THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about this circular or as to the action to be taken, you should consult your stockbroker, licensed securities dealer or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in InvesTech Holdings Limited (the "**Company**"), you should at once hand this circular with the enclosed forms of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase, or subscribe for the securities of the Company.

InvesTech Holdings Limited
威 訊 控 股 有 限 公 司

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 1087)

(I) MAJOR AND CONNECTED TRANSACTION IN RELATION TO ACQUISITION OF ENTIRE EQUITY INTEREST IN THE TARGET COMPANY AND SALE LOAN; AND (II) NOTICE OF SPECIAL GENERAL MEETING

Independent financial adviser to the Independent Board Committee and the Independent Shareholders

MERDEKA 領智

A notice convening the special general meeting of the Company (the "**SGM**") to be held at Room 02-03, 18/F, AIA Financial Centre, 712 Prince Edward Road East, San Po Kong, Kowloon, Hong Kong on Tuesday, 13 December 2022 at 11:00 a.m. is set out on pages SGM-1 to SGM-2 of this circular.

Whether or not you are able to attend the SGM in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, located at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the commencement of the SGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

PRECAUTIONARY MEASURES FOR THE SPECIAL GENERAL MEETING

Please see pages i and ii of this circular for the precautionary measures to be implemented at the SGM to ensure the safety of the SGM attendees and to prevent the spreading of the coronavirus disease 2019 ("**COVID-19**") pandemic, which include without limitation:

1. mandatory wearing of surgical face masks (no mask will be provided at the SGM venue);
2. compulsory body temperature screening;
3. scanning the "LeaveHomeSafe" venue QR code and complying with the "Vaccine Pass" requirements;
4. maintaining appropriate distancing and spacing between seats and in doing so, the Company may limit the number of the SGM attendees as may be necessary to avoid over-crowding; and
5. no distribution of corporate gifts and/or refreshments at the SGM.

Any attendee who (a) refuses to comply with the precautionary measures; (b) is subject to any prescribed quarantine by the Government or has close contact with any person under quarantine; or (c) has a fever or any flu-like symptoms or is otherwise unwell will be denied entry into or be required to leave the SGM venue at the absolute discretion of the Company to such extent permitted under law.

Shareholders are encouraged to appoint the chairman of the SGM as their proxy and to return their proxy forms by the time specified above, instead of attending the SGM in person.

25 November 2022

To safeguard the health and safety of the Shareholders who will be attending the SGM in person, the Company will implement any or all of the following precautionary measures at the SGM:

HEALTH AND SAFETY MEASURES AT THE SGM

The following measures will also be implemented at the SGM:

1. Every attendee of the SGM will be required to wear a surgical face mask throughout the SGM within the SGM venue, please note that no face masks will be provided at the SGM venue and attendees should bring and wear their own face masks;

2. Mandatory body temperature screening will be conducted on every attendee at the entrance of the SGM venue. Any person with a body temperature of over 37.3 degrees Celsius will not be admitted to the SGM venue;

3. Seating at the SGM venue will be arranged so as to allow for appropriate social distancing and spacing between seats;

4. No corporate gifts and/or refreshments will be distributed at the SGM;

5. Hand sanitizer will be available at the entrance of the SGM venue;

6. Scanning the "LeaveHomeSafe" venue QR code and complying with the "Vaccine Pass" requirements will be required at the SGM Venue;

7. Shareholders will be able to attend through Tencent Meeting, which can be accessed using computers, mobile phones or any browser-enabled electronic or communication devices. Prior registration is required. Shareholders who wish to join the Tencent Meeting must send the duly completed and signed proxy form together with phone number to info@investech-holdings.com by 11:00 a.m. on 11 December 2022 (Sunday) (being not less than forty-eight (48) hours before the SGM). Shareholders may be required to produce identification documents to show identity and enable the Company to check against its shareholders' records. Shareholders having completed registration and identity verification will be provided the web link and password to access the Tencent Meeting at the start of the SGM until its conclusion. Shareholders who are given the web link and password of the Tencent Meeting should not share such information to anyone else;

8. No remote voting system is provided. For the avoidance of doubt, presence through Tencent Meeting is not counted as quorum or attendance of the meeting, and will not revoke any proxy instrument previously delivered to the Company by the same Shareholder;

9. Shareholders who register for the Tencent Meeting may submit questions related to the resolution to be tabled for approval at the SGM. To do so, all questions must be submitted by 11:00 a.m. on 11 December 2022 (Sunday) (being not less than forty-eight (48) hours before the SGM) by email to info@investech-holdings.com. They may also submit questions during the SGM through the live dialogue function; and

10. Any other additional precautionary measures in accordance with the prevailing requirements or guidelines of the Hong Kong government and/or regulatory authorities, or as considered appropriate in light of the development of the COVID-19 pandemic.

Any attendee who (a) refuses to comply with the precautionary measures; (b) is subject to any prescribed quarantine by the Hong Kong government or has close contact with any person under quarantine; or (c) has a fever or any flu-like symptoms or is otherwise unwell will be denied entry into or be required to leave the SGM venue at the absolute discretion of the Company to such extent permitted under law, to ensure the safety of the attendees at the SGM.

Shareholders are requested (a) to consider carefully the risk of attending the SGM, which will be held in an enclosed environment, (b) to follow any prevailing requirements or guidelines of the Hong Kong government relating to COVID-19 in deciding whether or not to attend the SGM; and (c) not to attend the SGM if they have contracted or are suspected to have contracted COVID-19 or have been in close contact with anybody who has contracted or is suspected to have contracted COVID-19.

The Company will closely monitor the development of the COVID-19 pandemic and ensure that the SGM will be conducted in compliance with the laws, regulations and measures introduced by the Hong Kong government from time to time. The Company may implement further changes and precautionary measures where necessary, and may issue further announcement on such measures as and when appropriate.

Shareholders are strongly encouraged to appoint the chairman of the SGM as their proxy to vote on the resolution, instead of attending the SGM in person.

If Shareholders have any questions relating to the SGM, please contact the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, as follows:

Computershare Hong Kong Investor Services Limited
17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
Telephone hotline: +852 2862 8555 (during business hours from 9:00 a.m. to 6:00 p.m. Hong Kong time, Mondays to Fridays; excluding public holidays)
Website: www.computershare.com/hk/contact

CONTENTS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

"Acquisition"	the acquisition of the Sale Shares and the Sale Loan pursuant to the Sale and Purchase Agreement
"Announcement"	the announcement of the Company dated 18 October 2022 in respect of the Acquisition
"associates(s)"	has the meaning ascribed thereto in the Listing Rules
"Board"	the Board of Directors
"Business Day(s)"	a day on which banks in Hong Kong are open for normal banking business (excluding Saturdays, Sundays and any day on which a tropical cyclone warning no. 8 or above or a "black" rainstorm warning is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.)
"BVI"	the British Virgin Islands
"Company"	InvesTech Holdings Limited, an exempted company incorporated in the Cayman Islands and continued in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code: 1087)
"Completion"	the completion of the Acquisition
"Companies Ordinance"	Companies Ordinance (Cap. 622 of the Laws of Hong Kong)
"Completion Date"	the date of Completion, the date or another date mutually agreed by the Vendor and the Company, but in any event, no later than Long Stop Date
"connected person(s)"	has the meaning ascribed thereto in the Listing Rules
"Consideration"	the sum of HK$87,900,000 to be settled by the Purchaser to the Vendor under the Sale and Purchase Agreement
"Deposits"	the initial and second deposits paid or to be paid by the Purchaser to the Vendor
"Director(s)"	the director(s) of the Company

"Encumbrance(s)"	any mortgage, assignment of receivables, debenture, lien, charge, pledge, title retention, right to acquire, security interest, option, pre-emptive or other similar right, right of first refusal and any other adverse interest, encumbrance or condition whatsoever of the Target Company
"Enlarged Group"	the Group as enlarged by the Target Company upon the Completion
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Independent Board Committee"	an independent board committee of the Company established by the Board, comprising all the independent non-executive Directors of the Company, namely Mr. David Tsoi, Mr. Lu, Brian Yong Chen and Mr. Yuen Shiu Wai, to advise the Independent Shareholders with respect to the Sale and Purchase Agreement and the transactions contemplated thereunder
"Independent Financial Adviser"	Merdeka Corporate Finance Limited, a corporation licensed under the Securities and Futures Ordinance for conduct type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Independent Shareholders"	the Shareholders and/or their respective associates who are not required under the Listing Rules to abstain from voting at the SGM, other than those persons who have material interest in the Acquisition (if any)
"Latest Practicable Date"	21 November 2022, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
"Listing Rules"	the Rules Governing the Listing of Securities on main board of the Stock Exchange
"Long Stop Date"	14 March 2023 or another later date mutually agreed by the Vendor and the Company

"Mortgagee"	a licensed bank in Hong Kong which hold security interest created by a deed of mortgage executed by, among others, the Target Company to create a first fixed charge over the Property and to assign by way of security the rental income under the tenancy agreements, for the purpose of securing the liabilities due by other associated company of Ms. Tin to the Mortgagee
"Ms. Tin"	Ms. Tin Yat Yu Carol, a substantial Shareholder and an executive Director
"Property"	the commercial properties situated at unit 707 & unit 708 on 7th floor, Capital Centre, No. 151 Gloucester Road, Hong Kong
"Purchaser"	Cloud Advantage Limited, a company incorporated in BVI with limited liability, which is a direct wholly owned subsidiary of the Company
"RMB"	Renminbi, the lawful currency of the People's Republic of China
"Sale Share(s)"	the entire shares of the Target Company, representing 100% equity interest in the Target Company
"Sale and Purchase Agreement"	the sale and purchase agreement dated 18 October 2022 entered into among the Purchaser, the Vendor, Ms. Tin and the Target Company in respect of the Acquisition
"Sale Loan"	the loans advanced by Ms. Tin to the Target Company and due and owing by the Target Company to Ms. Tin as at Completion Date, which will be assigned to the Purchaser by Ms. Tin under the Sale and Purchase Agreement upon Completion
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, modified and supplemented from time to time

"SGM"	the special general meeting of the Company to be convened and held at Room 02-03, 18/F, AIA Financial Centre, 712 Prince Edward Road East, San Po Kong, Kowloon, Hong Kong on Tuesday, 13 December 2022, at 11:00 a.m. for the purpose of considering and, if thought fit, approving, among other matters, the Acquisition
"Share(s)"	the ordinary share(s) in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s) from time to time
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"substantial Shareholder"	has the meaning ascribed to it in the Listing Rules
"Target Company"	Sino Profit Trading Limited, a company incorporated in BVI and wholly-owned by the Vendor
"Valuer"	Royson Valuation Advisory Limited, an independent valuer
"Vendor"	Delta Wealth Credit Limited, the sole legal and beneficial owner of the Sale Shares
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"%"	per cent.

InvesTech Holdings Limited
威 訊 控 股 有 限 公 司

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 1087)

Executive Directors:
Mr. Chan Sek Keung, Ringo
(Chairman and Chief Executive Officer)
Ms. Wang Fang
(Vice Chief Executive Officer)
Ms. Tin Yat Yu, Carol
Mr. Lu Chengye

Non-executive Director:
Mr. Wong Tsu Wai, Derek

Independent non-executive Directors:
Mr. David Tsoi
Mr. Lu, Brian Yong Chen
Mr. Yuen Shiu Wai

Registered Office:
Canon's Court
22 Victoria Street
Hamilton
HM 12
Bermuda

Principal Place of Business in Hong Kong:
Room 1201, 12/F
C C Wu Building
302-308 Hennessy Road
Wanchai
Hong Kong

25 November 2022

To the Shareholders

Dear Sir or Madam,

(I) MAJOR AND CONNECTED TRANSACTION IN RELATION TO ACQUISITION OF ENTIRE EQUITY INTEREST IN THE TARGET COMPANY AND SALE LOAN; AND (II) NOTICE OF SPECIAL GENERAL MEETING

INTRODUCTION

Reference is made to the Announcement in relation to the entering into the Sale and Purchase Agreement.

The purpose of this circular is to provide you with, among other things, (i) further information of the Acquisition; (ii) a letter from the Independent Board Committee to the Independent Shareholders containing its recommendation in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder; (iii) a letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder; (iv) the notice of the SGM; and (v) other information as set out in appendices to this circular as required by the Listing Rules.

THE ACQUISITION

On 18 October 2022 (after trading hours), the Purchaser (which is a direct wholly-owned subsidiary of the Company), the Vendor, Ms. Tin and the Target Company entered into the Sale and Purchase Agreement, pursuant to which the Purchaser has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell, the Sale Shares, which represent the entire equity interest of the Target Company, together with the Sale Loan, at the total Consideration of HK$87,900,000 (subject to downward adjustment).

THE SALE AND PURCHASE AGREEMENT

Date

18 October 2022 (after the trading hours)

Parties

The Purchaser;
The Vendor;
Ms. Tin, as the assignor of the Sale Loan; and
The Target Company

Subject matter

The Purchaser has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell, the Sale Shares, which represent the entire equity interest of the Target Company, together with the Sale Loan.

Consideration

The Consideration for the Acquisition is HK$87,900,000 in aggregate (subject to adjustment in accordance with the Sale and Purchase Agreement), which shall be payable by the Purchaser to the Vendor in the following manner: (a) an initial refundable deposit in the sum of HK$6,000,000 shall be paid by the Purchaser to the Vendor upon execution of the Sale and Purchase Agreement; (b) a second refundable deposit in the sum of HK$11,580,000 shall be paid by the Purchaser to the Vendor one month after the execution of the Sale and Purchase Agreement (or such other date as the parties may agree in writing); (c) the remaining total balance (the "**Remaining Balance**") of the Consideration in the sum of HK$70,320,000 (or such downward adjusted amount) shall be paid by the Purchaser to the Vendor upon Completion.

At Completion, the Vendor shall deliver a completion accounts of the Target Company, and (i) if the adjusted net asset value of the Target Company is less than HK$900,000, the Remaining Balance shall be adjusted by deducting the shortfall between the adjusted net asset value and HK$900,000; or (ii) if there is a adjusted net liability of the Target Company, the Remaining Balance shall be adjusted by deducting HK$900,000 and the shortfall between the adjusted net liability amount and zero.

The Consideration was arrived at after arm's length negotiations between the parties and determined with reference to, among other things, (i) the preliminary valuation report prepared by the Valuer of the Property of HK$89,900,000 as at 30 September 2022, which was valued by market approach was carried out by the Valuer; and (ii) the adjusted net asset value of the Target Company of approximately HK$900,000 as at 30 September 2022 based on its unaudited management account. The net asset value of the Target Company as at 30 September 2022 is approximately HK$1.75 million. The adjusted net asset value of the Target Company, which amounted to approximately HK$900,000 was arrived at by disregarding the net book value of the Property which amounted to approximately HK$29.8 million (since the value of the Property has been already reflected in the Consideration) and the amount due to director, which amounted to approximately HK$29.0 million (since it will become the Sale Loan and be assigned upon Completion). After the adjustment and for the sake of prudence, the remaining net asset value of the Target Company as at 30 September 2022 will be approximately HK$900,000.

Although, the adjusted net asset value of the Target Company was approximately HK$900,000, given that (i) the independent valuation of the Property shows the market value thereof is far higher than its net book value in the unaudited management account of the Target Company; and (ii) the Sale Loan will be assigned to the Purchaser upon Completion which will be eliminated on a consolidated basis in the account of the Company, the Consideration was determined mainly based on the valuation of the Property and the adjusted net asset value of the Target Company but not solely on the net asset value of the Target Company. As the adjusted net asset value of the Target Group represents the actual amount of assets that would belong to the Target Company, the Company considers that setting the targeted adjusted net asset due at HK$900,000 still be fair and reasonable.

The Consideration shall be settled in cash by the Purchaser and is intended to be satisfied with internal resources of the Company and external financing. As at the Latest Practicable Date, the initial refundable deposit in the sum of HK$6,000,000 has been paid to the Vendor. In accordance with the terms of the Sale and Purchase Agreement, the Purchaser and the Vendor entered into a confirmation, pursuant to which the second refundable deposit in the sum of HK$11,580,000 shall be paid by the Purchaser to the Vendor on 25 November 2022.

