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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 2024**

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 2024 with comparative figures as follows:

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

*For the six months ended 30 June 2024*

	<u>NOTES</u>	<u>Six months ended 30 June</u>	
		<u>2024</u> HK\$'000 (unaudited)	<u>2023</u> HK\$'000 (unaudited)
<b>Revenue</b>			
Contracts with customers	3A	198,726	200,069
Rental income		5,118	115
Interest income		10,558	14,918
Dividend income		6,171	6,177
		<u>220,573</u>	<u>221,279</u>
Cost of revenue		<u>(159,729)</u>	<u>(162,019)</u>
		60,844	59,260
Other gains or losses	5	(2,562)	(6,963)
Other income	5	12,149	29,876
Selling and distribution costs		(6,270)	(5,915)
Administrative expenses		(37,097)	(38,647)
Reversal of impairment losses under expected credit loss model, net		606	110,064
Finance costs		<u>(726)</u>	<u>(1,275)</u>
Profit before taxation		26,944	146,400
Taxation	4	<u>2,099</u>	<u>(36,424)</u>
Profit for the period	5	<u>29,043</u>	<u>109,976</u>

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
 COMPREHENSIVE INCOME - continued  
*For the six months ended 30 June 2024*

	<u>NOTE</u>	<u>Six months ended 30 June</u>	
		<u>2024</u> HK\$'000 (unaudited)	<u>2023</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		<u>(6,639)</u>	<u>(20,051)</u>
Total comprehensive income for the period		<u>22,404</u>	<u>89,925</u>
Profit (loss) for the period attributable to:			
Owners of the Company		29,060	110,007
Non-controlling interests		<u>(17)</u>	<u>(31)</u>
		<u>29,043</u>	<u>109,976</u>
Total comprehensive income attributable to:			
Owners of the Company		22,391	89,903
Non-controlling interests		<u>13</u>	<u>22</u>
		<u>22,404</u>	<u>89,925</u>
Earnings per share			
Basic	7	<u>HK7.58 cents</u>	<u>HK27.92 cents</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*At 30 June 2024*

	<u>NOTES</u>	<u>30.6.2024</u> HK\$'000 (unaudited)	<u>31.12.2023</u> HK\$'000 (audited)
Non-current assets			
Property, plant and equipment		75,037	75,869
Right-of-use assets		76	95
Investment properties		753,997	779,718
Deferred Consideration	8	93,776	88,402
Loans receivable		30,788	41,096
Investments in debt instruments		188,460	288,799
Interests in associates		-	-
		<u>1,142,134</u>	<u>1,273,979</u>
Current assets			
Inventories		16,507	20,671
Loans receivable		16,677	6,949
Contract assets		42,809	64,148
Debtors and prepayments	9	110,627	118,439
Investments at fair value through profit or loss		200,661	175,723
Investments in debt instruments		297,493	336,103
Amounts due from associates		154	104
Taxation recoverable		1,259	1,764
Bank balances and cash		291,959	138,133
		<u>978,146</u>	<u>862,034</u>
Current liabilities			
Creditors and accrued charges	10	151,426	188,185
Other payables		142,689	142,689
Dividend payable		7,653	-
Warranty provision		27,091	19,918
Contract liabilities		93,184	83,113
Bank borrowing		30,978	31,628
Lease liabilities		2,340	2,304
Taxation payable		163,158	167,241
		<u>618,519</u>	<u>635,078</u>
Net current assets		<u>359,627</u>	<u>226,956</u>
Total assets less current liabilities		<u><u>1,501,761</u></u>	<u><u>1,500,935</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION - continued  
At 30 June 2024

	<u>NOTE</u>	<u>30.6.2024</u> HK\$'000 (unaudited)	<u>31.12.2023</u> HK\$'000 (audited)
Capital and reserves			
Share capital		3,940	3,940
Reserves		<u>1,468,566</u>	<u>1,465,132</u>
Equity attributable to owners of the Company		1,472,506	1,469,072
Non-controlling interests		<u>(26)</u>	<u>(39)</u>
Total equity		<u>1,472,480</u>	<u>1,469,033</u>
Non-current liabilities			
Warranty provision		1,443	4,190
Lease liabilities		1,988	3,206
Deferred tax liabilities		<u>25,850</u>	<u>24,506</u>
		<u>29,281</u>	<u>31,902</u>
		<u>1,501,761</u>	<u>1,500,935</u>

## NOTES

### 1. BASIS OF PREPARATION

The Company is an investment holding company. Its principal subsidiaries are mainly engaged in electroplating equipment business, property investment and treasury management (refer to note 3B for more information). 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 D2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Certain comparative figures in the condensed consolidated statement of profit or loss and other comprehensive income and condensed consolidated statement of cash flows have been represented to conform with the current year's presentation.

### 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 2024 are the same as those presented in the annual consolidated financial statements of the Company and its subsidiaries ("the Group") for the year ended 31 December 2023.

#### 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 2024 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the 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.

