the Group's contract assets of HKD11,800,000 for the Interim Period (31 December 2022: same) was made based on individual impairment assessment carried out for the customer which have an impairment indicator.

## 5. GENERAL AND ADMINISTRATIVE EXPENSES

	For six months ended 30 June	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Depreciation on fixed assets	705	569
Legal and professional fee	320	599
Rent and rate	621	559
Share-based payment expenses	2,503	2,942
Staff salaries and allowances	5,535	5,852
Travelling expenses	353	272
Others	2,066	1,275
	<u>12,103</u>	<u>12,068</u>

## 6. FINANCE INCOME

The finance income for the Interim Period amounted to approximately HK\$3,264,000 (six month ended 30 June 2022: HK\$6,000) mainly comprised of interest income on short-term bank deposits.

## 7. INCOME TAX EXPENSE

	For six months ended 30 June	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Current income tax		
Hong Kong profit tax	–	3
PRC enterprise income tax	1,697	3,216
Income tax expenses	<u>1,697</u>	<u>3,219</u>

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits for six months ended 30 June 2023 and 2022. The applicable corporate income tax rate for Mainland China subsidiaries is 25% on the estimated assessable profits.

## 8. DIVIDENDS

The Directors do not recommend payment of interim dividend for the Interim Period (six months ended 30 June 2022: Nil).

## 9. (LOSS)/EARNINGS PER SHARE

### (a) *Basic*

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

	For six months ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)
(Loss)/profit attributable to owners of the Company ( <i>HK\$'000</i> )	<u>(1,945)</u>	<u>7,404</u>
Weighted average number of ordinary shares in issue ( <i>thousands</i> )	<u>772,106</u>	<u>795,000</u>
(Loss)/earnings per share ( <i>HK\$</i> )	<u><u>(0.003)</u></u>	<u><u>0.009</u></u>

### (b) *Diluted*

Diluted earning/(loss) per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the Interim Period, the diluted loss per share equal the basic loss per share since the vesting of the share options under the share option scheme of the company would not have a dilutive effect on the loss per share.

## 10. TRADE RECEIVABLES

	<b>30 June 2023 (Unaudited) <i>HK\$'000</i></b>	31 December 2022 (Audited) <i>HK\$'000</i>
0 to 30 days	<b>14,766</b>	16,494
31 to 60 days	<b>12,932</b>	14,502
61 to 90 days	<b>16,024</b>	14,881
More than 90 days	<b>160,709</b>	141,391
	<b>204,431</b>	187,268
Loss: loss allowance	<b>(800)</b>	(800)
	<b><u>203,631</u></b>	<b><u>186,468</u></b>

As at 30 June 2023, the Group's trade receivables mainly comprised receivables from the Group's environmental maintenance business. These receivables were not past due nor impaired and amounted to approximately HK\$204,431,000 (as at 31 December 2022: HK\$187,268,000). They are related to customers for whom there were no recent history of default.

Provision for impairment of trade receivables in the amount of HK\$800,000 was made as at 30 June 2023 (as at 31 December 2022: HK\$800,000).

## 11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<b>30 June</b>	31 December
	<b>2023</b>	2022
	<b>(Unaudited)</b>	(Audited)
	<b>HK\$'000</b>	HK\$'000
Structured deposits	72,654	160,128
Hong Kong listed equity securities	2,776	14,740
Unlisted equity investments	<u>10,165</u>	<u>10,831</u>
	<u><b>85,595</b></u>	<u><b>185,699</b></u>

## 12. TRADE PAYABLES

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

	<b>30 June</b>	31 December
	<b>2023</b>	2022
	<b>(Unaudited)</b>	(Audited)
	<b>HK\$'000</b>	HK\$'000
0-30 days	6,667	12,757
31-60 days	948	5,925
61-90 days	2,601	3,254
More than 91 days	<u>21,329</u>	<u>22,213</u>
	<u><b>31,545</b></u>	<u><b>44,149</b></u>

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

### 13. BORROWINGS

	<b>30 June 2023 (Unaudited) HK\$'000</b>	31 December 2022 (Audited) HK\$'000
Bank loans ( <i>Note</i> )	<u>          -</u>	<u>      11,195</u>

*Note:*

As at 31 December 2022, bank borrowings with a principal amount of RMB10,000,000 was interest bearing at 4.1% per annum, secured and repayable within one year. The bank borrowings were guaranteed by account receivables provided by the Group. The Group has repaid all of its bank borrowings during the Interim Period.

### 14. EVENTS AFTER THE REPORTING PERIOD

There is no material subsequent event undertaken by the Group after 30 June 2023, up to the date of this results announcement.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS AND OPERATIONAL OVERVIEW**

For the Interim Period, the Group was principally engaged in four operating segments, (i) environmental maintenance business, (ii) property leasing business, (iii) securities trading business and (iv) others.