The valuation report by the Valuer in relation to the Property is set out in Appendix V.

Conditions Precedent

Completion of the Acquisition will be conditional upon (a) the Target Company showing and giving a good title to the Property and proving a good title of the Property to the Company in accordance with Part A of the Second Schedule to the Conveyancing and Property Ordinance (Cap. 219) and subject to such legislative amendments as may then be in force; (b) no material adverse change in the financial condition of the Target Company occurring on or before the Completion Date resulting from a material breach of any or all of the representations, undertakings and warranties of the Vendor under the Sale and Purchase Agreement; (c) the obtaining of an audited accounts of the Target Company for the year ended 30 June 2022 by the Purchaser; (d) the full compliance by the Purchaser and/or the Company (where applicable) of the requirements of the Listing Rules, the articles of association of the Purchaser and/or the Bye-Laws (where applicable) and applicable laws and regulations in relation to the sale and purchase of the Sale Shares and the assignment of the Sale Loan; (e) where applicable, the Purchaser and/or the Company (where applicable) having obtained all necessary consent and approvals from regulatory bodies; (f) the passing by the Independent Shareholders of the Company of such ordinary resolution(s) at the SGM of the Company to be convened and held, on approving the Sale and Purchase Agreement and the transactions contemplated thereunder in accordance with the Listing Rules, the Bye-Laws and the applicable laws and regulations (including but not limited to that of Hong Kong and Bermuda); (g) the Company having obtained the consent from the Mortgagee for the sale of the Sale Shares and/or Property; (h) the Property being free from any mortgages/legal charges and other encumbrances save and except for encumbrances created under all the existing security documents (all of which shall be absolutely released and discharged on Completion); and (i) (if necessary) all other authorisations, approvals, consents, waivers and permits which are necessary or relevant to give effect to the transactions contemplated hereunder having been granted, received or obtained and not revoked or withdrawn on the Completion Date.

The Purchaser may waive any of the Conditions Precedent (other than the above conditions (d) to (i) which could not be waived) by notice in writing to the Vendor. If any of the conditions is not fulfilled (or not waived by either the Purchaser, as the case may be) on or before the Long Stop Date, the Purchaser or the Vendor may thereafter by notice to the other party to terminate the Sale and Purchase Agreement whereupon the Deposits shall be returned by the Vendor to the Purchaser within three (3) business days after receiving the termination notice and the Sale and Purchase Agreement shall cease and terminate and none of the parties thereto shall have any claim against the other in respect of any matter or thing arising out of or in connection with the Sale and Purchase Agreement save for the obligations of the Vendor to refund the Deposits and any antecedent breach of any obligation under the Sale and Purchase Agreement.

Completion

Completion shall take place on the day when all the conditions precedent are fulfilled (or such other date mutually agreed by the Vendor and the Purchaser, but in any event no later than the Long Stop Date.

INFORMATION OF THE PARTIES AND THE TARGET COMPANY

Information of the Purchaser

The Purchaser is a company incorporated in BVI with limited liability, which is engaged in investment holding and is a direct wholly-owned subsidiary of the Company. The Company is an investment holding company incorporated in the Cayman Islands and continued in Bermuda with limited liability. The Group is principally engaged in the provision of network system integration including the provision of network infrastructure solutions, network professional services and smart office software solutions, and the network equipment rental business.

Information of the Vendor and Ms. Tin

The Vendor is an investment holding company incorporated in BVI with limited liability, and is indirectly wholly and beneficially owned by Ms. Tin, who is a substantial Shareholder interested in 18,167,400 Shares, representing approximately 15.50% of the issued share capital of the Company as at the Latest Practicable Date, and also an executive Director, and hence a connected person of the Company. As such, the Vendor is an associate of Ms. Tin and is therefore a connected person of the Company under Chapter 14A of the Listing Rules.

Information of the Target Company

The Target Company is a private company limited by shares duly incorporated in BVI and is also registered in Hong Kong as a register non-Hong Kong Company under the Companies Ordinance. The Target Company is principally engaged in property investment, which is the legal and beneficial owner of the Property.

Set out below is a summary of the profit and loss of the Target Company for the years ended 30 June 2021 and 30 June 2022, respectively, and the financial positions of the Target Company as at 30 June 2021 and 30 June 2022, respectively (with reference to the accountant's report of the Target Company in Appendix II to this circular):

	As at 30 June 2021 *(HK$)* (audited)	**As at 30 June 2022** *(HK$)* (audited)
Total asset	90,117,746	91,493,780
Net current asset	932,722	907,430

	For the year ended 30 June 2021 *(HK$)* (audited)	**For the year ended 30 June 2022** *(HK$)* (audited)
Profit before taxation	6,836,088	2,979,645
Profit and other comprehensive income for the year	6,802,190	2,979,645

As at the Latest Practicable Date, the Property was held by the Target Company. Unit 707 was rented to Delta Wealth Finance Limited, with a monthly rent of HK$92,000 for the term commenced on 1 May 2021 and ending on 30 April 2023 (the "**Tenancy A**"). To the best of the information, knowledge and belief of the Directors having made all reasonable enquiry, Delta Wealth Finance Limited which is an indirect wholly owned subsidiary of Virtual Mind Holding Company Limited (code: 1520), wherein Ms. Tin is an executive director and minority shareholder, and Ms. Tin is the sole director of Delta Wealth Finance Limited. As such, Ms. Tin is deemed to have control over Delta Wealth Finance Limited and accordingly Delta Wealth Finance Limited is regarded as an associate of Ms. Tin under the Listing Rules. While Unit 708 was leased to 2 tenants and one of which is rented to Finsoft Finance Limited, with a monthly rent of HK$95,000 for the term commenced on 1 April 2021 and ending on 31 March 2023 (the "**Tenancy B**"). To the best of the information, knowledge and belief of the Directors having made all reasonable enquiry with, Finsoft Finance Limited is indirectly wholly held by Finsoft Financial Investment Holdings Limited (Stock Code: 8018), wherein Ms. Tin is an executive director, the chairman and substantial shareholder but held not more than 30% of the issued shares thereof as at the date of the Announcement, and accordingly Finsoft Finance Limited and Finsoft Financial Investment Holdings Limited are not regarded as associates of Ms. Tin and hence are Independent Third Parties under the Listing Rules. The other portion of Unit 708 is rented to Chunlin Group Limited, which is an indirect wholly owned subsidiary of the Company, with a monthly rent of HK$35,000 for the term commenced on 2 July 2022 and ending on 1 July 2023 (the "**Tenancy C**").

The abovementioned tenancies will not be terminated and will continue pursuant to the terms thereof after Completion. Tenancy A will constitute a continuing connected transaction on the part of the Company after Completion. Given that the applicable ratios of Tenancy A are less than 5% and the monetary value involved is less than HK$3,000,000, and the terms were of normal commercial terms or better than market comparables, Tenancy A will be fully exempted from all disclosure requirements, annual review and Independent Shareholders approval.

The Sale Loan is the amount due by the Target Company to Ms. Tin as its director. The Sale Loan is interest-free, unsecured and repayable on demand. For reference only, as at 30 September 2022, the amount of the Sale Loan is approximately HK$28,997,000. Pursuant to the terms of the Sale and Purchase Agreement, at Completion, Ms. Tin shall assign all the amount due to her as the Sale Loan to the Purchaser upon Completion.

FINANCIAL EFFECTS OF THE ACQUISITION

Upon Completion, the Group will hold 100% equity interests of the Target Company and the Property will become the asset of the Company, and the accounts of the Target Company will be consolidated into the account of the Company. Please refer to Appendix IV to this circular for more information on the basis of preparation of the unaudited pro forma financial information of the Enlarged Group. The unaudited pro forma financial information of the Enlarged Group has been prepared based on the judgments and assumptions of the Directors for illustrative purposes only.

Earnings

It is the current intention of the Company to lease out part of the Property and the remaining portion of the Property shall be for the Group's own uses after Completion. Therefore, the Acquisition enables the Group to reduce the rental expenses burden of the Group in relation to the use of the Property and generate rental income from the leasing out of the other area. Pursuant to the Tenancy C, the rent payable by the Group is HK$35,000 per month. Accordingly, the Group can save rental expenses of approximately HK$420,000 per annum as a result of the Acquisition. It is expected that subsequent to the Acquisition, depreciation of property, plant and equipment and investment properties (which is non-cash nature) of approximately HK$3.1 million per annum will be recorded.

Assets and Liabilities

Based on the unaudited pro forma statement of assets and liabilities of the Enlarged Group as set out in Appendix IV to this circular, which is prepared as if the Acquisition had completed on 30 June 2022 to illustrate the effect of the Acquisition, it is expected that the total assets of the Group would increase from approximately HK$664 million to approximately HK$703 million and the total liabilities of the Group would increase from approximately HK$322 million to approximately HK$360 million. As a result, the net assets attributable to owners of the Company would increase from approximately HK$342 million to approximately HK$343 million.

The above analyses are for illustrative purpose only and do not purport to represent how the financial performance and position of the Group would be after Completion.

REASONS AND BENEFITS OF THE ACQUISITION

Upon expiry of the tenancy agreements concerning the Property, the Company will review the situation and may or may not renew certain of the tenancy agreements and keep the relevant portion of the Property for the Group's use. Despite the unstable economic environment in the recent year and the impact brought by COVID-19 on the business environment in general and the sales of the Group, as disclosed in the interim report of the Company for the six month ended 30 June 2022, the Group won a government contract for the provision of a smart library system for the Hong Kong government's Leisure and Cultural Services Department last year, and is now in the course of carrying out the relevant works, which provided a strong base for the Company to further explore public and private sector customers. Leveraging on its core competitiveness and provided advanced and customised IT infrastructure solutions to clients in segments including finance, manufacturing and retail, the Company strives to improve and expand its business operation. The establishment of a self-owned office in Hong Kong as one of its major operating locations with sufficient space for future expansion and use will be beneficial to the development of the Company. The Company will continue to use the existing portion of the Property as its office. Even if the Company will not occupy the whole Property for self use in future, given that the Property is located in the prime commercial area in Hong Kong which has been popular for all tiers of enterprises, both local and international, to be used as their offices in Hong Kong, the Company considers that the rental market in the adjacent area and the demand for the Property will be stable, and hence leasing the same or any portion unoccupied by the Company for the moment will also contribute a stable source of income to the Group which will help to improve the financial stability of the Company.

In view of (i) the Consideration is of approximately 3.2% discount to the total of the preliminary valuation of the Property and the adjusted net asset value of the Target Company (i.e. approximately HK$90,800,000); (ii) the Property is able to cater for the business development needs to the Group; (iii) the Property, after the Completion, will be able to be part of the securities in obtaining further bank loan in lower interest rate for the business development of the Group; and (iv) leasing the unoccupied Property by the Company can generate a stable source of income to the Group, the Directors (other than the Independent Board Committee who will express their view after considering the advice from the Independent Financial Adviser and Ms. Tin who has abstained from voting due to her material interest in the Sale and Purchase Agreement and the transactions contemplated thereunder) believe that the Acquisition can bring long term benefits to the Group.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Acquisition exceeds 25% but all of them are less than 100%, the Acquisition constitutes a major transaction for the Company under Chapter 14 of the Listing Rules.

As at the Latest Practicable Date, the Target Company is wholly-owned by the Vendor, which in turn is indirectly wholly and beneficially owned by Ms. Tin, the Vendor and Ms. Tin are therefore connected persons of the Company under Chapter 14A of the Listing Rules. As such, the Acquisition also constitutes a connected transaction on the part of the Company. Accordingly, the Vendor, Ms. Tin are considered to have a material interest in the Sale and Purchase Agreement and the transactions contemplated thereunder, and Ms. Tin and her associates shall abstain from voting on the resolution to approve the Sale and Purchase Agreement and the transactions contemplated thereunder at the SGM.

Accordingly, the Sale and Purchase Agreement and the transactions contemplated thereunder are subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under the Listing Rules.

To the best of the Directors' knowledge, information and belief, save for the Vendor, Ms. Tin and their respective associates, no other Shareholders have any material interest in the Sale and Purchase Agreement and the transactions contemplated thereunder.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee (comprising of Mr. David Tsoi, Mr. Lu, Brian Yong Chen and Mr. Yuen Shiu Wai) has been established to consider the Sale and Purchase Agreement and the transactions contemplated thereunder and to give recommendation to the Independent Shareholders as to how to vote on the resolution to be proposed at the SGM in relation thereof.

Merdeka Corporate Finance Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder.

Completion is subject to fulfilment of the conditions precedents of the Sale and Purchase Agreement, and the Acquisition may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

SGM

SGM will be held to consider and approve, among other matters, the Sale and Purchase Agreement and the transactions contemplated thereunder.

A notice convening the SGM to be held on Tuesday, 13 December 2022 at 11:00 a.m. at Room 02-03, 18/F, AIA Financial Centre, 712 Prince Edward Road East, San Po Kong, Kowloon, Hong Kong is set out on pages SGM-1 to SGM-2 of this circular for the purpose of considering and, if thought fit, passing the resolution set out therein.

As at the Latest Practicable Date, the Target Company is wholly owned by the Vendor, which in turn is indirectly wholly and beneficially owned by Ms. Tin. Therefore, Ms. Tin has abstained from voting on the relevant board resolution approving the Sale and Purchase Agreement and the transactions contemplated thereunder. Save as disclosed above, none of the other Directors has material interests in the transactions contemplated under the Sale and Purchase Agreement.

Accordingly, the Vendor and Ms. Tin are considered to have a material interest in the Sale and Purchase Agreement and the transactions contemplated thereunder. In view of Ms. Tin's interests in the Sale and Purchase Agreement and the transactions contemplated thereunder, Ms. Tin and her close associates will abstain from voting on the resolution to approve the Sale and Purchase Agreement and the transactions contemplated thereunder at the SGM. To the best knowledge, information and belief of the Directors, save for the Vendor, Ms. Tin and their respective associates, no other Shareholder has a material interest in the Sale and Purchase Agreement and the transactions contemplated thereunder and is required to abstain from voting on the resolution of the Company in approving the Sale and Purchase Agreement and the transactions contemplated thereunder at the SGM.

To the extent that the Directors are aware having made all reasonable enquiries, as at the Latest Practicable Date:

(i) there was no voting trust or other agreement or arrangement or understanding (other than an outright sale) entered into by or binding upon Ms. Tin;

(ii) Ms. Tin was not subject to any obligation or entitlement whereby it had or it might have temporarily or permanently passed control over the exercise of the voting right in respect of its shares in the Company to a third party, either generally or on a case-by-case basis; and

(iii) it was not expected that there would be any discrepancy between Ms. Tin's beneficial shareholding interest in the Company as disclosed in this circular and the number of shares in the Company in respect of which it would control or would be entitled to exercise control over the voting right at the SGM.

ACTION TO BE TAKEN

A form of proxy for use at the SGM is enclosed with this circular. Whether or not you are able to attend the SGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, located at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the commencement of the SGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish, and in such event, the form of proxy shall be deemed to be revoked.

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders on the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder. None of the members of the Independent Board Committee has any interest or involvement in the transactions contemplated under the Sale and Purchase Agreement. Merdeka Corporate Finance Limited has been appointed as the Independent Financial Adviser with the approval of the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder and as to voting.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of ascertaining Shareholders who are entitled to attend and vote at the SGM or any adjournment thereof, the register of members of the Company will be closed from 9 December 2022 to 13 December 2022, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify for the right to attend and vote at the SGM or any adjournment thereof, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, located at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 8 December 2022.