### 3A. REVENUE FROM CONTRACTS WITH CUSTOMERS

#### Disaggregation of revenue from contracts with customers

	<u>Six months ended 30 June</u>	
	<u>2024</u> HK\$'000 (unaudited)	<u>2023</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	127,300	76,880
- Surface finishing	<u>35,996</u>	<u>89,279</u>
	163,296	166,159
Sale of spare parts of electroplating machinery	6,787	5,883
Provision of services - repairs, maintenance and modification	<u>28,643</u>	<u>28,027</u>
<b>Total</b>	<u><u>198,726</u></u>	<u><u>200,069</u></u>

### 3B. SEGMENT INFORMATION

In previous years, the Group had one operating segment. During the current interim period, the Group has established an investment committee and considers the Group is internally organised based on the nature of business activities, namely: (i) electroplating equipment, (ii) property investment and (iii) treasury management (which is, mainly, the investment in debt instrument and equity investments). These are operating and reportable segments for the purpose of resources allocation and performance assessment. Comparative figures have been restated accordingly.

Six months ended 30 June 2024 (unaudited)

	<u>Electroplating equipment</u> HK\$'000	<u>Property investment</u> HK\$'000	<u>Treasury management</u> HK\$'000	<u>Total</u> HK\$'000
Segment revenue from external customers	<u>198,726</u>	<u>5,118</u>	<u>16,729</u>	<u>220,573</u>
Segment profit (loss)	<u>16,087</u>	<u>(14,158)</u>	<u>32,478</u>	<u>34,407</u>
Central corporate expenses				<u>(7,463)</u>
Profit before taxation				<u><u>26,944</u></u>

Six months ended 30 June 2023 (unaudited and restated)

	<u>Electroplating equipment</u> HK\$'000	<u>Property investment</u> HK\$'000	<u>Treasury management</u> HK\$'000	<u>Total</u> HK\$'000
Segment revenue from external customers	200,069	115	21,095	221,279
Segment profit	<u>9,365</u>	<u>140,887</u>	<u>9,770</u>	<u>160,022</u>
Central corporate expenses				<u>(13,622)</u>
Profit before taxation				<u><u>146,400</u></u>

Segment profit (loss) represents the profit (loss) from the operating segments (including intra-group management fee and finance cost) without allocation of central corporate expenses. This is the measure reported to the chief operating decision maker in order to assess segment performance.

Amounts of segment assets and liabilities of the Group are not reviewed by the chief operating decision makers or otherwise regularly provided to the chief operating decision makers, accordingly, segment assets and liabilities are not presented.

4. TAXATION

	<u>Six months ended 30 June</u>	
	<u>2024</u> HK\$'000 (unaudited)	<u>2023</u> HK\$'000 (unaudited)
Hong Kong Profits Tax	-	-
PRC Enterprise Income Tax		
Charge for the period	302	6,276
Overprovision in prior years	(3,909)	-
Withholding tax	<u>-</u>	<u>5,643</u>
	(3,607)	11,919
Deferred tax charge	<u>1,508</u>	<u>24,505</u>
	<u><u>(2,099)</u></u>	<u><u>36,424</u></u>

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

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

5. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	<u>2024</u>	<u>2023</u>
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Profit for the period has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment and right-of-use assets	2,992	905
Included in other income:		
Interest income from Deferred Consideration	(7,426)	(27,904)
Interest income from loans receivables	(1,412)	(1,033)
Included in other gains or losses		
Net exchange loss	3,376	21,619
Net change in fair value of investments at fair value through profit or loss	(21,563)	(14,227)
Net decrease in fair value of investment properties (Note)	<u>21,482</u>	<u>-</u>

Note: The fair values of the Group's investment properties, representing offices and carparks in Hong Kong and offices and retail shops in the PRC as at 30 June 2024 and 31 December 2023 have been arrived at by adopting market approach, which is based on the recent transaction prices for similar properties adjusted for nature, location and condition of the property. The fair value measurement is categorised into Level 3 fair value hierarchy.



## 6. DIVIDEND

During the six months ended 30 June 2024, a final dividend of HK\$0.02 (six months ended 30 June 2023: HK\$0.02) per share with aggregate amount of HK\$7,653,000 (six months ended 30 June 2023: HK\$7,879,000) in respect of the year ended 31 December 2023 was declared and approved by shareholders of the Company as at 24 June 2024. The amount was subsequently paid to shareholders of the Company on 17 July 2024.

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 2023: HK\$0.01) per share amounting to HK\$3,826,000 (six months ended 30 June 2023: HK\$3,940,000) 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\$29,060,000 (six months ended 30 June 2023: HK\$110,007,000) and the weighted average number of ordinary shares of 383,564,000 (six months ended 30 June 2023: 393,953,400) 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 is a receivable amount from an independent third party (the "Counterparty") arising from a land re-development project. The amount has become credit-impaired and the Group has undergone a series of negotiations with regards to getting collaterals from the Counterparty in order to minimise the loss exposure. As at 30 June 2024, the net carrying amount of Deferred Consideration amounting to HK\$93,776,000 (31 December 2023: HK\$88,402,000) is not expected to be settled within one year and accordingly is classified as non-current assets.