The “Others” business segment consists of the financials of manufacturing and sales of medical devices, sales of cosmetics products and sales of frozen meat.

The Group recorded a revenue of approximately HK\$109,946,000 for the Interim Period, compared to a revenue of approximately HK\$138,913,000 for the Corresponding Period, representing a decrease of approximately 20.9%. The gross profit ratio for the Interim Period was approximately 11.8%, which was lower than gross profit ratio of approximately 14.2% for the Corresponding Period. The drop in revenue and gross profit ratio were mainly attributable to the increase in operating costs such as labour costs, gasoline and diesel fuel.

Gross profit for the Interim Period amounted to approximately HK\$13,014,000 (Corresponding Period: HK\$19,712,000). After taking into account of the general and administrative expenses, other income and net other (loss)/gain, net finance income, income tax credit/(expense) and (loss)/income, the Group recorded loss attributable to the equity holders of the Company of approximately HK\$1,945,000 (Corresponding Period: Profit of approximately HK\$7,404,000).

## **Environmental Maintenance Business**

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

During the Interim Period, the environmental maintenance business recorded a revenue of approximately HK\$91,318,000, compared to a revenue of approximately HK\$131,718,000 for the Corresponding Period. The performance of environmental maintenance business experienced a considerable decline compared to the Corresponding Period as the management exercised caution and was prudent to bid new projects, which resulted in decrease in revenue as there were no new projects secured in 2023.

As of 30 June 2023, the Group had a total of 10 (30 June 2022: 12) environmental maintenance service contracts in progress with the total contract amount of approximately RMB531 million (30 June 2022: RMB633 million) for the remaining contract term.

## **Property Leasing Business**

During the Interim Period, two rental contracts were renewed with a lower rental rate. The Group recorded a rental income of approximately HK\$1,364,000 for the leasing of an office in Beijing (Corresponding Period: approximately HK\$1,614,000).

## **Securities Trading Business**

During the Interim Period, the Group invested in the security markets with a more conservative manner which disposed various listed equity securities and arranged for various principal protected deposits with a bank in HK to receive safe and stable return.

The Group recorded a loss on disposal of financial assets at fair value through profit or loss in the amount of approximately HK\$84,000 (Corresponding Period: HK\$204,000) and a fair value loss of financial assets at fair value through profit and loss in the amount of approximately HK\$1,523,000 (Corresponding Period: Gain of approximately HK\$8,012,000).

The table below sets forth the extract performance of different financial assets during the Year:

Nature of financial assets	Name of the underlying company	Remarks	Value as at	Investment	Disposal	Interest receivable	Realised	Unrealised	Market value	Size relative
			1 January 2023	during the Interim Period	during the Interim Period		gain/(loss) for the Interim Period	fair value gain/(loss) for the Interim Period	as at 30 June 2023	to total assets as at 30 June 2023
			HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Unlisted Equity Investments	Pentamount Global SPC – Global Income SP	a	10,831	-	-	-	-	(667)	10,164	1.5%
Hong Kong Listed Equity Securities	Various listed companies in HK	b	14,740	-	(11,023)	-	(84)	(856)	2,777	0.4%
Unlisted structured deposits	A bank in HK	c	<u>160,128</u>	-	(88,941)	1,467	-	-	<u>72,654</u>	10.6%
			<u>185,699</u>						<u>85,595</u>	

- a. The unlisted equity investments represented the investment in Pentamount Global SPC – Global Income SP in 2021. The investment objective of the segregated portfolio is to maximize capital appreciation by investing a wide range of instruments mainly in listed bond.
- b. The fair value of the listed equity securities is determined based on a quoted market bid price from the Stock Exchange.
- c. The Company has maintained two principal protected deposits (“Deposits”) with Industrial and Commercial Bank of China (Asia) Limited with amount HK\$60,000,000 and US\$1,443,498 which will be matured on 19 July 2023 and 5 July 2023 respectively, with interest rate ranged from 4.50% to 5.29%. As the change in exchange rate of certain currency will result a change in interest rate of the Deposits, the Deposits were classified as financial assets at fair value through profit or loss.

### **Manufacturing and Sales of medical devices business**

On 1 June 2022, the Group completed the acquisition of Shanghai Umitai Medical Technology Co. Ltd (“Umitai”) which is principally engaged in the production and sales of self-injection medical devices. During the Interim Period, it has generated approximately HK\$7,289,000 revenue (Corresponding Period: Approximately HK\$5,581,000) to the Group.