RECOMMENDATION

Having considered the above-mentioned benefits to the Group, the Directors (including the Independent Board Committee after considering the advice from the Independent Financial Adviser but excluding Ms. Tin who has abstained from voting due to their material interest in the Sale and Purchase Agreement and the transactions contemplated thereunder) consider that the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including the Independent Board Committee after considering the advice from the Independent Financial Adviser but excluding Ms. Tin who has abstained from voting due to their material interest in the Sale and Purchase Agreement and the transactions contemplated thereunder) recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Sale and Purchase Agreement and the transactions contemplated thereunder.

VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. The chairman of the SGM will therefore demand a poll for every resolution put to the vote of the SGM. An announcement will be made by the Company following the conclusion of the SGM to inform Shareholders of the results of SGM.

ADDITIONAL INFORMATION

Your attention is also drawn to the information set out in the appendices to this circular.

Your faithfully,
By Order of the Board
InvesTech Holdings Limited
Chan Sek Keung, Ringo
Chairman and Chief Executive Officer

InvesTech Holdings Limited
威訊控股有限公司
(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)
(Stock Code: 1087)

25 November 2022

To the Independent Shareholders

Dear Sir or Madam,

MAJOR AND CONNECTED TRANSACTION IN RELATION TO ACQUISITION OF ENTIRE EQUITY INTEREST IN THE TARGET COMPANY AND SALE LOAN

We refer to the circular of InvesTech Holdings Limited (the "**Company**") dated 25 November 2022 (the "**Circular**") of which this letter forms part. Capitalised terms used herein shall have the same meaning as those defined in the Circular unless the context otherwise requires.

We have been appointed as the members of the Independent Board Committee to consider the Sale and Purchase Agreement and the transactions contemplated thereunder, and to advise the Independent Shareholders as to whether the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned, on normal commercial terms and in the interests of the Company and the Shareholders as a whole and to the voting action that should be taken.

We wish to draw your attention to the "Letter from the Board" set out on page 5 to page 16 of the Circular, the "Letter from the Independent Financial Adviser" set out on page 19 to page 35 of the Circular to the Independent Board Committee and the Independent Shareholders which contains its advice to you and us in relation to the Sale and Purchase Agreement and the transactions contemplated thereunder, as well as the principal factors and reasons considered by the Independent Financial Adviser in arriving at its recommendation.

Having taken into account the Sale and Purchase Agreement, the transactions contemplated thereunder and the principal reasons and factors considered by, and the advice of, the Independent Financial Adviser as set out in the "Letter from the Independent Financial Adviser" in the Circular, we are of the opinion that the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder, though not in the ordinary and usual course of the business of the Group, are on normal commercial terms following arm's length negotiations between the parties thereto, fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the relevant ordinary resolution to be proposed at the SGM to approve the Sale and Purchase Agreement and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
the Independent Board Committee of InvesTech Holdings Limited

Mr. David Tsoi	**Mr. Lu, Brian Yong Chen**	**Mr. Yuen Shiu Wai**
Independent non-executive Director	*Independent non-executive Director*	*Independent non-executive Director*

The following is the full text of the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders for the purpose of inclusion in this Circular.

MERDEKA 領智

Room 1108-1110, 11/F
Wing On Centre
111 Connaught Road Central
Hong Kong

25 November 2022

To: The Independent Board Committee and the Independent Shareholders of InvesTech Holdings Limited

Dear Sirs/Madams,

MAJOR AND CONNECTED TRANSACTION IN RELATION TO ACQUISITION OF ENTIRE EQUITY INTEREST IN THE TARGET COMPANY AND SALE LOAN

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder, details of which are set out in the Letter from the Board (the "**Board Letter**") contained in the circular of the Company dated 25 November 2022 (the "**Circular**"). Terms used herein shall have the same meanings as defined in the Circular unless the context otherwise requires.

On 18 October 2022 (after trading hours), the Purchaser (which is a direct wholly-owned subsidiary of the Company), the Vendor, Ms. Tin and the Target Company entered into the Sale and Purchase Agreement, pursuant to which the Purchaser has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell, the Sale Shares, which represent the entire equity interest of the Target Company, together with the Sale Loan, at the total Consideration of HK$87,900,000 (subject to downward adjustment), which shall be settled by way of cash.

As set out in the Board Letter, as one of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Acquisition exceeds 25% but all of them are less than 100%, the Acquisition constitutes a major transaction for the Company under Chapter 14 of the Listing Rules.

Furthermore, as at the Latest Practicable Date, the Target Company is wholly-owned by the Vendor, which in turn is indirectly wholly and beneficially owned by Ms. Tin, the Vendor and Ms. Tin are therefore connected persons of the Company under Chapter 14A of the Listing Rules. As such, the Acquisition also constitutes a connected transaction on the part of the Company. Accordingly, the Vendor and Ms. Tin are considered to have a material interest in the Sale and Purchase Agreement and the transactions contemplated thereunder, and Ms. Tin and her associates shall abstain from voting on the resolution(s) to approve the Sale and Purchase Agreement and the transactions contemplated thereunder at the SGM. In addition, Ms. Tin, being the executive Director, has also abstained from voting on the resolution(s) passed by the Board to approve the Sale and Purchase Agreement and the transactions contemplated thereunder. To the best of the Directors' knowledge, information and belief, save for the Vendor, Ms. Tin and their respective associates, no other Shareholders have any material interest in the Sale and Purchase Agreement and the transactions contemplated thereunder.

Accordingly, the Sale and Purchase Agreement and the transactions contemplated thereunder are subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under the Listing Rules.

The Independent Board Committee comprising all the independent non-executive Directors who are not interested in the Acquisition, Mr. David Tsoi, Mr. Lu, Brian Yong Chen and Mr. Yuen Shiu Wai, has been established to consider, and advise the Independent Shareholders as to whether the terms of the Sale and Purchase Agreement are fair and reasonable, on normal commercial terms or better and in the ordinary and usual course of business of the Group, in the interests of the Company and the Shareholders as a whole and how to vote on the resolution(s) regarding the Sale and Purchase Agreement and the transactions contemplated thereunder.

We, Merdeka Corporate Finance Limited, with the approval of the Independent Board Committee, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders and to provide recommendation on whether the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable, in the interests of the Independent Shareholders and to give our recommendation as to the voting in respect of the resolution(s) to be proposed at the SGM for approving the Sale and Purchase Agreement and the transactions contemplated thereunder.

OUR INDEPENDENCE

As at the Latest Practicable Date, we did not have any relationships or interests with the Company or any other parties that could reasonably be regarded as relevant to our independence. Save for this appointment as the Independent Financial Adviser in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder, there were no other engagements between us and the Group in the past two years. Apart from normal professional fees paid or payable to us in connection with this transaction, no other arrangement exists whereby we had received or would receive any fees or benefits from the Company or any parties that could reasonably be regarded as relevant to our independence. Accordingly, we consider ourselves independent in accordance with Rule 13.84 of the Listing Rules.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have reviewed, *inter alia*, (i) the annual report of the Company for the year ended 31 December 2021 (the "**2021 Annual Report**"); (ii) the interim report of the Company for the six months ended 30 June 2022 (the "**2022 Interim Report**"); (iii) the Sale and Purchase Agreement; (iv) the valuation report (the "**Valuation Report**") in respect of the market value of the Property (the "**Valuation**") as at 30 September 2022 (the "**Valuation Date**") appraised by market approach and issued by Royson Valuation Advisory Limited, an independent property valuer (the "**Independent Valuer**"); (v) other information as set out in the Circular; and (vi) relevant market data and information available from public sources. We have relied on the statements, information, opinions and representations contained or referred to in the Circular and the representations made to us by the Directors and/or the senior management of the Company (the "**Management**") and/or the representatives of the Company.

We have assumed that all statements, information and representations made or referred to in the Circular and all information and representations which have been provided by the Company, the Directors and the Management and the representatives of the Company, for which they are solely and wholly responsible, were true at the time they were made and continue to be true as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion and intention made by the Directors and/or the Management in the Circular were reasonably made after due enquiry and careful consideration and there are no other facts not contained in the Circular, the omission of which make any such statement contained in the Circular misleading. The Shareholders will be notified of material changes as soon as possible, if any, to the information and representations provided and made to us after the Latest Practicable Date and up to and including the date of the SGM.

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries that, to the best of their knowledge and belief, there are no omission of other facts that would make any statements in the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter. We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have no reason to believe that any information and representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any omission of any material facts that would render the information provided and the representations made to us untrue, inaccurate or misleading. We have not, however, conducted any independent in-depth investigation into the business affairs, financial position or future prospects of the Group, nor have we carried out any independent verification of the information provided by the Directors and the Management and the representatives of the Company.

This letter is issued for the information for the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the Sale and Purchase Agreement and the transactions contemplated thereunder, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendations to the Independent Board Committee and the Independent Shareholders, we have taken into consideration the following principal factors and reasons. Our conclusions are based on the results of all analyses taken as a whole.

1. Background information of the parties

1.1 Information on the Purchaser, the Company and the Group

As set out in the Board Letter, the Purchaser is a company incorporated in BVI with limited liability, which is engaged in investment holding and is a direct wholly-owned subsidiary of the Company. The Company is an investment holding company incorporated in the Cayman Islands and continued in Bermuda with limited liability.

The Group is principally engaged in the provision of network system integration including the provision of network infrastructure solutions, network professional services and smart office software solutions, and the network equipment rental business.

Set out below is a summary of the unaudited consolidated financial information of the Group for the six months ended 30 June 2022 ("**HY2022**") and 2021 ("**HY2021**") as extracted from 2022 Interim Report; and the audited consolidated financial information of the Group for the year ended 31 December 2021 ("**FY2021**") and 2020 ("**FY2020**") as extracted from 2021 Annual Report.

	For the six months ended 30 June		**For the year ended 31 December**	
	2022	**2021**	**2021**	**2020**
	(Unaudited)	*(Unaudited)*	*(Audited)*	*(Audited and restated)*
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	197,059	230,406	484,598	469,116
Cost of sales	(170,096)	(210,052)	(427,490)	(417,849)
Gross profit	26,963	20,354	57,108	51,267
(Loss) before tax	(13,514)	(14,773)	(22,048)	(78,278)
(Loss) for the period/year	(14,096)	(13,526)	(22,329)	(78,662)

For the year ended 31 December 2020 and 2021

The Group recorded revenue for FY2021 in the amount of approximately RMB484.6 million, representing an increase of approximately 3.3% as compared to that for FY2020 in the amount of approximately RMB469.1 million. As noted from 2021 Annual Report, the increase in sales was primarily attributable to the increase in sale of products in relation to the Group's traditional IT infrastructure system integration and smart office software solutions for FY2021.

The Group achieved gross profit for FY2021 amounted to approximately RMB57.1 million, representing an increase of approximately RMB5.8 million, or approximately 11.3% as compared with that of approximately RMB51.3 million for FY2020. The gross profit margin for FY2021 was approximately 11.8%, representing an increase of approximately 0.9% as compared with that of approximately 10.9% for FY2020. As noted from 2021 Annual Report, the increase in gross profit margin was primarily attributable to the increase in sales of the Group's smart office software solutions throughout FY2021, which had a relatively high profit margin as compared to that of other products and services of the Group.

The Group recorded a loss of approximately RMB22.3 million for FY2021, representing a decrease of a loss of approximately RMB78.7 million for FY2020, which was mainly attributable to the absence of the impairment loss on goodwill for FY2021, compared to the impairment loss on goodwill of approximately RMB57.6 million for FY2020.

For the six months ended 30 June 2021 and 2022

Revenue of the Group for HY2022 was approximately RMB197.1 million, representing a decrease of approximately 14.5% as compared with that of approximately RMB230.4 million for HY2021. As noted from 2022 Interim Report, the decrease in revenue was primarily attributable to the decline in sales resulted from the delays in project schedules affected by the lockdown of cities in China during HY2022.

The Group achieved gross profit for HY2022 amounted to approximately RMB27.0 million, representing an increase of approximately 32.4% as compared with that of approximately RMB20.4 million for HY2021. The gross profit margin for HY2022 was approximately 13.7%, representing an increase of approximately 4.9% as compared with that of approximately 8.8% for HY2021. As noted from 2022 Interim Report, the increase in gross profit margin was primarily attributable to the increase in the proportion of sales contributed by the sales of software solutions and related services of the Group, which had a relatively high profit margin as compared to the sales of hardware products.

The Group recorded a loss from approximately RMB14.1 million for HY2022 in comparison to a loss of approximately RMB13.5 million for HY2021. The increase in loss was mainly attributable to the increase in income tax expense for HY2022.

	As at 30 June 2022 *(Unaudited)* *RMB'000*	**As at 31 December 2021** *(Audited)* *RMB'000*
Total non-current assets	257,343	277,023
Total current assets	406,218	378,406
Total assets	663,561	655,429
Total current liabilities	278,343	276,936
Total non-current liabilities	43,643	49,192
Total liabilities	321,986	326,128
Total equity	341,575	329,301
Equity attributable to owners of the parent	333,543	322,750

The Group's unaudited total assets as at 30 June 2022 amounted to approximately RMB663.6 million, including but not limited to, cash and cash equivalents of approximately RMB54.0 million and pledged deposits of approximately RMB25.3 million. The Group's audited total assets as at 31 December 2021 amounted to approximately RMB655.4 million.

The Group's equity attributable to owners of the parent increased by approximately 3.3% to approximately RMB333.5 million as at 30 June 2022 from approximately RMB322.8 million as at 31 December 2021.

1.2 Information on the Vendor and Ms. Tin

The Vendor is an investment holding company incorporated in BVI with limited liability, and is indirectly wholly and beneficially owned by Ms. Tin, who is a substantial Shareholder interested in 18,167,400 Shares, representing approximately 15.5% of the issued share capital of the Company as at the Latest Practicable Date, and also an executive Director, and hence a connected person of the Company. As such, the Vendor is an associate of Ms. Tin and is therefore a connected person of the Company under Chapter 14A of the Listing Rules.

1.3 Information on the Target Company and the Property

The Target Company

The Target Company is a private company limited by shares duly incorporated in BVI and is also registered in Hong Kong as a register non-Hong Kong Company under the Companies Ordinance. The Target Company is principally engaged in property investment, which is the legal and beneficial owner of the Property.

Set out below are the summary of the financial information in the audited accounts of the Target Company for the year ended 30 June 2021 and 2022, respectively:

	For the financial year ended 30 June	
	2021	**2022**
	HK$'000	*HK$'000*
	Approximate	*Approximate*
	(audited)	*(audited)*
Profit before taxation	6,836	2,980
Profit and other comprehensive income for the year	6,802	2,980

As referred to the Appendix II of the Circular, the audited net assets value and the audited net current assets of the Target Company as at 30 June 2022 were approximately HK$61,378,000 and approximately HK$907,000, respectively.

Upon Completion, the Target Company will become a wholly-owned subsidiary of Company and the Property will become the asset of the Company, and the accounts of the Target Company will be consolidated into the account of the Company.

The Property

As disclosed in the Valuation Report, the Property is for "Commercial" use with a total saleable area of approximately 2,998 square feet and consists of two separate units, locating at Capital Centre, No. 151 Gloucester Road, Hong Kong.

As at the Latest Practicable Date, the Property was held by the Target Company. Unit 707 was rented to Delta Wealth Finance Limited, with a monthly rent of HK$92,000 for the term commenced on 1 May 2021 and ending on 30 April 2023 (the "**Tenancy A"**). To the best of the information, knowledge and belief of the Directors having made all reasonable enquiry, Delta Wealth Finance Limited, which is an indirect wholly owned subsidiary of Virtual Mind Holding Company Limited (Stock Code: 1520), wherein Ms. Tin is an executive director and minority shareholder, and Ms. Tin is the sole director of Delta Wealth Finance Limited. As such, Ms. Tin is deemed to have control over Delta Wealth Finance Limited and accordingly Delta Wealth Finance Limited is regarded as an associate of Ms. Tin under the Listing Rules.