During the current interim period, impairment losses under expected credit loss model of HK\$1,394,000 (six months ended 30 June 2023: reversal of impairment losses of HK\$113,173,000) 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 2024 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2023, of which the Group considers the amount and timing of cash flows that are expected from the foreclosure on the collaterals. 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\$7,426,000 (six months ended 30 June 2023: HK\$27,904,000) 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 nil (six months ended 30 June 2023: HK\$20,483,000).

9. DEBTORS AND PREPAYMENTS

	<u>30.6.2024</u> HK\$'000 (unaudited)	<u>31.12.2023</u> HK\$'000 (audited)
Trade debtors from contracts with customers	66,311	52,002
Less: Allowance for credit losses	<u>(5,703)</u>	<u>(1,685)</u>
	60,608	50,317
Rental and utilities deposits	1,311	1,748
Deposits paid for purchase of raw materials	16,570	36,818
Deposits paid for subcontracting cost	7,915	2,705
Account balance placed with a broker	11,809	5,330
Interest receivable	3,288	10,231
Other tax receivables	796	3,806
Other debtors and prepayments	<u>8,330</u>	<u>7,484</u>
	<u>110,627</u>	<u>118,439</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>30.6.2024</u> HK\$'000 (unaudited)	<u>31.12.2023</u> HK\$'000 (audited)
0 - 60 days	59,901	48,513
61 - 120 days	119	610
121 - 180 days	50	1,176
Over 180 days	<u>538</u>	<u>18</u>
	<u>60,608</u>	<u>50,317</u>

10. CREDITORS AND ACCRUED CHARGES

	<u>30.6.2024</u> HK\$'000 (unaudited)	<u>31.12.2023</u> HK\$'000 (audited)
Trade creditors	89,775	104,161
Accrued staff costs	16,656	17,941
Commission payables to sales agents	7,023	9,403
Provision for performance related incentive payments to directors and key management	10,072	27,072
Rental deposits received	1,623	1,373
Other creditors and accrued charges for operating costs	<u>26,277</u>	<u>28,235</u>
	<u>151,426</u>	<u>188,185</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.

	<u>30.6.2024</u> HK\$'000 (unaudited)	<u>31.12.2023</u> HK\$'000 (audited)
0 - 60 days	35,658	32,729
61 - 120 days	16,489	18,931
121 - 180 days	6,867	19,823
Over 180 days	<u>30,761</u>	<u>32,678</u>
	<u>89,775</u>	<u>104,161</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### RESULTS

During the period ended 30 June 2024 (“Period Under Review”), the Group recorded profit attributable to owners of the Company of approximately HK\$29,060,000 compared to the profit attributable to owners of the Company of approximately HK\$110,007,000 for the period ended 30 June 2023 (“Previous Period”). The significant decrease in the Group’s profit attributable to owners of the Company was mainly due to the off-setting effect of (i) decrease in the reversal of impairment losses under expected credit loss model; (ii) decrease in tax provision; (iii) decrease in other income as compared to the Previous Period.

The basic earnings per share for the Period Under Review was HK7.58 cents compared to the basic earnings per share of HK27.92 cents for the Previous Period.

### FINANCIAL REVIEW

#### 1. Revenue

##### (a) Contract with customers

The revenue of contract with customers for the Period Under Review was approximately HK\$198,726,000 or 0.7% less than the Previous Period.

In terms of business segment, approximately 78.0% of the revenue was generated from PCB sector (the Previous Period: 46.3%) and approximately 22.0% came from surface finishing sector (the Previous Period: 53.7%). In terms of the machines geographical installation base, the revenue composition during the Period Under Review was 33.9% machines in PRC (the Previous Period: 52.2%), 26.8% in Korea (the Previous Period: 12.2%), 18.0% in the USA (the Previous Period: 5.9%), 7.2% in the UK (the Previous Period: 1.4%), 6.8% in Mexico (the Previous Period: 10.3%) and 7.3% in rest of the world (the Previous Period: 18.0%).

##### (b) Rental income

Rental income generated by the properties held by the Group during the Period Under Review was approximately HK\$5,118,000 (the Previous Period: HK\$115,000). The Group had obtained the legal titles and was entitled to rental income of certain investment properties in Hong Kong and the PRC starting from the fourth quarter of 2023.

##### (c) Interest income

Interest income from bank deposits was approximately HK\$1,604,000 (the Previous Period: HK\$ HK\$2,205,000).

Interest income from investments in debt instruments was approximately HK\$8,954,000 (the Previous Period: HK\$12,713,000).

##### (d) Dividend income

Dividend income received from investments in Hong Kong listed securities was approximately HK\$6,171,000 (the Previous Period: HK\$6,177,000).

## 2. 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\$21,563,000 (the Previous Period: HK\$14,227,000) (b) net exchange loss of approximately HK\$3,376,000 (the Previous Period: HK\$21,619,000) and (c) Net decrease in fair value of investment properties of approximately HK\$21,482,000 (the Previous Period: nil).