### **Sales of frozen meat business**

In August 2022, the Company started to engage in the frozen meat trading business in the PRC consists of sourcing overseas frozen meat through local wholesalers to restaurants in the PRC. During the Interim Period, it has generated approximately HK\$902,000 revenue (Corresponding Period: Nil) to the Group.

### **Selling of cosmetics products business**

In October 2022, the Company started to engage in the local cosmetics trading business consists of sourcing overseas and local cosmetics products to e-commerce platform companies and direct customers. During the Interim Period, it has generated approximately HK\$8,994,000 revenue (Corresponding Period: Nil) to the Group.

## FINANCIAL REVIEW

### Revenue

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

	For the six months ended	
	30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Revenue		
– from environmental maintenance business	91,318	131,718
– from property leasing business	1,364	1,614
– from securities trading business	79	0
– from medical devices business	7,289	5,581
– from sales of frozen meat	902	0
– from sales of cosmetic product	8,994	0
	<u>109,946</u>	<u>138,913</u>

During the Interim Period, the Group recorded a total revenue of approximately HK\$109,946,000 (Corresponding Period: approximately HK\$138,913,000) representing an decrease of approximately 20.9% as compared to the Corresponding Period. The decrease was primarily due to the decrease of revenue from environmental maintenance business as certain environmental maintenance service contracts were completed and did not renew during the year of 2023.

## **Cost of Revenue**

The cost of revenue is mainly comprised of service fees to workers, material consumed, depreciation on machinery and motor vehicles, motor vehicles expenses and utilities expenses from the environmental maintenance business. Cost of revenue for the Interim Period amounted to approximately HK\$96,932,000 (Corresponding Period: HK\$119,201,000), representing an decrease of approximately 18.7% as compared to Corresponding Period. The Gross profit margin decrease from 14.2% from the Corresponding Period to 11.8% for the Interim Period. The drop in gross profit margin was mainly due to the increase in operating cost.

## **Employee Benefit Expenses**

The Group had 847 workers from the environmental maintenance business in PRC and 25 office staff from Hong Kong and PRC office, total 872 employees as at 30 June 2023 (As at 30 June 2022: 801 workers and 42 office staff, total 843 employees). Salaries and benefits expenses for workers were recognised as service fees to workers and classified under cost of revenue while salaries and benefits expenses for office staff were classified under general and administrative expenses.

During the Interim Period, salaries and benefits expenses were approximately HK\$5,535,000 (Corresponding Period: approximately HK\$5,852,000). The Group would regularly review the work allocation of the workers and office staff to maintain a high standard of service.

## **Profit Attributable to the Equity Holders of the Company**

During the Interim Period, the Group recorded loss attributable to the equity holders of the Company in the amount of approximately HK\$1,945,000 (Corresponding Period: profit of approximately HK\$7,404,000). The change in results for the Interim Period were mainly attributable to the decrease in revenue from the Group's environmental maintenance business in the amount of approximately HK\$40.4 million during the Interim Period, and the Group recorded fair value loss on financial assets at fair value through profit and loss in the amount of approximately HK\$1.5 million in the Interim Period as compared with recorded fair value gain on financial assets at fair value through profit and loss in the of approximately HK\$8.0 million in the Corresponding Period.

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

### ***Capital structure***

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

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

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

### ***Cash position and pledged bank deposit***

As at 30 June 2023, the Group's cash and cash equivalents were approximately HK\$185,323,000 representing an increase of approximately 126.3% as compared with approximately HK\$81,911,000 as at 31 December 2022.

During the Interim Period, certain principal protected deposits in the amount of HK\$88,941,000, which were classified as financial assets at fair value through profit and loss, were expired and did not renewed.

### ***Trade receivables***

As at 30 June 2023, the Group's trade receivables were approximately HK\$203,631,000, representing an increase of approximately 9.2% as compared to such amount as at 31 December 2022. The trade receivables were mainly comprised of trade receivable from the environmental maintenance business.

### ***Capital expenditure***

For the Interim Period, the Group's did not incurred any capital expenditure (Corresponding Period: approximately HK\$860,000).

### ***Gearing ratio***

The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as consideration payables plus loans from a shareholder less cash and cash equivalents. Total capital is calculated as 'equity' shown in the consolidated balance sheet plus net debt. As at 30 June 2023 and 31 December 2022, the Group was in a net cash position, hence, no gearing ratio is disclosed.

### **Foreign Exchange Exposure**

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

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

There is no plan for material investments or capital assets as at 30 June 2023.