While Unit 708 was leased to 2 tenants and one of which is rented to Finsoft Finance Limited, with a monthly rent of HK$95,000 for the term commenced on 1 April 2021 and ending on 31 March 2023 (the "**Tenancy B**"). To the best of the information, knowledge and belief of the Directors having made all reasonable enquiry, Finsoft Finance Limited is indirectly wholly held by Finsoft Financial Investment Holdings Limited (Stock Code: 8018), wherein Ms. Tin is an executive director, the chairman and substantial shareholder but held not more than 30% of the issued shares thereof as at the date of the Announcement, and accordingly Finsoft Finance Limited and Finsoft Financial Investment Holdings Limited are not regarded as associates of Ms. Tin and hence are Independent Third Parties under the Listing Rules.

The other portion of Unit 708 is rented to Chunlin Group Limited, which is an indirect wholly owned subsidiary of the Company, with a monthly rent of HK$35,000 for the term commenced on 2 July 2022 and ending on 1 July 2023 (the "**Tenancy C**", collectively with Tenancy A and Tenancy B as the "**Tenancies**").

2. Background of, reasons for and benefits of the Acquisition

As stated in the Board Letter, upon expiry of the Tenancies, the Company will review the situation and may or may not renew certain of the tenancy agreements and keep the relevant portion of the Property for the Group's use. Despite the unstable economic environment in the recent year and the impact brought by COVID-19 on the business environment in general and the sales of the Group, as disclosed in 2022 Interim Report, the Group won a government contract for the provision of a smart library system for the Hong Kong government's Leisure and Cultural Services Department last year, and is now in the course of carrying out the relevant works, which provided a strong base for the Company to further explore public and private sector customers. Leveraging on its core competitiveness and provided advanced and customised IT infrastructure solutions to clients in segments including finance, manufacturing and retail, the Company strives to improve and expand its business operation. The establishment of a self-owned office in Hong Kong as one of its major operating locations with sufficient space for future expansion and use will be beneficial to the development of the Company. The Company will continue to use the existing portion of the Property as its office.

The Property is situated at Capital Centre in Wan Chai district. Due to the prime location of the Property, which has been popular for all tiers of enterprises, both local and international, to be used as their offices in Hong Kong, the Directors consider that, even if the whole Property will not be occupied by the Company for its self-use in future, the rental market in the adjacent area and the demand for the Property will be stable, and hence leasing the same or any portion unoccupied by the Company for the moment will also contribute a stable source of income to the Group which will help to improve the financial stability of the Company.

For our due diligence purpose, we conducted research on the performance of local property market of private offices. According to the statistics published by the Rating and Valuation Department (the "**RVD**"), the overall annual price index of private offices for all districts raised from 297.9 in 2011 to 502.5 in 2021, representing a compound annual growth rate ("**CAGR**") of approximately 4.9%. In addition, the annual average prices of Grade A offices in Wan Chai / Causeway Bay district grow from HK$180,338 per square meter in 2011 to HK$318,174 per square meter in 2021, representing a CAGR of approximately 5.3%, meanwhile the annual average prices of Grade B offices in the same district increase from HK$146,048 per square meter in 2011 to HK$252,433 per square meter in 2021, representing a CAGR of approximately 5.1%. The statistics from RVD above have shown a general growing trend in property prices for more than a decade in terms of private offices in Wan Chai district.

As further advised by the Management, it is anticipated that the Group is likely to obtain lower interest rate for bank loan which will be secured by the Property in comparison to unsecured loan, allowing the Group to replenish its working capital to secure future business development opportunities when necessary.

Having considered that (i) the Consideration represents a discount of approximately 3.2% compared to the aggregate amount of the Property Fair Value (as defined below) and the Adjusted NAV (as defined below); (ii) the Property is able to cater for the business development needs to the Group; (iii) the Property, after Completion, will be able to be part of the securities in obtaining further bank loan in lower interest rate for the business development of the Group; (iv) the historical growth trend of property prices of private offices in Wan Chai district indicates potential value appreciation of the Property in future; and (v) leasing the unoccupied Property by the Company can generate a stable source of income to the Group, we concur with the Directors' view that the Acquisition can bring long term benefits to the Group.

Therefore, we consider that the Acquisition is on normal commercial terms, and the terms of the Sale and Purchase Agreement (including the Consideration) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

3. The Sale and Purchase Agreement

3.1 Principal terms

Principal terms of the Sale and Purchase Agreement are set out as follows:

Date: 18 October 2022 (after the trading hours)

Parties: (i) the Purchaser;

(ii) the Vendor;

(iii) Ms. Tin, as the assignor of the Sale Loan; and

(iv) the Target Company (collectively, the "**Parties**").

Asset to be acquired

Pursuant to the Sale and Purchase Agreement, the Purchaser has conditionally agreed to acquire from the Vendor the Sale Shares, representing the entire equity interests of the Target Company, free from any encumbrance upon Completion, as well as the Sale Loan. Please refer to the section headed "Information on the Target Company and the Property" in this letter for further information.

The Sale Loan is the amount due by the Target Company to Ms. Tin (as its director). The Sale Loan is interest-free, unsecured and repayable on demand. For reference only, as at 30 September 2022, the amount of the Sale Loan is approximately HK$28,997,000. Pursuant to the terms of the Sale and Purchase Agreement, at Completion, Ms. Tin shall assign all the amount due to her as the Sale Loan to the Purchaser upon Completion.

3.2 Consideration

The Consideration for the Acquisition is HK$87,900,000 in aggregate (subject to adjustment in accordance with the Sale and Purchase Agreement), which shall be payable by the Purchaser to the Vendor in the following manner:

(a) an initial refundable deposit in the sum of HK$6,000,000 shall be paid by the Purchaser to the Vendor upon execution of the Sale and Purchase Agreement;

(b) a second refundable deposit in the sum of HK$11,580,000 shall be paid by the Purchaser to the Vendor one month after the execution of the Sale and Purchase Agreement (or such other date as the Parties may agreement in writing); and

(c) the remaining total balance (the "**Remaining Balance**") in the sum of HK$70,320,000 (or such downward adjusted amount) shall be paid by the Purchaser to the Vendor upon Completion.

At Completion, the Vendor shall deliver a completion accounts of the Target Company, and (i) if the net asset value of the Target Company is less than HK$900,000, the Remaining Balance shall be adjusted by deducting the shortfall between the actual net asset value and HK$900,000; or (ii) if there is a net liability of the Target Company, the Remaining Balance shall be adjusted by deducting HK$900,000 and the shortfall between the net liability amount and zero.

With reference to the Board Letter, the Consideration was arrived at after arm's length negotiations between the Parties and determined with reference to, among other things, (i) the Valuation of the Property as at the Valuation Date of HK$89,900,000 (the "**Property Fair Value**"); and (ii) the adjusted net asset value of the Target Company of approximately HK$900,000 (the "**Adjusted NAV**") as at 30 September 2022 based on its unaudited management account. Please refer to the sub-section headed "(ii) Consideration Adjustment" under "3.3 Analysis on the Consideration" in this letter for the details on the Adjusted NAV.

Although, the Adjusted NAV of the Target Company was approximately HK$900,000, given that (i) the Valuation shows the Property Fair Value is far higher than its net book value in the unaudited management account of the Target Company; and (ii) the Sale Loan will be assigned to the Purchaser upon Completion which will be eliminated on a consolidated basis in the account of the Company, the Consideration was determined mainly based on the Valuation and the Adjusted NAV of the Target Company but not solely on the net asset value of the Target Company. As the adjusted net asset value of the Target Group represents the actual amount of assets that would belong to the Target Company, the Company considers that setting the targeted adjusted net asset due at HK$900,000 still be fair and reasonable.

The Consideration shall be settled in cash by the Purchaser and is intended to be satisfied with internal resources of the Company and external financing. As at the Latest Practicable Date, the initial refundable deposit in the sum of HK$6,000,000 has been paid to the Vendor. In accordance with the terms of the Sale and Purchase Agreement, the Purchaser and the Vendor entered into a confirmation, pursuant to which the second refundable deposit in the sum of HK$11,580,000 shall be paid by the Purchaser to the Vendor on 25 November 2022.

Given the Consideration represents a discount of approximately 3.2% to the total of the Property Fair Value and the Adjusted NAV (i.e. approximately HK$90,800,000), the Directors consider that the Consideration is fair and reasonable and on normal commercial terms and the entering into of the Sale and Purchase Agreement is in the interests of the Company and the Shareholders as a whole.

3.3 Analysis on the Consideration

(i) Valuation of the Property

In assessing the fairness and reasonableness of the Valuation, we have reviewed the Valuation Report and discussed with the Independent Valuer in relation to (i) their relevant professional qualifications as a property valuer; (ii) their scope of work for conducting the Valuation; and (iii) the methodology and assumptions used in performing the Valuation.

In respect of the scope of work and competence of the Independent Valuer, we have obtained and reviewed the engagement letter between the Company and the Independent Valuer in respect of the Valuation, and are satisfied that the terms of the engagement letter are appropriate to the opinion that the Independent Valuer is required to provide.

We obtained the track records of the Independent Valuer on property valuations, and have enquired with the Independent Valuer in relation to their qualifications, expertise and independence, and were given to understand that the professional responsible for signing off the Valuation Report is a member of the Royal Institution of Chartered Surveyors, a member of The Hong Kong Institute of Surveyors, Registered Professional Surveyors in the General Practice Section and a member of China Institute of Real Estate and Agents, with over 18 years' experience in asset valuations in the property field in Hong Kong, Macau and Asia Pacific Region. The Independent Valuer has also confirmed that they are independent to the Company, the Vendor, the Target Company, and/or any of their respective substantial shareholders, directors or chief executive, or any of their respective associates. We are of the view that the Independent Valuer possesses sufficient professional qualifications and independence required to perform the Valuation.

In assessing the market value of the Property, the Independent Valuer has adopted the market approach by making reference to comparable market transactions in respect of comparable properties of similar size, scale, nature, character and location and weighed against all the respective advantages and disadvantages of comparable properties against the Property in order to arrive at a fair comparison of market value. In addition, as referred to the Valuation Report, the market approach rests on the wide acceptance of the market transactions or sale asking as the best indicator and pre-supposes that evidence of relevant transactions or sale asking in the market place can be extrapolated to similar properties, subject to allowances for variable factors. We understand from the Independent Valuer that they have considered three different generally accepted valuation methods, namely the market approach, the cost approach and the income approach in arriving at the market value of the Property. Based on our discussion with the Independent Valuer, we understood the Independent Valuer considers it is most appropriate to adopt the market approach as compared with the cost approach and the income approach because the subject assets are actively publicly traded and there are frequent and/or recent observable transactions. Furthermore, the Independent Valuer confirmed that the adoption of market approach is a normal industry practice for the Valuation based on their expertise and experience. Given that the aforesaid, we concur with the Independent Valuer's view that the adoption of market approach for the Valuation is fair and reasonable.

According to the Valuation Report, we understood the Independent Valuer has assumed that the owner sells the Property in the market in its existing state without the benefit of deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements which would serve to affect the values of the Property. No allowance has been made in the Valuation for any charges, mortgages or amounts owing on the property interests valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interests are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values. As advised by the Independent Valuer, we understand that all the assumptions in the Valuation are generally adopted in other valuations of similar properties and are necessary for the Independent Valuer to arrive at a reasonable estimated reference value of the Property. Accordingly, we consider that the adoption of the assumptions in the Valuation is fair and reasonable.

According to the Valuation Report, the Valuation was carried out in accordance with all the requirements contained in Chapter 5 to the Listing Rules, the HKIS Valuation Standards 2020 Edition published by the Hong Kong Institute of Surveyors (HKIS), the RICS Valuation – Global Standards (effective on 31 January 2022) published by the Royal Institution of Chartered Surveyors and the International Valuation Standards (effective on 31 January 2022) published by the International Valuation Standards Council (IVSC). We have discussed with the Independent Valuer and reviewed on the basis and assumptions adopted and nothing has come to our attention that would lead us to doubt the fairness and reasonableness of the principal bases and assumptions adopted in the Valuation.

In arriving at the appraised market value of the Property, the Independent Valuer has made reference to three recent transactions for properties similar in size, scale, nature, character and location and in proximity to the Property (the "**Comparable Properties**"). Adjustments have been considered for the differences in certain parameters, such as time, floor, location, building age, facilities and size etc., between the Comparable Properties and the Property. We have obtained and reviewed the information source of the Comparable Properties and the detailed calculation for the Valuation.

In assessing the appropriateness of the three Comparable Properties, we have enquired with the Independent Valuer the selection criteria and were given to understand that the Comparable Properties were selected based on the following criteria that (i) the properties are of commercial use that are of similar nature as the Property; (ii) the properties are suited at Wan Chai district which is in close proximity to the Property; (iii) the comparable transactions were occurred within one year immediately preceding the Valuation Date; and (iv) the sale and purchase agreements were registered in the Land Registry. As confirmed by the Independent Valuer, the Comparable Properties represent an exhaustive list of relevant comparables based on their best knowledge and information available. Having considered that (i) the Comparable Properties are of similar nature as the Property; (ii) the Comparable Properties were all transacted within one year immediately preceding the Valuation Date; and (iii) the Comparable Properties are all located at Wan Chai district, we are therefore of the view that the aforesaid selection criteria of the Comparable Properties is sufficient, reasonable and appropriate.

The Independent Valuer further advised us that with closer features shared between the Comparable Properties and the Property, fewer adjustments would be necessary for Valuation of the Property. The adjusted unit rate for the Comparable Properties ranges from approximately HK$25,908 per square feet to approximately HK$33,789 per square feet. While the unit rate adopted to derive the Consideration for the Property of approximately HK$30,000 per square feet lies within the range of those of the Comparable Properties, we consider the Valuation of the Property is a fair and reasonable reference for the determination of the Consideration.

Having considered that (i) the terms of engagement of the Independent Valuer with the Company; (ii) the qualifications, experience and independence of the Independent Valuer in relation to the preparation of the Valuation Report; (iii) the steps and due diligence measures taken by the Independent Valuer for conducting the Valuation; (iv) the methodology and assumption used by the Independent Valuer for the Valuation; (v) the appropriate selection of Comparable Properties; and (vi) the Consideration for the Property lying within the range of those of the Comparable Properties, we consider that the Valuation is fair and reasonable.

(ii) Consideration Adjustment

We note the Consideration for the Acquisition of HK$87,900,000 will be subject to downward adjustment pursuant to the Sale and Purchase Agreement, which will be determined as a result of the differences between the Adjusted NAV of HK$900,000 as at 30 September 2022 and the adjusted net asset value of the Target Company at Completion (the "**Completion NAV**"). At Completion, the Vendor shall deliver a completion accounts of the Target Company, and (i) if the Completion NAV is less than the Adjusted NAV of HK$900,000, the Remaining Balance shall be adjusted by deducting the shortfall between the Completion NAV and the Adjusted NAV of HK$900,000; or (ii) if there is an adjusted net liability of the Target Company, the Remaining Balance shall be adjusted by deducting the Adjusted NAV of HK$900,000 and the shortfall between the adjusted net liability amount and zero (the "**Consideration Adjustment**").

Regarding the determination of the Adjusted NAV of HK$900,000, we have discussed with the Management and understand that the Adjusted NAV was arrived by disregarding (i) net book value of the Property of approximately HK$29.8 million as at 30 September 2022; and (ii) the amount due to director of the Target Company of approximately HK$29.0 million. The Management advised that such adjustment was mainly due to (i) the fair value of the Property has been reflected in the Consideration; and (ii) the director's loan will become the Sale Loan to be assigned to the Purchaser upon Completion. For our assessment purpose, we have obtained the unaudited management account of the Target Company as at 30 September 2022 and noted that the unadjusted net asset value of the Target Company was approximately HK$1.75 million and the adjusted net asset value of the Target Company based on the aforesaid calculation basis would be approximately HK$900,000, which is approximate to the Adjusted NAV. Therefore, we consider the basis for the Adjusted NAV to be fair and reasonable.