- (a) Net change in realized and unrealized fair value gain of investments at fair value through profit or loss was approximately HK\$21,563,000 (the Previous Period: HK\$14,227,000)

All investments at fair value through profit or loss were recorded at fair value as at 30 June 2024 and represented listed securities in Hong Kong. The gain of approximately HK\$21,563,000 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 2024:

Company Name / Stock Code	% of Shareholding as at 30 June 2024	Fair value change HK\$'000	Fair value as at 30 June 2024 HK\$'000	% of Total Assets of the Group as at 30 June 2024	Fair value as at 31 December 2023 HK\$'000	% of Total Assets of the Group as at 31 December 2023
Shanghai Industrial Urban Development Group Ltd. (563)	0.40%	784	8,266	0.39%	4,720	0.22%
Q P Group Holdings Ltd. (1412)	1.59%	(2,458)	8,050	0.38%	10,508	0.49%
Hysan Development Company Ltd (14)	0.07%	(3,253)	8,527	0.40%	11,780	0.55%
SenseTime Group Inc. (20)	0.01%	614	5,069	0.24%	4,455	0.21%
China Mobile Ltd. (941)	0.01%	24,400	154,000	7.26%	129,600	6.07%
China Construction Bank Corporation (939)	0.00%	1,120	5,770	0.27%	4,650	0.22%
Agricultural Bank of China Ltd. (1288)	0.00%	330	3,340	0.16%	3,010	0.14%
Others		26	7,639	0.36%	7,000	0.33%
<b>Total</b>		<u>21,563</u>	<u>200,661</u>	<u>9.46%</u>	<u>175,723</u>	<u>8.23%</u>

- (b) Net exchange loss of approximately HK\$3,376,000 (the Previous Period: HK\$21,619,000)

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 0.7%.

- (c) Net decrease in fair value of investment properties of approximately HK\$21,482,000 (the Previous Period: nil).

As at 30 June 2024, the Group held titles of (i) certain retail shops and offices located at Longhua PRC, (ii) certain office units located in Hong Kong and (iii) certain car parks located in Hong Kong. They are collectively referred to as Investment Properties in this result announcement.

This amount represented the difference between the fair value as of 30 June 2024 and that of 31 December 2023 as calculated by an independent valuer.

### 3. Other income

This mainly represented (a) interest income from loans receivable and deposit placed with a broker of approximately HK\$1,438,000 (the Previous Period: HK\$1,040,000) (b) interest income from Deferred Consideration of approximately HK\$7,426,000 (the Previous Period: HK\$27,904,000) and (c) Fees arising from the Security Trustee Appointment Letter dated 2 June 2023 of nil (the Previous Period: HK\$920,000)

- (a) Interest income from loans receivable and deposit placed with a broker

This represented (i) interest income arising from loans receivable of approximately HK\$1,412,000 (the Previous Period: HK\$1,033,000) and (ii) interest received from deposit placed with a broker of approximately HK\$26,000 (the Previous Period: HK\$7,000).

- 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 KTFG. 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\$725,000 (the Previous Period: HK\$517,000) from KTFG.

Besides the revolving loan facility with KTFG, the Group has also received interest income of approximately HK\$687,000 from other loans with independent third parties (the Previous Period: HK\$516,000).

- ii) Interest received from deposit placed with a broker

Interest income from deposit placed with KTFG as a broker was approximately HK\$26,000 (the Previous Period: HK\$7,000).

(b) Interest income from Deferred Consideration

Please refer to note 8 of the financial information of this result announcement for more detailed explanation on the interest income of approximately HK\$7,426,000 (the Previous Period: HK\$27,904,000).

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

Fees of approximately HK\$920,000 was received in accordance with the terms set out in the Security Trustee Appointment Letter dated 2 June 2023 in the Previous Period. There was no such fee incurred in the Period Under Review.

#### 4. 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 for the electroplating equipment business segment. The costs for the Period Under Review was 6.0% higher than the Previous Period. It was primarily due to more sales activities in the Period Under Review.

#### 5. Administrative expenses

The administrative expenses for the Period Under Review was 4.0% lower than the Previous Period. It was mainly due 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 2024 were 0.1%<sup>1</sup> and 1.6%<sup>2</sup> respectively.

#### 6. 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	
	2024 HK\$'000	2023 HK\$'000
Trade debtors	4,018	628
Contract assets	(5,598)	(55)
Loans receivable	(420)	2,536
Deferred Consideration	1,394	(113,173)
	(606)	(110,064)

#### 7. Finance cost

This represented (a) interest on bank borrowings of HK\$614,000 (the Previous Period: HK\$567,000); (b) the imputed interest expenses regarding the provision of performance related incentive payments of nil

<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.

(the Previous Period: HK\$563,000) and (c) the interest expenses on lease liabilities of approximately HK\$112,000 (the Previous Period: HK\$145,000).

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 Previous Period.