## USE OF PROCEEDS

The Company has not conducted any equity fund raising activities during the Interim Period and subsequently after 30 June 2023. The use of proceeds from the 2020 Subscriptions and 2021 Share Placing are updated as follows:

### Use of Proceeds from the 2020 Subscriptions

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

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

### Use of Proceeds from the 2021 Share Placing

Reference is made to the announcement of the Company dated 23 March 2021 and 15 April 2021 for the 2021 Share Placing.

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

	Revised allocation of the Net Proceeds on 29 December 2022 <i>HK\$ million</i>	Utilised amount of the Net Proceeds as at the date of this report <i>HK\$ million</i>	Unutilised Net Proceeds as at the date of this announcement <i>HK\$ million</i>
Operating costs and expenses of the initial stages of the new environmental maintenance projects	41.7	41.7	–
General working capital of the Group	21.9	21.9	–
Development of meat trading business and further development of logistics chain business	60.7	31.3	29.4 ( <i>Note 1</i> )
Investment in the 2022 Acquisition	25.2 ( <i>Note 2</i> )	25.2	–
<b>Total</b>	<b>149.5</b>	<b>120.1</b>	<b>29.4</b>

*Note 1:* The unutilised amount is expected to be fully utilised by the end of 2023.

*Note 2:* On 29 December 2022, Aerospace Huatai and Benemae entered into a supplemental agreement to the sale and purchase agreement pursuant to which the both parties have agreed to adjust the consideration for the 2022 Acquisition from RMB27,000,000 (equivalent to approximately HK\$31,649,000) to RMB21,500,000 (equivalent to approximately HK\$25,202,000). The balance resulting from such adjustment of consideration was reallocate as general working capital of the Group.

### **Contingent Liabilities**

As at 30 June 2023, the Group did not have any material contingent liabilities.

### **Employees and Remuneration Policies**

The Group had 872 (as at 30 June 2022: 843) employees as at 30 June 2023. The Group's remuneration practices are in line with the prevailing market practice and are determined on the basis of performance, qualification and experience of individual employee.

### **Dividend**

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

### **Share Option Scheme and Share Option**

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

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

There were 40,000,000 and zero option respectively remained outstanding as at 30 June 2023 under the 2013 Share Option Scheme and 2021 Share Option Scheme.

## Share Award Scheme

The Company has adopted a share award scheme (the “Share Award Scheme”) on 10 August 2021 (the “Adoption Date”). The purposes of the Share Award Scheme are (1) to recognise and reward the contribution of certain eligible participants to the growth and development of the Group and to give incentives in order to retain them for continual operation and development of the Group, and (2) to attract and retain suitable personnel for further development of the Group. The eligible participants under the Share Award Scheme include any employee of the Group or any invested entity and any non-executive directors (including independent non-executive directors) of the Group or any invested entity.

The maximum aggregated number of Shares permitted to be awarded under the Share Award Scheme (the “Awarded Shares”) throughout the 10-year duration of the Share Award Scheme is limited to 10% of the issued share capital of the Company as at the adoption date (the “Scheme Limit”). The maximum number of Awarded Shares which may be awarded to a selected participant under the Share Award Scheme should not exceed 3% of the issued share capital of the Company as at the adoption date (the “Individual Limit”). As at the date of this annual report, the Scheme Limit and Individual Limit are 79,500,000 shares and 23,850,000 shares, respectively, representing approximately 10% and 3% of the issued share capital of the Company, respectively. The remaining life of the Share Award Scheme was approximately 8 years.

No Awarded Shares has been granted to any Eligible Participants or vested since the adoption of the Share Award Scheme.

As at 1 January 2023, being the beginning of the Interim Period, the number of Awarded Shares available for grant under the Scheme Limit was 24,624,000 shares. As at 30 June 2023, being the end of the Interim Period, and the date of this announcement, the number of Awarded Shares available for grant under the Scheme Limit was 24,624,000 shares, representing approximately 3.10% of the total shares of the Company in issue as at the date of this announcement.

## **Prospects**

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

The Board maintains its view that investing in high-growth businesses in the PRC, including high technology, software consulting and internet service related business, is key to contribute to a stable stream of income to the Group and to create long term value for the Shareholders.

## **DIRECTORS' INTERESTS IN A COMPETING BUSINESS**

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

## **ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES**

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

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

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

## **CORPORATE GOVERNANCE**

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

## **DIRECTORS’ SECURITIES TRANSACTIONS**

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

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

## **AUDIT COMMITTEE**

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

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

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

## **PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT**

This results announcement is published on the Company's website (www.netago.hk) and the HKExnews website (www.hkexnews.hk) of Hong Kong Exchanges and Clearing Limited. The 2023 Interim Report of the Company containing all the information required by the Listing Rules will be dispatched to the shareholders and available on the above websites in due course.

## **APPRECIATION**

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

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

Hong Kong, 30 August 2023

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