Further, the Management advised that the Consideration Adjustment would reflect the actual amount of the net assets that would belong to the Target Company at Completion. If the Completion NAV is lower than HK$900,000, the Remaining Balance shall be adjusted downward on a dollar-for-dollar basis. The Management anticipates that Consideration Adjustment will be able to protect the interest of the Company in the event that the Target Company incurs additional liabilities or reduction of assets before Completion. Given the aforesaid, we concur with the Company's view that setting the Adjusted NAV of HK$900,000 as at Completion Date would be fair and reasonable.

Taking into account that the Consideration Adjustment (i) is principally based on the net asset value of the Target Company as at the Completion Date which will be taken up by the Purchaser upon Completion; and (ii) reduces the Consideration as a result of lower Completion NAV and protects the interest of the Company if the Target Company incurs additional liabilities or reduction of assets before Completion, we are of the view that the above adjustment mechanism is fair and reasonable.

4. Financial effects of the Acquisition

As disclosed in the Board Letter, upon Completion, the Group will hold 100% equity interests of the Target Company and the Property will become the asset of the Company, and the accounts of the Target Company will be consolidated into the accounts of the Company. Please refer to Appendix IV to the Circular for more information on the basis of preparation of the unaudited pro forma financial information of the Enlarged Group. The unaudited pro forma financial information of the Enlarged Group has been prepared based on the judgments and assumptions of the Directors for illustrative purposes only.

Earnings

As set out in the Board Letter, it is the current intention of the Company to lease out part of the Property and the remaining portion of the Property shall be for the Group's own uses after Completion. Therefore, the Acquisition enables the Group to reduce the rental expenses burden of the Group in relation to the use of the Property and generate rental income from the leasing out of the other area. Pursuant to the Tenancy C, the rent payable by the Group is HK$35,000 per month. Accordingly, the Group can save rental expenses of approximately HK$420,000 per annum as a result of the Acquisition. It is expected that subsequent to the Acquisition, depreciation of property, plant and equipment and investment properties (which is non-cash nature) of approximately HK$3.1 million per annum will be recorded.

Asset and liabilities

Based on the unaudited pro forma financial information of the Enlarged Group as set out in Appendix IV to the Circular, which is prepared as if the Acquisition had completed on 30 June 2022 to illustrate the effect of the Acquisition, it is expected that the total assets of the Group would increase from approximately HK$663.5 million to approximately HK$703.2 million and the total liabilities of the Group would increase from approximately HK$321.9 million to approximately HK$360.0 million. As a result, the net assets attributable to owners of the Company would increase from approximately HK$341.6 million to approximately HK$343.2 million.

The above analyses are for illustrative purpose only and do not purport to represent how the financial performance and position of the Group would be after Completion.

RECOMMENDATION

Having considered the above principal factors and reasons, we are of the view that (i) the Sale and Purchase Agreement is on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) although the Acquisition is not in the ordinary course of business of the Group, and as discussed in this letter, the Acquisition is in the interests of the Company and the Independent Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders, and we also recommend the Independent Shareholders to vote in favour of the relevant resolution(s) for approving the Acquisition.

Yours faithfully,
For and on behalf of
Merdeka Corporate Finance Limited
Wallace So
Director

Mr. Wallace So is a Responsible Officer of Merdeka Corporate Finance Limited under the SFO to engage in Type 6 (advising on corporate finance) regulated activity and has over 10 years of experience in corporate finance.

1. AUDITED CONSOLIDATED FINANCIAL STATEMENTS

The audited consolidated financial statements, together with the accompanying notes to the financial statements, of the Group for the three years ended 31 December 2021, 2020 and 2019 and the unaudited consolidated financial statements, together with the accompanying notes to the financial statements, of the Group for the six months ended 30 June 2022 are disclosed in the following documents which have been published on the websites of the Stock Exchange (http://www.hkexnews.hk) and on the website of the Company (www.investech-holdings.com).

- 2022 Interim Report page 33 to 84: https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0929/2022092901273.pdf
- 2021 Annual Report page 89 to 252: https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0427/2022042701047.pdf
- 2020 Annual Report page 82 to 232: https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0415/2021041500371.pdf
- 2019 Annual Report page 88 to 236: https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0428/2020042800664.pdf

2. WORKING CAPITAL

After taking into account of the Enlarged Group's internally generated funds and cash flows impact arising from the Acquisition, presently available banking facilities, and in the absence of unforeseeable circumstances, the Directors are of the opinion that the Enlarged Group will have sufficient working capital for its present requirements for at least the next twelve months from the date of this circular.

3. INDEBTEDNESS STATEMENT

As at the close of business on 30 September 2022, being the most recent practicable date for the purpose of indebtedness statement of the Enlarged Group prior to the printing of this circular, the Enlarged Group had the following outstanding indebtedness:

	RMB'000
Bank loans – unsecured and guaranteed	20,684
Lease liabilities – secured and unguaranteed	16,310
Convertible bonds	24,990

The Enlarged Group's guaranteed bank loans were guaranteed by the Company and a Director.

Save as aforesaid, as at 30 September 2022, being the most recent practicable date for the purpose of this indebtedness statement prior to the printing of this circular, and apart from the intra-group liabilities, the Enlarged Group did not have any debt securities issued and outstanding, any authorised or otherwise created but unissued, term loans, other borrowings, indebtedness in nature of borrowings including bank overdrafts, liabilities under acceptances (other than normal trade bills) or acceptance credits, hire purchase commitments, debentures, mortgages, charges, recognised lease liabilities, which are either guaranteed, unguaranteed, secured, or unsecured, or other material contingent liabilities or guarantees outstanding at the close of business.

4. MATERIAL ADVERSE CHANGE

The Directors confirm that save as disclosed in the interim report for the six months ended 30 June 2022, there was no material adverse change in the financial or trading position of the Group since 31 December 2021, being the date to which the latest published audited consolidated accounts of the Group were made up, and up to the Latest Practicable Date.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

Looking ahead, the Group will maintain the stable development of its IT infrastructure system integration business, with a focus on expediting the development of its smart office software business, which will serve as its revenue growth engine. The Group will also continuously increase its investment and expand the professional team at its research and development (“**R&D**”) centre in the People’s Republic of China (“**PRC**”) city of Xi’an in order to optimise its R&D capabilities, thereby enhancing its core competence and strengthening its market position in the long run. To acquire new clients and offer cutting-edge solutions, the Group will continue to form strategic alliances with technology giants.

In addition to expanding its customer base in the PRC, the Group will also continue to explore bidding of both public and private projects in Hong Kong, striving to increase its market share. With the aim of expanding its business in overseas markets, the Group intends to explore its business opportunities in Southeast Asia and countries along the route of Belt and Road Initiative to expedite its business development and capture market opportunities.

Enterprise metaverse solutions, which deliver advantages such as increased access to talent, enhanced productivity and reduced operating costs, have become one of the latest trends in the IT industry. As many employees have switched to working from home due to recurrent COVID-19 outbreaks, technology giants have made immense investments to expedite the development of enterprise metaverse, leading to breakthroughs in this new technology. Leveraging Company's advanced digital-twin technology and solid experience in hybrid smart office solutions, the Group aims to modify and enhance its software products through built-in compatibility with the latest technology. At the same time, the Group will join hands with technology giants to offer highly realistic, virtual smart office solutions to customers, with the ultimate goal of facilitating the development of enterprise metaverse.

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF SINO PROFIT TRADING LIMITED TO THE DIRECTORS OF INVESTECH HOLDINGS LIMITED

Introduction

We report on the historical financial information of Sino Profit Trading Limited (the "**Target Company**") set out on pages II-3 to II-27, which comprises the statements of financial position of the Target Company as at 30 June 2020, 2021 and 2022, and the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows of the Target Company for each of the three years ended 30 June 2022 (the "**Relevant Periods**") and a summary of significant accounting policies and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages II-3 to II-27 forms an integral part of this report, which has been prepared for inclusion in the circular of Investech Holdings Limited (the "**Company**") dated 25 November 2022 (the "**Circular**") in connection with the proposed major and connected transaction in relation to acquisition of entire equity interest in the Target Company and Sale Loan.

Directors' responsibility for the Historical Financial Information

The directors of the Target Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors of the Target Company determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

The directors of the Company are responsible for the contents of this Circular in which the Historical Financial Information of the Target Company is included, and such information is prepared based on accounting policies materiality consistent with those of the Company.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Target Company, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Target Company's financial position as at 30 June 2020, 2021 and 2022 and of the Target Company's financial performance and cash flows for the Relevant Periods in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page II-3 have been made.

Dividends

We refer to note 10 to the Historical Financial Information which states that no dividend was declared or paid by the Target Company in respect of the Relevant Periods.

CL Partners CPA Limited
Certified Public Accountants
Hong Kong
25 November 2022

HISTORICAL FINANCIAL INFORMATION OF THE TARGET COMPANY

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The Historical Financial Information in this report was prepared based on the previously issued financial statements of Sino Profit Trading Limited for the Relevant Periods. The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") and were audited by CL Partners CPA Limited in accordance with Hong Kong Standards on Auditing (the "**Underlying Financial Statements**").

The Historical Financial Information is presented in Hong Kong dollars ("**HK$**") and all values are rounded to the nearest dollars except when otherwise indicated.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 30 June		
		2020	**2021**	**2022**
	NOTES	*HK$*	*HK$*	*HK$*
Revenue	*6*	1,536,000	1,819,000	2,664,000
Other income	*7*	123,519	147,608	307,102
Change in fair value of investment properties	*11*	(13,500,000)	6,000,000	1,500,000
Administrative expenses		(1,170,331)	(1,130,520)	(1,491,457)
(Loss) profit before taxation	*8*	(13,010,812)	6,836,088	2,979,645
Taxation	*9*	–	(33,898)	–
(Loss) profit and other comprehensive (expense) income for the year		(13,010,812)	6,802,190	2,979,645

STATEMENTS OF FINANCIAL POSITION

		As at 30 June		
		2020	2021	2022
	NOTES	*HK$*	*HK$*	*HK$*
Non-current asset				
Investment properties	*11*	82,400,000	88,400,000	89,900,000
Current assets				
Deposits and other receivables	*12*	147,978	147,978	47,978
Profit tax refundable	*13*	1,557,681	1,523,783	1,523,783
Bank balances and cash	*14*	66,311	45,985	22,019
		1,771,970	1,717,746	1,593,780
Current liability				
Other payables and accruals	*15*	499,974	784,974	686,350
Net current assets		1,271,996	932,772	907,430
Total assets less current liabilities		83,671,996	89,332,772	90,807,430
Non-current liabilities				
Amount due to immediate holding company	*16*	18,060,601	18,006,147	–
Amount due to a director	*16*	14,015,128	12,928,168	29,429,328
		32,075,729	30,934,315	29,429,328
Net assets		51,596,267	58,398,457	61,378,102
Capital and reserves				
Share capital	*17*	780	780	780
Reserves		51,595,487	58,397,677	61,377,322
Total equity		51,596,267	58,398,457	61,378,102

STATEMENTS OF CHANGES IN EQUITY

	Share capital *HK$*	Retained profits *HK$*	Total *HK$*
At 1 July 2019	780	64,606,299	64,607,079
Loss and total comprehensive expense for the year	–	(13,010,812)	(13,010,812)
At 30 June 2020	780	51,595,487	51,596,267
Profit and total comprehensive income for the year	–	6,802,190	6,802,190
At 30 June 2021	780	58,397,677	58,398,457
Profit and total comprehensive income for the year	–	2,979,645	2,979,645
At 30 June 2022	780	61,377,322	61,378,102

STATEMENTS OF CASH FLOWS

	Year ended 30 June		
	2020	**2021**	**2022**
	HK$	*HK$*	*HK$*
Operating activities			
(Loss) profit before taxation	(13,010,812)	6,836,088	2,979,645
Adjustment for:			
Change in fair value of investment properties	13,500,000	(6,000,000)	(1,500,000)
Operating cash flows before movements in working capital	489,188	836,088	1,479,645
(Increase) decrease in deposits and other receivables	(100,000)	–	100,000
Increase (decrease) in other payables and accruals	74,000	285,000	(98,624)
Net cash generated from operations	463,188	1,121,088	1,481,021
Income Tax paid	–	–	–
Net cash generated from operating activities	463,188	1,121,088	1,481,021
Financing activities			
Repayment to immediate holding company	(612,705)	(54,454)	(1,504,987)
Advances from (repayment to) a director	183,000	(1,086,960)	–
Net cash used in financing activities	(429,705)	(1,141,414)	(1,504,987)
Net increase (decrease) in cash and cash equivalents	33,483	(20,326)	(23,966)
Cash and cash equivalents at beginning of year	32,828	66,311	45,985
Cash and cash equivalents at end of year	66,311	45,985	22,019

NOTES TO HISTORICAL FINANCIAL INFORMATION

1. GENERAL

Sino Profit Trading Limited (the "**Target Company**") was incorporated in the British Virgin Islands ("**BVI**") as an exempted company with limited liability.

The Target Company's registered office address is P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, the BVI, and principal place of business is Room 707, Capital Centre, 151 Gloucester Road, Wanchai, Hong Kong. The approved business name in Hong Kong is "Delta Wealth Investment Limited". The directors considers that Delta Wealth Credit Limited, a Company incorporated in Hong Kong, is the Target Company's immediate holding company.

The Target Company is principally engaged in property investment. During the Relevant Periods, there was no significant change in the Target Company's principal activity.

The Historical Financial Information is presented in Hong Kong Dollar ("**HK$**") which is the functional currency of the Target Company.

2. BASIS OF PREPARATION OF HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information has been prepared based on the accounting policies set out in Note 4 which conform with International Financial Reporting Standards ("**IFRSs**"). For the purpose of preparation of the financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the Historical Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Hong Kong Companies Ordinance.

3. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

For the purpose of preparing and presenting the Historical Financial Information for the Relevant Periods, the Target Company has consistently applied all amendments to IFRSs that are effective for the accounting period beginning on 1 January 2022 throughout the Relevant Periods.

New and amendments to IFRSs in issue but not yet effective

The Target Company has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

IFRS 17	Insurance Contracts and the related Amendments[1]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[1]
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to IAS 8	Definition of Accounting Estimate[1]
Amendments to IAS 12	Deferred Tax related to Assets Liabilities arising from a Single Transaction[1]

1 Effective for annual periods beginning on or after 1 January 2023.

2 Effective for annual periods beginning on or after a date to be determined.

The directors of the Target Company anticipate that the application of all new and amendments to IFRSs will have no material impact on the financial information in the foreseeable future.

4. SIGNIFICANT ACCOUNTING POLICIES

The Historical Financial Information has been prepared on the historical cost basis and in accordance with the following accounting policies which conform with IFRSs. In addition, the Historical Financial Information includes applicable disclosures required by the Hong Kong Companies Ordinance.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Target Company takes into account the characteristics of the asset or liability if the market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the Historical Financial Information is determined on such basis, except for share-based payment transactions that are within the scope of IFRS 2 ''Share-based payments'', leasing transactions that are within the scope of IFRS16 ''Leases'', and measurement that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 ''Inventories'' or value in use in IAS 36 ''Impairment of assets''.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below:

Revenue recognition

The Target Company recognises revenue when (or as) a performance obligation is satisfied, i.e. when ''control'' of the goods or services underlying the particular performance obligation is transferred to the customer. A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Target Company's performance as the Target Company performs;
- the Target Company's performance creates or enhances an asset that the customer controls as the Target Company performs; or

- the Target Company's performance does not create an asset with an alternative use to the Target Company and the Target Company has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Target Company as lessor

Leases for which the Target Company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at fair value, adjusted to exclude any prepaid or accrued operating lease income.

Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15 "Revenue from contracts with customers". Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets at fair value through profit or loss ("**FVTPL**")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial recognition of a financial asset the Target Company may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 "Business Combinations" applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Target Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Target Company may irrevocably designate a financial asset that are required to be measured at the amortised cost or fair value through other comprehensive income as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

Impairment of financial assets

The Target Company performs impairment assessment under expected credit loss ("**ECL**") model on financial assets (including deposits and other receivables, profit tax refundable and bank balances) which are subject to impairment assessment under IFRS 9 "Financial Instruments". The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("**12m ECL**") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Target Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

For all instruments, the Target Company measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Target Company recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Target Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Target Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Target Company presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Target Company has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Target Company assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (i) it has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Target Company considers a debt instrument to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definitions.