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

## **8. Taxation**

During the Period Under Review, the Group recorded an estimated tax charge of approximately HK\$1,508,000 (the Previous Period: HK\$35,636,000) associated with Deferred Consideration and reversed tax overprovision in prior years of approximately HK\$3,909,000 (the Previous Period: nil).

The balance of approximately HK\$302,000 represented mainly taxes paid and to be paid by our wholly-owned subsidiaries in China and Taiwan.

## **9. Deferred Consideration**

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

## **10. 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 KTFG. 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 2024, a loan of approximately HK\$14,000,000 (31 December 2023: approximately HK\$37,000,000) 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 5.875% (the Previous Period: 5.75%) per annum.

As reported in above, the total interest income earned in relation to above loans was approximately HK\$725,000 (the Previous Period: HK\$517,000).

As at 30 June 2024, besides the revolving loan facility with KTFG, the Group has granted a few loans with independent third parties bearing interest between 5.875% to 8.875% per annum and the Group has received interest income of approximately HK\$687,000 from these loans. (the Previous Period: HK\$516,000)



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

	As at 30/06/2024 HK\$'000	As at 31/12/2023 HK\$'000
Principal outstanding repayable within one year	18,000	7,500
Principal outstanding repayable after one year	38,653	50,153
Less: impairment loss allowance	(9,188)	(9,608)
Net carrying amount	47,465	48,045
Analysed for reporting purpose as:		
Current	16,677	6,949
Non-current	30,788	41,096
	47,465	48,045

## 11. Investments in debt instruments

Investments in debt instruments made by the Group as of 30 June 2024 are set out below:

No	Issuer	Bond currency	Coupon rate	Maturity date	Investment cost as at 30/6/2024 HKD'000	Bond credit rating S&P's	Bond credit rating Moody's	% to Group's total assets (note)
1	Bank of Comm Co Ltd	RMB	3.15%	13/12/2024	18,679	A-	NR	0.9%
2	Standard Chartered Bank	RMB	3.58%	25/8/2025	54,800	NR	NR	2.6%
3	Sun Hung Kai Properties Capital Market Ltd	RMB	3.20%	14/8/2027	5,227	NR	NR	0.2%
4	NWD MTD Ltd	USD	5.88%	16/6/2027	3,877	NR	NR	0.2%
5	NWD Finance BVI Ltd	USD	6.15%	Perpetual	7,754	NR	NR	0.4%
6	HKSAR Gov't of PRC	RMB	3.00%	11/1/2025	10,982	A++	AA-	0.5%
7	Link Finance Cayman 2009 Ltd	RMB	3.55%	14/11/2025	87,893	A	A2	4.1%
8	Bank of China Ltd, HK Branch	RMB	2.93%	27/3/2025	71,347	A	NR	3.4%
9	China Education Group	RMB	4.00%	19/4/2026	2,180	AA	NR	0.1%
10	Shanghai Commercial Bank Ltd	RMB	6.38%	28/2/2033	1,928	NR	A1	0.1%
11	HSBC Holdings PLC	USD	8.00%	Perpetual	1,552	NR	NR	0.1%
12	Bank of East Asia Ltd	USD	6.75%	15/3/2027	19,366	A	A3	0.9%
13	Swire Properties MTN Financing Ltd	RMB	3.20%	18/1/2025	16,420	NR	A2	0.8%
14	Bank of East Asia Ltd	USD	6.75%	15/3/2027	5,810	A	A3	0.3%
15	BOCOM HK Branch	RMB	0.00%	24/7/2024	76,072	A-	NR	3.6%
16	Industrial and Commercial Bank of China Limited, Dubai Branch	RMB	0.00%	11/9/2024	15,271	A	A1	0.7%
17	DBS Bank Ltd	USD	5.30%	9/9/2024	23,250	AA-	Aa1	1.1%
18	DBS Bank Ltd	USD	5.20%	23/9/2024	34,875	AA-	Aa1	1.6%
19	Industrial and Commercial Bank of China (Macau) Limited	USD	0.00%	26/9/2024	30,597	NR	NR	1.4%
	Total investment cost				487,880			
	Less: impairment losses under ECL model				(1,927)			
	Net carrying amount				485,953			

Note: None of these investments represented more than 5% of the Group's total assets as at 30 June 2024.

All items listed above are bonds except items 15 to 19 which are certificate of deposits.

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

	As at 30/6/2024 HK\$'000	As at 31/12/2023 HK\$'000
Investment cost	487,880	626,829
Less impairment loss allowance	(1,927)	(1,927)
Net carrying amount	485,953	642,902
Analysed for reporting purpose as:		
Current	297,493	336,103
Non-current	188,460	288,799
	485,953	642,902

## 12. 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 2024, the Group held 22 listed equity securities in Hong Kong with the fair value of HK\$200.7 million.