The Target Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Target Company considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Target Company, in full.

Irrespective of the above, the Target Company considers that default has occurred when a financial asset is more than 90 days past due unless the Target Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(iv) Write-off policy

The Target Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Target Company's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Target Company in accordance with the contract and the cash flows that the Target Company expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for certain trade receivables not backed by bank bills are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Target Company takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Target Company recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables where the corresponding adjustment is recognised through a loss allowance account.

Derecognition of financial assets

The Target Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Target Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Target Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Target Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Target Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments issued by the Target Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Target Company are recognised at the proceeds received, net of direct issue costs.

Purchase of the Target Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Target Company's own equity instruments.

Financial liabilities at amortised cost

Financial liabilities including other payables and amounts due to immediate holding company/a director are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

The Target Company derecognises financial liabilities when, and only when, the Target Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Impairment on tangible assets

At the end of the reporting period, the Target Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Target Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Retirement benefit costs

Payments to government-managed retirement benefit schemes and the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries) after deducting any amount already paid.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from (loss) profit before taxation as reported in the statements of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Target Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Target Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax is recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Target Company's accounting policies, which are described in note 4, the directors of the Target Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The followings are the key sources of estimation uncertainty at the end of each reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year.

Fair value of investment properties

Investment properties are stated at fair value based on the valuation performed by independent professional valuers. The determination of the fair value involves certain assumptions of market conditions which are set out in note 11.

In relying on the valuation report, the directors of the Target Company have exercised their judgement and are satisfied that the method of valuation is reflective of the current market conditions. Whilst the Target Company considers valuations of the Target Company's investment properties are the best estimates, the ongoing Covid-19 pandemic has resulted in greater market volatility depending on how the Covid-19 pandemic may progress and evolve, which have led to higher degree of uncertainties in respect of the valuations in the current year. Changes to these assumptions, including the potential risk of any market violation, policy, geopolitical and social changes or other unexpected incidents as a result of change in macroeconomic environment, travel restrictions implemented by many countries, increased complexity in international trade tensions geopolitics, changes in policy direction and/or mortgage requirements, or other unexpected incidents would result in changes in the fair values of the Target Company's investment properties and the corresponding adjustments to the amount of gain or loss reported in the statements of profit or loss and other comprehensive income.

The directors of the Target Company have performed internal assessment on the risks of change in macroeconomic environment through performing sensitivity analysis in relation to the Target Company's investment properties.

As at 30 June 2022, 30 June 2021 and 30 June 2020, the carrying amount of the Target Company's investment properties are approximately HK$89,900,000, HK$88,400,000 and HK$82,400,000 respectively.

Income tax

Certain treatments adopted by the Target Company in its Hong Kong Profits Tax returns in the past years are yet to be finalised with the Hong Kong Inland Revenue Department (the "**IRD**"). In assessing the Target Company's income tax, the Target Company has predominantly followed the tax treatments it has adopted in these tax returns, which may be different from the final outcome in due course. As detailed in note 13, there are tax queries from the IRD with the Target Company on certain tax treatment for which the ultimate tax determination is uncertain up to the date of this report. The Target Company recognises tax provision for these tax matters based on estimates of whether additional taxes will eventually be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the income tax expenses in the period when such determination is made.

6. REVENUE

The following is an analysis of the Target Company's turnover during the Relevant Periods:

	Year ended 30 June		
	2020	**2021**	**2022**
	HK$	*HK$*	*HK$*
Rental income	1,536,000	1,819,000	2,664,000

7. OTHER INCOME

	Year ended 30 June		
	2020	**2021**	**2022**
	HK$	*HK$*	*HK$*
Management fee income	100,619	127,008	258,842
Sundry income	22,900	20,600	48,260
	123,519	147,608	307,102

8. (LOSS) PROFIT BEFORE TAXATION

	Year ended 30 June		
	2020	**2021**	**2022**
	HK$	*HK$*	*HK$*
(Loss) profit before taxation has been arrived at after charging:			
Directors' remuneration	–	–	–
Other staff costs	–	–	–
Contributions to retirement benefit schemes for other staff	–	–	–
Total staff costs	–	–	–
Auditor's remuneration	24,000	24,000	27,400
Building management fee	258,842	258,842	258,842
Administrative management fee	239,017	720,000	840,000

9. TAXATION

	Year ended 30 June		
	2020	2021	2022
	HK$	*HK$*	*HK$*
Hong Kong Profits Tax			
Underprovision in prior year	–	33,898	—

Hong Kong Profits Tax are calculated at 16.5% of the estimated assessable profits during the Relevant Periods. No provision for Hong Kong Profits Tax is made as the Target Company does not have any assessment profits arising from Hong Kong during the Relevant Periods.

Taxation for the year can be reconciled to the (loss) profit before taxation per the statements of profit or loss and other comprehensive income as follows:

	Year ended 30 June		
	2020	2021	2022
	HK$	*HK$*	*HK$*
(Loss) profit before taxation	(13,010,812)	6,836,088	2,979,645
Income tax (credit) charge at the statutory tax rates of 16.5%	(2,146,784)	1,127,955	491,641
Tax effect of expenses not deductible for tax purpose	2,227,500	–	–
Tax effect of income not taxable for tax purpose	–	(990,000)	(247,500)
Utilisation of tax losses previously not recognised	–	(38,445)	(150,480)
Tax effect of tax losses not recognised	23,100	–	–
Underprovision in prior year	–	33,898	–
Others	(103,816)	(99,510)	(93,661)
Taxation for the year	–	33,898	–

At 30 June 2020, 2021 and 2022, the Group has unused tax losses of approximately HK$1,456,000, HK$1,223,000 and HK$311,000 available for offset against future profits. No deferred tax assets have been recognised for the tax losses due to the unpredictability of future profit streams. The tax losses may be carried forward indefinitely.

10. DIVIDENDS

No dividends was declared or paid by the Target Company in respect of the Relevant Periods.

11. INVESTMENT PROPERTIES

	As at 30 June		
	2020	**2021**	**2022**
	HK$	*HK$*	*HK$*
FAIR VALUE			
At beginning of the year	95,900,000	82,400,000	88,400,000
Change in fair value recognised in profit or loss	(13,500,000)	6,000,000	1,500,000
At end of the year	82,400,000	88,400,000	89,900,000

All of the Target Company's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

The Target Company engages third party qualified valuers to perform the valuation. The management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The management reports the findings to the board of directors of the Target Company every half-year to explain the cause of fluctuations in the fair value of the property.

In estimating the fair value of the property, the highest and best use of the property is the current use.

The fair values of the Target Company's investment properties at 30 June 2022, 30 June 2021 and 30 June 2020 have been arrived at on the basis of valuation carried out on the respective dates by the following Valuers with appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations.

Name of valuer	**Location of investment properties**
Royson Valuation Advisory Limited	Hong Kong

Valuation techniques

The fair value of investment properties located in Hong Kong is determined by using direct comparison approach. The direct comparison approach assumes sale of property interest in its existing state by making reference to comparable market transactions or sale acting as available in the relevant market.

Summary of fair value hierarchy and Level 3 fair value measurements

As at 30 June 2022, 30 June 2021 and 30 June 2020, all investment properties of the Target Company are valued by reference to a Level 3 fair value measurement.

Level 3 valuation methodologies

Below is a table which presents the significant unobservable inputs:

Investment properties	Valuation techniques	Unobservable input	Relationship of unobservable inputs to fair value
Hong Kong Commercial	Direct Comparison Approach	Taking into account the recent transaction prices of similar properties, which ranged from HK$16,900 to HK$30,600 per sq ft, from HK$23,200 to HK$31,400 per sq ft and from HK$25,900 to HK$33,800 per sq ft as at 30 June 2020, 30 June 2021 and 30 June 2022, respectively.	The higher level of the property, the higher the fair value; the older the building age, the lower the fair value; and the larger the property, the higher the fair value

12. DEPOSITS AND OTHER RECEIVABLES

	As at 30 June		
	2020	**2021**	**2022**
	HK$	*HK$*	*HK$*
Deposits	47,978	47,978	47,978
Other receivables	100,000	100,000	–
	147,978	147,978	47,978

13. PROFIT TAX REFUNDABLE

During the year ended 30 June 2017, the IRD issued notices of assessment for the year of assessment 2014/2015 following queries in connection with certain tax treatment. Based on the strength of advice from external tax advisor, the directors of the Target Company have determined to strongly contest the assessments raised by the IRD. The Target Company has lodged objections against these tax assessments and has applied to hold over the tax demanded. The IRD has agreed to the holdover of the additional tax demanded subject to the purchases of tax reserve certificates ("**TRCs**"). The purchases of TRCs do not prejudice the Target Company's tax position and the purchased TRCs were included in current assets of the Target Company's statements of financial position. No additional tax provision has been made during the Relevant Periods in respect of the above notices of assessment.

14. BANK BALANCES AND CASH

Bank balances and cash comprise cash held by the Target Company and short-term bank deposits with an original maturity of three months or less and earn interest at floating rate based on daily bank deposit rates during the Relevant Periods.

15. OTHER PAYABLES AND ACCRUALS

	As at 30 June		
	2020	**2021**	**2022**
	HK$	*HK$*	*HK$*
Accruals	50,000	50,000	76,350
Deposits received	449,974	734,974	610,000
	499,974	784,974	686,350

16. AMOUNTS DUE TO IMMEDIATE HOLDING COMPANY/A DIRECTOR

The amounts are unsecured, interest-free and repayable on demand.

17. SHARE CAPITAL

As at 1 July 2019, 30 June 2020, 30 June 2021 and 30 June 2022, the fully paid capital of the Target Company is HK$780.

18. LEASE ARRANGEMENTS

The Target Company leases its investment properties under non-cancellable lease arrangements, with leases negotiated for terms ranging from one to two years. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

At the end of the reporting period, the Target Company had total future minimum lease receivables under non-cancellable leases with its tenants falling due as follows:

	As at 30 June		
	2020	**2021**	**2022**
	HK$	*HK$*	*HK$*
Within one year	930,000	2,244,000	1,775,000
In the second to fifth year inclusive	–	1,775,000	–
	930,000	4,019,000	1,775,000

19. RETIREMENT BENEFITS SCHEMES

The Target Company operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The assets of the schemes are held separately from those of the Target Company, in funds under the control of trustees. The Target Company contributes 5% of relevant payroll costs to the MPF Scheme, which contribution is matched by employees but subject to a maximum amount of HK$1,500 per month for each employee.

No contributions paid and payable to these plans for the years ended 30 June 2020, 30 June 2021 and 30 June 2022 by the Target Company.

20. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions and balances disclosed in the Historical Financial Information, the Target Company entered into the following transactions with related parties as follows:

	Year ended 30 June		
	2020	**2021**	**2022**
	HK$	*HK$*	*HK$*
Rental income received from related companies *(Note)*	1,536,000	1,534,000	1,524,000
Management fee paid to related companies *(Note)*	239,017	720,000	840,000

Note: Ms. Tin Yat Yu Carol, a director of the Target Company, is the director of the related companies.

(b) Pledged of assets to banks for the banking facilities of related party

As at 30 June 2020, 30 June 2021 and 30 June 2022, the properties held by the Target Company amounted to approximately HK$82,400,000, HK$88,400,000 and HK$89,900,000, respectively, was pledged to a bank for the banking facilities granted to a related party, in which Ms. Tin Yat Yu Carol, the director of the Target Company, is the director of the related company.

(c) Compensation of key management personnel

There was no remuneration of key management personnel during the Relevant Periods.

21. CAPITAL RISK MANAGEMENT

The Target Company manages its capital to ensure that entities in the Target Company will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balances. The Target Company's overall strategy remains unchanged throughout the Relevant Periods.

The capital structure of the Target Company consists of net debts, which includes amount due to immediate holding company and amount due to a director, cash and cash equivalents and equity attributable to owners of the Target Company, comprising issued share capital and retained profits.

The directors of the Target Company review the capital structure on a regular basis. As part of this review, the directors of the Target Company consider the cost of capital and the risks associated with the capital. Based on recommendations of the directors of the Target Company, the Target Company will balance its overall capital structure through the payment of dividends, new share issues and raising or repayment of bank borrowings.

22. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	As at 30 June		
	2020	**2021**	**2022**
	HK$	*HK$*	*HK$*
Financial assets			
Amortised cost	1,771,970	1,717,746	1,593,780
Financial liabilities			
Amortised cost	32,525,703	31,669,289	30,039,328

b. Financial risk management objectives and policies

The Target Company's financial instruments include bank balances and cash, deposits and other receivables, profit tax refundable, other payables, amount due to immediate holding company and amount due to a director. Details of these financial instruments are disclosed in the respective notes to the financial statements. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate risk management measures are implemented on a timely and effective manner.

Credit risk

The Target Company's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at 30 June 2020, 30 June 2021 and 30 June 2022 in relation to each class of recognised financial assets are the carrying amount of these assets as stated in the statements of financial position.

In order to minimise the credit risk, the management monitors follow-up actions to recover overdue debts. Management of the Target Company reviews the recoverable amount of each individual trade receivable regularly at the end of each reporting period to ensure that adequate allowances for impairment losses are made for irrecoverable amounts. In this regard, the directors of the Target Company consider that the Target Company's credit risk is adequately managed and mitigated.

For deposits and other receivables and profit tax refundable, the directors review the recoverable amount at 30 June 2020, 30 June 2021 and 30 June 2022 to ensure that adequate impairment losses under ECL model are made for irrecoverable amounts.

Management considers the credit risk on liquid funds is limited because the counterparties are banks including banks in Hong Kong with good reputation.

Liquidity risk

In the management of liquidity risk, the Target Company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Target Company's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

Liquidity and interest risk analyses

Non-derivative financial liabilities

The following table details the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Target Company can be required to pay. The table includes both interest and principal cash flows.

Liquidity risk tables

	Weighted average effective interest rate	**On demand or within 1 year**	**Within 2 to 3 years**	**After 5 years**	**Total undiscounted cash flows**	**Carrying amounts**
	%	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
30 June 2020						
Non-derivative financial liabilities						
Other payables	N/A	449,974	–	–	449,974	449,974
Amount due to immediate holding company	N/A	18,060,601	–	–	18,060,601	18,060,601
Amount due to a director	N/A	14,015,128	–	–	14,015,128	14,015,128
		32,525,703	–	–	32,525,703	32,525,703
30 June 2021						
Non-derivative financial liabilities						
Other payables	N/A	734,974	–	–	734,974	734,974
Amount due to immediate holding company	N/A	18,006,147	–	–	18,006,147	18,006,147
Amount due to a director	N/A	12,928,168	–	–	12,928,168	12,928,168
		31,669,289	–	–	31,669,289	31,669,289
30 June 2022						
Non-derivative financial liabilities						
Other payables	N/A	610,000	–	–	610,000	610,000
Amount due to a director	N/A	29,429,328	–	–	29,429,328	29,429,328
		30,039,328	–	–	30,039,328	30,039,328

c. Fair value of financial assets and financial liabilities

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The management considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the combined financial statements approximate their fair values because the effect of discounting is immaterial.

23. NON-CASH TRANSACTIONS

During the year ended 30 June 2022, amount due to immediate holding company of HK$18,006,000 was settled through the current account with a director.

24. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Target Company have been prepared in respect of any period subsequent to 30 June 2022.

FINANCIAL INFORMATION OF THE TARGET COMPANY

Set out below is the discussion and analysis of the results of the Target Company for the three years ended 30 June 2020, 2021 and 2022.

FINANCIAL REVIEW

Set out below is the key financial information of the Target Company for the financial year ended 30 June 2020, 2021 and 2022.