Company Name / Stock Code	Note	Investment Cost HK\$'000	Fair value as at 30 June 2024 HK\$'000	% as compared to the Group's total assets as at 30 June 2024	Dividend received HK\$'000	Fair value change HK\$'000	Fair value as at 31 December 2023 HK\$'000
China Mobile Ltd. (941)	(a)	102,739	154,000	7.26%	4,320	24,400	129,600
Others	(b)	103,484	46,661	2.20%	1,851	(2,837)	46,123
Total		206,223	200,661	9.46%	6,171	21,563	175,723

Notes:

(a) The principal business of the investee, China Mobile Limited ("China Mobile"), is the provision of communication and information services. As of 30 June 2024, 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 7.26% of the Group's total assets. During the Period Under Review, the fair value change represented unrealised fair value gain of approximately HK\$24,400,000. The Group received a dividend of approximately HK\$4,320,000 during the Period Under Review. China Mobile's revenue has grown steadily from approximately RMB746 billion in year 2019 to RMB1,009 billion in year 2023. For each financial year in last five years, its net profit after taxes was over RMB100 billion. Solid financial performance has demonstrated the strength of its management team. The dividend payout ratio was 71% in year 2023. The management of China Mobile has publicly committed to gradually increase the dividend payout to 75% in the next three-year period from 2024. 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 2024.

### **13. 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.

### **14. 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.

### **15. Deferred tax of HK\$25,850,000 under non-current liabilities**

The Group has recorded a deferred taxation of approximately HK\$23,445,000 (31 December 2023: HK\$22,101,000), as estimated taxation expenses in relation to the estimated recoverable amount from the Counterparty.

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 BY SEGMENT

With the growing revenue contribution from property investment, investment in debts instrument and listed shares, the Board has decided to report its business activities in three segments starting from year 2024. They are electroplating equipment, property investment and treasury management. An investment committee was established in April 2024 to review the Group’s investments on regular basis.

### ELECTROPLATING EQUIPMENT (UNDER THE TRADE NAME OF “PAL”) SEGMENT

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

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

During the Period Under Review, the revenue in this business area increased to HK\$127,300,000 from HK\$76,880,000 in Previous Period, representing 65.6% rise. Out of this total revenue, from the perspective of installation location, nearly 31.7% were shipment made to PRC (41.8% in the Previous Period) and 41.6% were shipment made to Korea (27.1% 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 2024 for worldwide smartphone shipments recorded an increase of 9% on year over year basis. Shipment volume has increased to approximately 292.2 million units.

Top 5 Smartphone Companies, Worldwide Shipments, Market Share, and Year-Over-Year Growth, Q2 2024 (shipments in millions of units)					
Company	2Q 2024 Shipment Volumes	2Q 2024 Market Share	2Q 2023 Shipment Volumes	2Q 2023 Market Share	Year-Over-Year Change
Samsung	53.8	18.4%	53.5	20.0%	0.4%
Apple	45.7	15.6%	44.5	16.6%	2.6%
Xiaomi	42.3	14.5%	33.2	12.4%	27.2%
vivo	25.2	8.8%	21.3	7.9%	21.7%
OPPO	25.8	8.8%	25.4	9.5%	1.8%
Others	98.8	33.8%	90.1	33.6%	9.7%
<b>Total</b>	<b>292.2</b>	<b>100.0%</b>	<b>268.0</b>	<b>100.0%</b>	<b>9.0%</b>

Due to rounding, some figures may not add up precisely to the totals shown  
Source: IDC Quarterly Mobile Phone Tracker, August 8, 2024

“Looking ahead, vendors are ramping up investments in emerging regions, such as Latin America and Southeast Asia. These markets boast a flourishing middle class, where smartphone penetration continues to rise compared with saturated markets, alongside evolving preferences for high-end models”, said the Canals Analyst Le Xuan Chiew.

Global printed circuit board (PCB) market is projected to reach approximately US\$79.37 billion in 2024. This growth is driven by the increasing demand for consumer electronics, automotive electronics, and IoT devices. Based on publicly available information, prominent PCB manufacturers have also shown notable improvement in their financial performance in first half of 2024.

## **Electroplating Equipment-Surface Finishing (“SF”) Sector**

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

The revenue of SF sector has decreased by 59.7% from approximately HK\$89,279,000 in the Previous Period to approximately HK\$35,996,000 for the Period Under Review. Out of this total revenue, from the perspective of installation location, nearly 23.1% were shipment made to the UK (nil in the Previous Period) and 31.4% were shipment made to the Mexico (22.9% 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 2024.

<b>Region</b>	<b>Jan-Jun 2024</b>	<b>Jan-Jun 2023</b>	<b>% Change</b>
Europe (EU+EFTA+UK)	6,878,400	6,588,900	4.4
USA	7,810,700	7,658,200	2.1
Japan	1,800,100	2,047,700	(12.1)
Brazil	1,078,300	934,700	15.4
India	2,161,500	2,014,400	7.3
Mexico	707,700	-	no comparable figure in last year
China	9,856,000	11,143,000	methodology changed, not directly comparable

Overall, the global car market showed resilience and growth, with significant contributions from emerging markets like Brazil and India. China remained by far the largest single-country new car market globally but the outlook for the Chinese new car market is not particularly positive with sales down almost 8% in June 2024. Japan was the only mature car market with weaker volume sales during the first half of 2024.