	Year ended 30 June		
	2020	**2021**	**2022**
	HK$	*HK$*	*HK$*
Rental income	1,536,000	1,819,000	2,664,000
Other income	123,519	147,608	307,102
Change in fair value of investment properties	(13,500,000)	6,000,000	1,500,000
Administrative expenses	(1,170,331)	(1,130,520)	(1,491,457)
(Loss) profit before taxation	(13,010,812)	6,836,088	2,979,645
Taxation	–	(33,898)	–
(Loss) profit and other comprehensive (expense) income for the year	(13,010,812)	6,802,190	2,979,645

Revenue

The Target Company's revenue represents rental income from the Property. Revenue for the year ended 30 June 2020, 30 June 2021 and 30 June 2022 amounted to approximately HK$1.5 million, HK$1.8 million and HK$2.7 million, respectively, the increase was primarily due to the rise in rental income received through the Property.

Other income

Other income represents management fee income and sundry income.

Change in fair value of investment properties

The change in fair value of the investment properties is arrived at on the basis of valuation carried out by the Valuer. Please refer to Appendix II to this circular for more information.

Administrative expenses

Administrative expenses primarily consisted of management fee and depreciation expense. The administrative expenses over the three years ended 30 June 2022 are relatively steady.

Income tax expense

Income tax expenses represents tax expenses in Hong Kong. Income tax expenses was approximately nil, HK$34,000 and nil for the three years ended 30 June 2022 respectively.

Loss/profit for the year

The Target Company recorded a loss of approximately HK$13.0 million, a profit of approximately HK$6.8 million and HK$3.0 million, respectively for the year ended 30 June 2020, 30 June 2021 and 30 June 2022, respectively.

Financial Position

As at 30 June 2020

As at 30 June 2020, the Target Company had non-current and current assets of approximately HK$82.4 million and HK$1.8 million, respectively.

As at 30 June 2020, the Target Company had current liabilities of approximately HK$0.5 million.

As at 30 June 2020, the Target Company had net current assets of approximately HK$1.3 million.

As at 30 June 2021

As at 30 June 2021, the Target Company had non-current assets of approximately HK$88.4 million and current assets of approximately HK$1.7 million. The increase in non-current assets as compared to that as at 30 June 2020, was primarily due to an increase in fair value of the Property.

As at 30 June 2021, the Target Company had current liabilities of approximately HK$0.8 million.

As at 30 June 2021, the Target Company had net current assets of approximately HK$0.9 million.

As at 30 June 2022

As at 30 June 2022, the Target Company had non-current assets of approximately HK$89.9 million and HK$1.6 million, respectively. The increase in non-current assets as compared to that as at 30 June 2021, was primarily due to an increase in fair value of the Property.

As at 30 June 2022, the Target Company had current liabilities of approximately HK$0.7 million.

As at 30 June 2022, the Target Company had net current assets of approximately HK$0.9 million.

Liquidity, financial resources and capital structure

The Target Company recorded a net cash inflow of approximately HK$33,000 for the year ended 30 June 2020, which was mainly derived from operating activities.

The Target Company recorded a net cash outflow of approximately HK$20,000 for the year ended 30 June 2021, which was mainly derived from financing activities.

The Target Company recorded a net cash outflow of approximately HK$24,000 for the year ended 30 June 2022, which was mainly derived from financing activities.

Amount due to an immediate holding company/ a director

As at 30 June 2020, 30 June 2021 and 30 June 2022, the balances of amount due to an immediate holding company and a director amounted to approximately HK$32.1 million, HK$30.9 million and HK$29.4 million, respectively.

Charge on assets

As at 30 June 2020, 30 June 2021 and 30 June 2022, the charge on assets of the Target Company amounted to approximately HK$82.4 million, HK$88.4 million and HK$89.9 million, respectively.

Foreign Exchange Exposures

The Target Company has bank balances and cash, accrued charges, rental deposits received and amount due to a director which are denominated in HK$.

Contingent liabilities

There is no contingent liabilities of the Target Company as at 30 June 2020, 30 June 2021 and 30 June 2022.

Dividend

No dividend was declared or paid by the Target Company for the three years ended 30 June 2022.

A. BASIS OF PREPARATION OF THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The following unaudited pro forma financial information of the Enlarged Group ("**Unaudited Pro Forma Financial Information**") is prepared by the Directors to illustrate the effect of the Acquisition, as if the Acquisition had been completed on 30 June 2022. Details of the Acquisition are set out in the section headed "Letter from the Board" contained in this Circular.

The Unaudited Pro Forma Financial Information has been prepared in accordance with Rule 4.29 of the Listing Rules, for the purpose of illustrating the effect of the Acquisition pursuant to the terms of the Acquisition Agreement.

The unaudited pro forma statement of assets and liabilities is prepared based on the information on unaudited condensed consolidated statement of financial position of the Group as at 30 June 2022, which has been extracted from the published interim report of the Company for the six months ended 30 June 2022 and after making pro forma adjustments relating to the Acquisition that are (i) directly attributable to the Acquisition and (ii) factually supportable, as if the Acquisition had been completed on 30 June 2022. The Unaudited Pro Forma Financial Information is prepared based on a number of assumptions, estimates and uncertainties. Accordingly, because of its hypothetical nature, it may not give a true picture of the financial position of the Enlarged Group had the Acquisition been completed as at 30 June 2022 or at any future date.

The Unaudited Pro Forma Financial Information should be read in conjunction with the historical financial information of the Group and the Target Company, as set out in the published interim report of the Company for the six month ended 30 June 2022 and the accountants' report on the Target Company as set out in Appendix II to this Circular respectively, and other financial information included elsewhere in the Circular.

Unaudited Pro Forma Statement of Assets and Liabilities of the Enlarged Group

	The Group as at 30 June 2022	The Target Company as at 30 June 2022	Unaudited pro forma adjustments			Unaudited pro forma total for the Enlarged Group
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(unaudited)	(audited)				(unaudited)
	(Note 1)	*(Note 2)*	*(Note 3)*	*(Note 4)*	*(Note 5)*	
Non-current assets						
Investment properties	8,566	76,748	(17,115)	–	–	68,199
Property, plant and equipment	2,195	–	17,115	–	–	19,310
Right-of-use assets	16,413	–	–	–	–	16,413
Goodwill	134,952	–	–	–	–	134,952
Other intangible assets	68,325	–	–	–	–	68,325
Deferred tax assets	3,718	–	–	–	–	3,718
Financial asset at fair value through other comprehensive income	23,174	–	–	–	–	23,174
	257,343	76,748	–	–	–	334,091
Current assets						
Inventories	29,717	–	–	–	–	29,717
Trade and bills receivables and contract assets	207,560	–	–	–	–	207,560
Loan receivables	595	–	–	–	–	595
Prepayments, other receivables and other assets	64,150	1,342	–	–	–	65,492
Pledged deposits	25,270	–	–	–	–	25,270
Debt investment at fair value through profit or loss	11,945	–	–	–	–	11,945
Equity investments at fair value through profit or loss	13,023	–	–	–	–	13,023
Cash and cash equivalents	53,958	19	–	(37,520)	(840)	15,617
	406,218	1,361	–	(37,520)	(840)	369,219
Current liabilities						
Trade payables	185,669	–	–	–	–	185,669
Contract liabilities	17,549	–	–	–	–	17,549
Other payables and accruals	20,038	586	–	–	–	20,624
Interest-bearing bank and other borrowings	38,920	–	–	37,520	–	76,440
Tax payable	16,167	–	–	–	–	16,167
	278,343	586	–	37,520	–	316,449
Net current assets	127,875	775	–	(75,040)	(840)	52,770
TOTAL ASSETS LESS CURRENT LIABILITIES	385,218	77,523	–	(75,040)	(840)	386,861
Non current liabilities						
Interest-bearing bank and other borrowings	10,692	–	–	–	–	10,692
Amount due to a director of the Target Company	–	25,124	–	(25,124)	–	–
Convertible bond	22,702	–	–	–	–	22,702
Deferred tax liabilities	10,249	–	–	–	–	10,249
	43,643	25,124	–	(25,124)	–	43,643
Net assets	341,575	52,399	–	(49,916)	(840)	343,218

Note 1 The amounts are extracted from the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2022 as set out in the published interim report of the Company for the six months ended 30 June 2022.

Note 2 The balances are extracted from the audited statement of financial position of the Target Company as at 30 June 2022 as set out in Appendix II to the Circular, and translated into Renminbi ("**RMB**"), which is the presentation currency of the Group, at the exchange rate adopted by the Group at 30 June 2022.

Note 3 The adjustment represents the reclassification of investment properties to property, plant and equipment as part of the properties of the Target Company are the owned-assets of the Enlarged Group.

Note 4 The consideration for the acquisition of entire equity interest in the Target Company and the Sale Loan under the Agreement amounting to HK$87,900,000 (approximately RMB75,040,000) to be settled in cash of RMB37,520,000 and to be funded by bank borrowings of RMB37,520,000 by the Group to the Seller. For the purpose of preparing the Unaudited Pro Forma Consolidated Statement of Assets and Liabilities, the Acquisition is assumed to have taken place on 30 June 2022 and accounted for as a business combination under common control since the Group and the Target Company are both controlled by Ms. Tin before and after the Acquisition, and that control is not transitory. Assets and liabilities of the Target Company will be consolidated at their respective carrying amounts. No amount is recognised in respect of goodwill or bargain purchase gain at the time of common control combination.

The amount due to a director of the Target Company of RMB25,124,000 at 30 June 2022, after the completion of the Acquisition, represent the loans owing by the Target Company to the Group and are elimined in the Enlarged Group since it will become the Sale Loan and be assigned upon Completion.

Note 5 The adjustment represents the payment of estimated transaction costs of HK$1,015,000 (approximately RMB840,000) that are directly attributable to the Acquisition would have been charged to profit or loss.

Note 6 No adjustments have been made to reflect any trading results or other transactions of the Group entered into subsequent to 30 June 2022.

B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of the independent reporting accountants' assurance report received from CL Partners CPA Limited, Certified Public Accountants, Hong Kong, the reporting accountants of Company, in respect of the unaudited pro forma financial information prepared for the purpose of incorporation in this circular.

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of Investech Holdings Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Investech Holdings Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") by the directors of the Company (the "**Directors**") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of assets and liabilities as at 30 June 2022 and related notes as set out on pages IV-1 to IV-3 of the circular issued by the Company dated 25 November 2022 (the "**Circular**"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages IV-1 to IV-3 of the Circular.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the major and connected transaction in relation to acquisition of entire equity interest in Sino Profit Trading Limited and Sale Loan on the Group's financial position as at 30 June 2022 as if the transaction had taken place at 30 June 2022. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial statements for the six months ended 30 June 2022, on which a review report has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("**AG 7**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 June 2022 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the unaudited pro forma financial information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

CL Partners CPA Limited
Certified Public Accountants
Hong Kong
25 November 2022

The following is the text of letter and valuation report, prepared for the purpose of incorporation in this circular, received from Royson Valuation Advisory Limited, an independent property valuer, in connection with their valuation as at 30 September 2022 of the property interests held by the Group in Hong Kong

ROYSON

Royson Valuation Advisory Limited
Unit 1503, 15/F, The L. Plaza
367-375 Queen's Road Central
Hong Kong

25 November 2022

The Board of Directors
InvesTech Holdings Limited
Room 1201, 12/F, C C Wu Building
302 – 308 Hennessy Road
Wanchai
Hong Kong

Dear Sirs and Madams,

Re : Valuation of Units 707 and 708 on 7th Floor, Capital Centre, No. 151 Gloucester Road, Hong Kong (the "**Property**")

INSTRUCTIONS

We refer to your instruction for us to value the property interests to be held by InvesTech Holdings Limited (the "**Company**") or its subsidiaries (together referred as the "**Group**") located in Hong Kong. We confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Property in existing state as at 30 September 2022 (the "**Valuation Date**") for the purpose of incorporation into the circular (the "**Circular**") issued by the Company on the date hereof.

This letter which forms part of our valuation report explains the basis and methodology of valuation, clarifying assumptions, valuation considerations, title investigations and limiting conditions of this valuation.

BASIS OF VALUATION

The valuation is our opinion of the market value (''**Market Value**'') which is defined by the Hong Kong Institute of Surveyors as ''the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently, and without compulsion''.

VALUATION METHODOLOGY(IES)

In valuing the Property, we have adopted market approach in our valuation by making reference to comparable market transactions or sale asking in our assessment of the market value of a property interest. This approach rests on the wide acceptance of the market transactions or sale asking as the best indicator and pre-supposes that evidence of relevant transactions or sale asking in the market place can be extrapolated to similar properties, subject to allowances for variable factors.

VALUATION STANDARDS

In valuing the property interest, we have complied with all the requirements contained in Chapter 5 to the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited, the HKIS Valuation Standards 2020 Edition published by the Hong Kong Institute of Surveyors (HKIS), the RICS Valuation – Global Standards (Effective on 31 January 2022) published by the Royal Institution of Chartered Surveyors and the International Valuation Standards (Effective on 31 January 2022) published by the International Valuation Standards Council (IVSC).

VALUATION ASSUMPTION

Our valuations have been made on the assumption that the owner sells the Property in the market in its existing state without the benefit of deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements which would serve to affect the values of the Property.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property interests valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interests are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

TITLE INVESTIGATION

We have caused searches to be made at the relevant Land Registry and in some instances, we have been provided with copies of title documents relating to the Property. However, we have not examined the original documents and assumed that the copies of the documents obtained are consistent with their originals.

LIMITING CONDITIONS

We have inspected the exteriors and where possible, the interiors of the Property. In the course of our inspections, we did not note any serious structural defects. However, no structural survey has been made and we are therefore unable to report whether the Property is free from rot infestation or any other defects. No tests were carried out on any of the services. Moreover, we have not carried out investigations on site to determine the suitability of the ground conditions and the services etc., for any future development. Our valuation is prepared on the assumption that these aspects are satisfactory and no extraordinary expenses or delay will be incurred during the development period.

We have not carried out detailed on-site measurement to verify the correctness of the areas in respect of the Property but have assumed that the areas shown on the documents handed to us are correct. All dimensions, measurements and areas are approximate.

We have relied to a considerable extent on information provided by the Group and accepted advices given to us on such matters, in particular, but not limited to tenure, planning approvals, statutory notices, easements, particulars of occupancy, size and floor areas and all other relevant matters in the identification of the Property.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also been advised by the Group that no material fact has been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

This valuation is to be used only for the purpose stated herein, any use or reliance for any other purpose, by you or third parties, is invalid. No reference to our name or our valuation report in whole or in part, in any document you prepare and/or distribute to third parties may be made without written consent.

REMARKS

Unless otherwise stated, all money amounts stated are in Hong Kong Dollars (**HK$**).

We enclose herewith the valuation report.

Yours faithfully,
For and on behalf of
Royson Valuation Advisory Limited

Lawrence Chan Ka Wah
MRICS MHKIS RPS(GP) MCIREA MHIREA
RICS Registered Valuer MHKIM
Director

Analysed and reported by: **Ivan K.H. Mak,** *CFA*
Assistant Manager

Mr. Lawrence Chan Ka Wah is a member of the Royal Institution of Chartered Surveyors, a member of the Hong Kong Institute of Surveyors, Registered Professional Surveyors in the General Practice Section, a RICS Registered Valuer and a member of the China Institute of Real Estate Appraisers and Agents, who has over 18 years' experience in the valuation of properties in Hong Kong, Macau, the People's Republic of China and the Asia-Pacific Rim.

Mr. Ivan Mak was graduated from The Hong Kong Polytechnic University who has over 8 years' experience in the valuation of properties in Hong Kong, Macau, the People's Republic of China and the Asian Rim.