## **PROPERTY INVESTMENT SEGMENT**

### **Background**

References are made to the following publications of the Company

- (I) 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 Cooperative Reconstruction Agreement;
- (II) the announcements of the Company dated 31 December 2021, 16 May 2022 and 2 June 2023 in relation to the updates of receivables due from and the additional security provided by the Project Company;
- (III) the announcement of the Company dated 9 October 2023 and the circular of the Company dated 23 February 2024 in relation to the transfer of certain properties in the PRC (“Properties I”) by the Project Company to PASL to partially settle the Secured Liabilities;

- (IV) the announcement of the Company dated 1 November 2023 and the circular of the Company dated 8 March in relation to the transfer of certain properties in the Hong Kong (“Properties II”); and
- (V) the announcement of the Company dated 4 December 2023 and the circular of the Company dated 23 July 2024 in relation to the transfer of certain properties in the PRC (“Properties III”) by the Project Company to PASL to partially settle the Secured Liabilities.

Unless defined otherwise, capitalised terms used in this announcement have the same meanings as those defined in the circular of the Company dated 23 July 2024 (the “Circular”).

As at the date of this announcement, transactions listed above are all completed. Following the completion of all the transactions listed above, the Group through its subsidiaries becomes the legal owner of Properties I, Properties II and Properties III. The Group also holds (a) a first mortgage in respect of a residential unit in Hong Kong and (b) interest-free and unsecured promissory notes for an amount of HK\$141,689,000 as collaterals for the Secured Liabilities due by the Project Company to PASL.

As at the date of this announcement, the outstanding amount due by the Project Company to PASL amounted to approximately RMB961million (excluding, among others, interest accrued thereon and liquated damages). If the Group offsets the promissory notes against the Secured Liabilities in the future, the outstanding amount due will be reduced to approximately RMB831 million (excluding, among others, interest accrued thereon and liquated damages).

The Group will continue to monitor the progress of the repayment. Nevertheless, there is no assurance that the Company may be able to recover any further amount of the Secured Liabilities.

### **Business Review of property investment segment**

The Group intends to rent out Properties I, Property II and Properties III for the generation of stable income stream. As the consideration to acquire these properties were either satisfied by the promissory notes or by offsetting the amount due by the Project Company, the Group has acquired these properties without immediate cash outlay. Rather the Group has obtained net cash from rental income after payment of direct expenses.

Investment properties held as at 30 June 2024 :-

City	Property type	GFA (sq.m)	Occupancy rate at 30 June 2024 (%)
Shenzhen	Retail shops	3,493	71%
Shenzhen	Office	12,720	45%
Hong Kong	Office	1,788	91%
Hong Kong	Car parks	NA	83%

China's property market has been facing significant challenges in 2024, prompting the government to introduce new measures to stabilize the sector. A central component of the new policies was first piloted in Zhengzhou, which mandates the sale of completed homes. This marks a departure from the longstanding practice of pre-selling unfinished properties. The aim is to restore buyer trust – a trust that has been eroded by recent years of project delays and developer defaults. Despite these efforts, the market continues to struggle with oversupply and dwindling demand.

The vacancy rates of Hong Kong offices across all grades rose to double digits in 2024. The high vacancy has brought pressure against asking rent. It is a general belief that the average rental rate will move further downward in second half of 2014.

## **TREASURY MANAGEMENT SEGMENT**

Treasury management refers to investments in listed shares, debt instruments, short time certificate of deposits or time deposits.

### **Investments in listed shares**

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 2024, the fair value of the investments in listed shares was approximately HK\$200,661,000. During the Period Under Review, the Group has received dividend income of approximately HK\$6,171,000 from such investments.

The Group is holding a diversified portfolio which mainly composes of investees who would offer steady dividend payout. Shareholders are advised to refer to the table listed in point (2) under the heading "Other gain or loss" for details.

### **Investments in debt instruments**

As at 30 June 2024, the carrying value of the investments in debt instruments was approximately HK\$485,953,000. During the Period Under Review, the Group has received interest income of approximately HK\$8,954,000 from such investments.

The Group is holding a diversified bond portfolio and most of them are investment grade bonds with a relatively low default risk. 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.

Shareholders are advised to refer to the table listed in point (11) under the heading "Investment in debt instrument" for details.

### **Deposits**

For spare fund which we have not yet identified suitable investments, the Group will place it under time deposit or certificate of deposits.

## **OUTLOOK**

With ongoing economic headwinds, the electroplating industry is highly competitive, with constant pressure to reduce costs while maintaining high quality and reliability. While we will continue our cost reduction program to meet the market expectation on price, we will also continue to allocate resource on product performance improvement. As we have mentioned before in our previous interim reports or annual reports, when electronic devices become smaller, the need for miniaturized PCBs with high component density increases. This requires precise placement of tiny components and advanced manufacturing techniques. As a technology company who delivers quality electroplating machine, the capability to produce fine and even copper line on the PCB or surfaces are keys to stay competitive in the long run.

Fixed income markets expect the Federal Open Market Committee to cut interest rates at its next meeting on September 18. This may affect the Group's expected return of its treasury management segment. However, a decrease in interest rate may, on the other hands, bring in positive effect over the market prices of listed shares and properties.

## **MATERIAL ACQUISITION AND DISPOSAL**

Reference is made to the announcements of the Company dated 23 February 2024, 5 March 2024, 22 April 2024, 18 June 2024 and 21 June 2024 in relation to the acquisition of bonds and deposit products. Holdings as at 30 June 2024 were disclosed in above in point (11) of the management discussion and analysis section under the heading "Investments in debt instruments".

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.

## **INTERIM DIVIDEND**

The Board has declared an interim dividend of HK\$0.01 per Share (2023: HK\$0.01 per Share) for the six months ended 30 June 2024. The interim dividend will be paid on or before 29 October 2024 to Shareholders whose names appear on the Register of Members of the Company at the close of business on 7 October 2024.

## **CLOSURE OF REGISTER OF MEMBERS**

The Register of Members of the Company will be closed from Thursday, 3 October 2024 to Monday, 7 October 2024, 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 Wednesday, 2 October 2024 (Hong Kong time), being the last share registration date. The payment of interim dividend will be scheduled on or before Tuesday, 29 October 2024.



## **OTHER FINANCIAL REVIEW**

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

As at 30 June 2024, the Group had equity attributable to owners of the Company of approximately HK\$1,472,506,000 (31 December 2023: HK\$1,469,072,000). The gearing ratio was 2.1% (31 December 2023: 2.2%). 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 2024, the Group had approximately HK\$291,959,000 of cash on hand (31 December 2023: HK\$138,133,000).

As at 30 June 2024, total banking facilities available to the Group for electroplating equipment segment is HK\$102,300,000 (31 December 2023: HK\$102,300,000). Out of the facilities available, the Group has not utilized any facility (31 December 2023: nil).

As at 30 June 2024, banking facilities available to the Group for wealth management and investment purpose is HK\$931,800,000 (31 December 2023: HK\$931,800,000). The Group did not utilize any of such facility (31 December 2023: nil).

As at 30 June 2024, banking facilities available to and utilized by the Group for investment properties is approximately HK\$30,978,000 (31 December 2023: HK\$31,628,000). Such facilities are secured by certain properties in Hong Kong.

### **Foreign Currency Risk**

Most of the assets in the Group were denominated in Renminbi. During the Period Under Review, Renminbi has depreciated for 0.7% 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 2024, the Company had guarantees of approximately HK\$1,034,100,000 (31 December 2023: HK\$1,034,100,000) to banks in respect of banking facilities granted to subsidiaries of the Company. The amount utilized by the subsidiaries of the Company was nil (31 December 2023: nil).

### **Capital Commitment**

As at 30 June 2024, the Group did not have any significant capital commitment (31 December 2023: nil).

### **Employee and Remuneration Policies**

As at 30 June 2024, the Group employs a total of 332 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.

## **COPORATE 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 C1 to the Listing Rules throughout the six months ended 30 June 2024, 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, namely Messrs Cheung Kin Wai, Hong Hui Lung and 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 D2 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 2024.

## **REMUNERATION COMMITTEE**

The remuneration committee of the Company (the “Remuneration Committee”) is composed of four Directors, namely Messrs. Nam Kwok Lun, Cheung Kin Wai, Ng Chi Kin David 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.

## **INVESTMENT COMMITTEE**

The investment committee of the Company (the “Investment Committee”) is composed of four Directors, namely Messrs. Lam Kwok Hing, Nam Kwok Lun, Yung Wai Ching and Hong Hui Lung. The principal functions of the Investment Committee include reviewing, evaluation and subsequent monitoring of any investment project or financial investment activities. The committee has a 2-tier approval structure. For investment project or financial investment activities which are very substantial transactions and connected transactions as defined by the Hong Kong Listing Rules, the Investment Committee will recommend to the Board before proceeding.

## **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 C3 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 2024.

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

During the period from 8 January 2024 to 17 January 2024, the Company has repurchased a total of 11,320,000 ordinary shares in the open market at an average cost of HK\$0.995 per share. Such shares were cancelled on 16 August 2024.

## **EVENTS AFTER THE REPORTING PERIOD**

Reference is made to the announcements of the Company dated 7 July 2024 and 26 July 2024 in relation to the acquisition of bonds and deposit products. Apart from disclosure made in these announcements, 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 2024 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 2024

*As at the date of this announcement, the executive directors of the Company are Messrs. LAM Kwok Hing, M.H. J.P., NAM Kwok Lun and YUNG Wai Ching, and the independent non-executive directors are Messrs. CHEUNG Kin Wai, NG Chi Kin, David and HONG Hui Lung.*

*\* For identification purpose only*