PROPERTY PARTICULARS AND OPINION OF VALUE

Property interests to be held by the Group for investment purpose in Hong Kong

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 September 2022 HK$
Units 707 and 708 on 7th Floor, Capital Centre, No. 151 Gloucester Road, Hong Kong 25/85th of 85/2,119th equal and undivided shares of and in the Remaining Portion of Section A of Inland Lot No. 2755 and the Remaining Portion of Inland No. 2755	The Property comprises two office units on 7th Floor of a 24-storey composite building completed in 1982. The Property has a total saleable area of approximately 2,998 sq.ft.. The Property is held under government lease for a term of 99 years renewable for 99 years commencing on 14 April 1928.	The Property was subject to various tenancies for office use as at the Valuation Date. The Property was occupied by the tenants for office uses as at the Valuation Date.(*See Note 7*)	89,900,000

Notes:

1. Pursuant to the Land Register, the registered owner of the Property is Sino Profit Trading Limited, registered vide Memorial No. 11122902290057 dated 30 November 2011.

2. Pursuant to the occupation permit No. H5/82 (OP), the building where the Property located (Capital Centre) was completed in 1982.

3. Our Mr. Ivan K.H. Mak (CFA) and Mr. H.M. Ip (M.Sc.) inspected the exterior and interior of the Property on 6 October 2022, the external and internal conditions of the Property were reasonable.

4. The Property is zoned under Approved Wan Chai Outline Zoning Plan No. S/H5/30 gazette on 17 June 2022 for "Commercial" use.

5. The Property is situated along Gloucester Road, at its junction with Tonnochy Road in Wan Chai, buildings in the locality are mainly high-rise commercial/office buildings, hotels and aged residential building. Exhibition Centre MTR Station is about 10-minutes walking distance connecting by a footbridge and Wan Chai MTR Station is about 15-minutes walking distance from the Property. MTR, taxis and buses are accessible to the Property.

6. According to the Rating and Valuation Department statistic, the yield of Grade B office in September 2022 is 2.7%.

7. The Property is subject to three tenancy agreements with one commencing from 1 May 2021 to 30 April 2023, one commencing from 1 April 2021 to 31 March 2023 and one commencing from 2 July 2022 to 1 July 2023 at a total monthly rental of HK$222,000 (exclusive of government rent and rates). According to information provided by the Company, the tenants are connected party of the Company, hence, we have not taken into account of the tenancies in our valuation.

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS

Directors' and chief executives' interests and short positions in Shares, underlying Shares and debentures

As at the Latest Practicable Date, the interests or short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provision of the SFO) or which were required to be recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the ''**Model Code**'') as set out in the Appendix 10 of the Listing Rules as follows:

Long Position in Shares

Name of Directors	Capacity	Number of issued ordinary Shares held/interested in	Number of underlying Shares of the Company held/interested in	Percentage of the issued share capital of the Company (approximate) *(Note 1)*
Mr. Chan Sek Keung, Ringo ("**Mr. Chan**") *(Note 2)*	Interest in controlled corporation	17,006,141	–	14.51%
	Interest in controlled corporation *(Note 5)*	–	20,000,000	17.06%
	Beneficial owner	3,741,650	–	3.19%
	Beneficial owner *(Note 4)*	–	106,200	0.09%
Ms. Wang Fang ("**Ms. Wang**") *(Note 3)*	Interest in controlled corporation	15,505,941	–	13.23%
	Interest in controlled corporation *(Note 5)*	–	20,000,000	17.06%
	Beneficial owner *(Note 4)*	–	430,200	0.37%
Ms. Tin	Beneficial owner	18,167,400	–	15.50%
	Beneficial owner *(Note 4)*	–	70,200	0.06%
Mr. Wong Tsu Wai, Derek ("**Mr. Wong**")	Beneficial owner *(Note 4)*	–	702,000	0.60%

Notes:

1. The approximate percentage is calculated based on the total number of issued Shares as at the Latest Practicable Date (i.e. 117,240,000 Shares).

2. Mr. Chan was deemed to be interested in 37,006,141 Shares, comprising of (i) 35,505,941 Shares held by Smoothly Global Holdings Limited by virtue of it being owned as to 70% by Mr. Chan and (ii) 1,500,200 Shares held by Woodstock Management Limited by virtue of it being owned as to 100% by Mr. Chan.

3. Ms. Wang was deemed to be interested in 35,505,941 Shares held by Smoothly Global Holdings Limited by virtue of it being owned as to 20% by Ms. Wang.

4. These Shares are the share options granted to Mr. Chan, Ms. Wang, Ms. Tin and Mr. Wong under the share option schemes of the Company.

5. These 20,000,000 Shares represented the total number of Shares which may be allotted and issued to Smoothly Global Holdings Limited upon the exercise of the conversion rights attaching to the convertible bond for the aggregate principal amount of HK$30,000,000 at the initial conversion price of HK$1.5 per Share. The exercise of the conversion rights attaching to the convertible bond is subject to the terms and conditions thereof, including the restriction against conversion which would cause the Company to be in breach of the minimum public float requirement under the Listing Rules.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executives of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provision of the SFO), or were required to be recorded in the register maintained by the Company pursuant to section 352 of the SFO or which required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors was a director or employee of a company which had an interest and short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Substantial Shareholders' interests in the Shares and underlying Shares

So far as is known to any Directors or chief executives of the Company, as at the Latest Practicable Date, the persons or corporations (other than the Directors or chief executives of the Company) who had interest or short positions in the Shares and underlying Shares which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO were as follows:

Name of substantial Shareholders	Capacity	Number of issued Shares of the Company held/ interested in	Number of underlying Shares of the Company held/ interested in	Percentage of the issued share capital of the Company (approximate) *(Note 4)*
Smoothly Global Holdings Limited ("**Smoothly Global**")	Beneficial owner *(Note 1)*	15,505,941	–	13.23%
	Beneficial owner *(Note 3)*	–	20,000,000	17.06%
Woodstock Management Limited ("**Woodstock Management**")	Beneficial owner *(Note 2)*	1,500,200	–	1.28%

Notes:

1. These 15,505,941 Shares are held by Smoothly Global, a company incorporated in the British Virgin Islands with limited liability and is 70% and 20% owned by Mr. Chan and Ms. Wang respectively. Mr. Chan is also the sole director of Smoothly Global.

2. These 1,500,200 Shares are held by Woodstock Management, a company incorporated in the British Virgin Islands with limited liability and is 100% owned by Mr. Chan. Mr. Chan is also the sole director of Woodstock Management.

3. These 20,000,000 Shares represented the total number of Shares which may be allotted and issued to Smoothly Global upon the exercise of the conversion rights attaching to the convertible bond for the aggregate principal amount of HK$30,000,000 at the initial conversion price of HK$1.5 per Share. The exercise of the conversion rights attaching to the convertible bond is subject to the terms and conditions thereof, including the restriction against conversion which would cause the Company to be in breach of the minimum public float requirement under the Listing Rules.

4. The approximate percentage is calculated based on the total number of issued Shares as at the Latest Practicable Date (i.e. 117,240,000 Shares).

Save as disclosed above, as at the Latest Practicable Date, the Directors are not aware of any other person or corporation (other than the Directors or chief executives of the Company) having an interest or short position in the Shares and underlying Shares which would require to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which to be recorded in the register required to be kept by the Company under section 336 of the SFO.

3. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or their respective associates is or was interested in any business apart from the Group's business, that competes or competed or is or was likely to compete, either directly or indirectly, with the Group's business.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group (excluding contracts expiring or determinable by the Company within one year without payment of compensation (other than statutory compensation)).

5. DIRECTORS' INTERESTS IN ASSETS, CONTRACTS AND ARRANGEMENTS

As at the Latest Practicable Date:

(a) save for the Acquisition and Tenancy A, none of the Directors had any interest, direct or indirect, in any assets which had been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2021, being the date to which the latest published audited consolidated financial statements of the Group were made up; and

(b) save for the Acquisition and Tenancy A, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group which was subsisting as at the Latest Practicable Date and was significant in relation to the business of the Group.

6. EXPERTS' QUALIFICATIONS AND CONSENTS

The following are the names and qualifications of the experts who have given their opinions and advice which are included in this circular:

Name	Qualification
CL Partners CPA Limited	Certified Public Accountants
Merdeka Corporate Finance Limited	the Independent Financial Adviser, a corporation licensed under the Securities and Futures Ordinance for conduct type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
Royson Valuation Advisory Limited	Independent professional valuer

As at the Latest Practicable Date, none of the experts above has any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

Each of the experts above has given and has not withdrawn its written consent to the issue of this circular, with the inclusion of the references to its name and/or its opinion in the form and context in which they are included.

As at the Latest Practicable Date, none of the experts above had any direct or indirect interest in any asset which had been acquired, or disposed of by, or leased to any member of the Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Group since 31 December 2021, the date to which the latest published audited financial statements of the Group were made up.

7. MATERIAL ADVERSE CHANGE

The Directors confirm that save as disclosed in the interim report for the six months ended 30 June 2022, there was no material adverse change in the financial or trading position of the Group since 31 December 2021, being the date to which the latest published audited consolidated financial statements of the Group were made up and up to the Latest Practicable Date.

8. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or claim of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

9. MATERIAL CONTRACTS

The following material contracts (not being contracts in the ordinary course of business) have been entered into by the members of the Group within the two years immediately preceding the date of this circular up to and including the Latest Practicable Date.

(a) the Sale and Purchase Agreement, details of which are contained in this circular;

(b) the fifth supplemental subscription agreement dated 9 August 2022 entered into between the Company (as the subscriber) and Elite Foster International Investment Limited ("**Elite Foster**"), a BVI business company incorporated in the British Virgin Islands with limited liability (as the issuer);

(c) the supplemental placing agreement dated 27 January 2022 entered into between the Company (as the issuer) and VC Brokerage Limited ("**VC Brokerage**"), a corporation licensed by the Securities and Futures Commission of Hong Kong to carry out type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under and pursuant to the SFO (as the placing agent);

(d) the placing agreement dated 22 November 2021 entered into between the Company (as the issuer) and VC Brokerage (as the placing agent);

(e) the fourth supplemental subscription agreement dated 12 October 2021 entered into between the Company (as the subscriber) and Elite Foster (as the issuer);

(f) the sale and purchase agreement dated 23 September 2021 entered into between the Company (as the purchaser) and Smoothly Global Holdings Limited, a company incorporated in BVI, which is owned as to 70% by Mr. Chan, as to 20% by Ms. Wang and as to remaining 10% by Mr. Wang Wei (as the vendor);

(g) the placing agreement dated 16 August 2021 entered into between the Company (as the issuer) and Get Nice Securities Limited, a corporation licensed to carry on business in type 1 regulated activity (dealing in securities), type 4 regulated activity (advising on securities), type 6 regulated activity (advising on corporate finance) and type 9 regulated activity (asset management) under the SFO (as the placing agent);

(h) the third supplemental subscription agreement dated 18 June 2021 entered into between the Company (as the subscriber) and Elite Foster (as the issuer);

(i) the sale and purchase agreement dated 25 March 2021 entered into among the Company (as the vendor), Metro Win Investment Holdings Limited, a company incorporated in the BVI with limited liability, whose entire issued share capital is indirectly and beneficially owned by Ms. Cheung Hing Ling (as the purchaser) and Ms. Cheung Hing Ling (as the guarantor); and

(j) the second supplemental subscription agreement dated 18 March 2021 entered into between the Company (as the subscriber) and Elite Foster (as the issuer).

10. ACQUISITION

Save as disclosed in this circular, the aggregate of the remuneration payable to and benefits in kind receivable by the Directors will not be varied in consequence of the Acquisition.

Save as disclosed in this circular, subsequent to 31 December 2021, being the date to which the latest published audited accounts of the Group have been made up, the Group has not acquired or agreed to acquire or is proposing to acquire a business or an interest in the share capital of a company whose profits or assets make or will make a material contribution to the figures in the auditors' report or next published accounts of the Group.

11. MISCELLANEOUS

(a) The registered office of the Company in Bermuda is located at Canon's Court, 22 Victoria Street, Hamilton, HM 12, Bermuda.

(b) The principal place of business of the Company in Hong Kong is situated at Room 1201, 12/F., C C Wu Building, 302-308 Hennessy Road, Wanchai, Hong Kong.

(c) The branch share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.

(d) The company secretary of the Company is Mr. Fung Siu Kei ("**Mr. Fung**"). Mr. Fung is a practising member of Hong Kong Institute of Certified Public Accountants.

(e) The translation into Chinese language of this circular is for reference only. In the event of any inconsistency, the English text of this circular shall prevail over the Chinese language text.

12. DOCUMENTS ON DISPLAY

Copies of the following documents will be available on the website of the Stock Exchange (http://www.hkexnews.hk) and on the website of the Company (http://www.investech-holdings.com/) for a period of 14 days from the date of this circular:

1. the Sale and Purchase Agreement;

2. the letter from the Board, the full text of which is set out in the section headed "Letter from the Board" of this circular;

3. the letter from the Independent Board Committee to the Independent Shareholders, the full text of which is set out in the section headed "Letter from the Independent Board Committee" of this circular;

4. the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, the full text of which is set out in the section headed "Letter from the Independent Financial Adviser" of this circular;

5. the accountant's report of the Target Company for the financial years ended 30 June 2020, 2021, 2022 prepared by CL Partners CPA Limited, the text of which is set out in Appendix II to this circular;

6. the accountants' report in respect of the unaudited pro forma financial information of the Enlarged Group, the text of which is set out in Appendix IV to this circular;

7. the valuation report issued by Royson Valuation Advisory Limited, the text of which is set out in Appendix V to this circular;

8. the written consents referred to in the paragraph headed "Experts' Qualifications and Consents" in this appendix; and

9. the material contracts referred to in the paragraph headed "Material Contracts" in this appendix.

InvesTech Holdings Limited
威 訊 控 股 有 限 公 司

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 1087)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (the "**Meeting**") of InvesTech Holdings Limited (the "**Company**") will be held at Room 02-03, 18/F, AIA Financial Centre, 712 Prince Edward Road East, San Po Kong, Kowloon, Hong Kong on Tuesday, 13 December 2022 at 11:00 a.m. for the purpose of considering and, if thought fit, passing, with or without modification, the following resolution to be proposed as an ordinary resolution of the Company:

ORDINARY RESOLUTION

1. "**THAT**

(a) the sale and purchase agreement dated 18 October 2022 entered into between Delta Wealth Credit Limited, Cloud Advantage Limited, Ms. Tin Yat Yu Carol and Sino Profit Trading Limited (the "**Sale and Purchase Agreement**") (a copy of which is tabled at the Meeting and marked "**A**" and initialled by the chairman of the Meeting for identification purpose) and the transactions contemplated thereunder be and are hereby ratified, confirmed and approved; and

(b) any one director of the Company (or any two directors of the Company or one director and the secretary of the Company, in the case of execution of documents under seal) be and is/are hereby authorised for and on behalf of the Company to execute all such other documents, instruments and agreements and to do all such acts or things deemed by him/her to be incidental to, ancillary to or in connection with the matters contemplated in the Sale and Purchase Agreement and the transactions contemplated thereunder and the implementation thereof including the affixing of seal thereon."

By Order of the Board
InvesTech Holdings Limited
Chan Sek Keung, Ringo
Chairman and Chief Executive Officer

Hong Kong, 25 November 2022

Head Office and Principal Place of Business in Hong Kong:	*Registered Office:*
Room 1201, 12/F,	P.O. Box 309
C C Wu Building	Canon's Court,
302-308 Hennessy Road	22 Victoria Street Hamilton,
Wanchai Hong Kong	HM 12,
	Bermuda

Notes:

1. A form of proxy for the Meeting is enclosed.

2. Only members are entitled to attend and vote at the Meeting (or at any adjournment thereof).

3. Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint one or more proxies (who must be an individual) to attend and vote instead of him. A proxy need not be a member of the Company.

4. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing, or if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person duly authorized to sign the same.

5. In order to be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, must be deposited at the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, located at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof (as the case may be).

6. Completion and return of a form of proxy shall not preclude a member from attending and voting in person at the Meeting or any adjournment thereof (as the case may be) should the member so wish, and in such event, the form of proxy shall be deemed to be revoked.

7. Where there are joint holders of any share of the Company, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at any meeting, the vote of the senior holder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.

8. The transfer books and register of members of the Company will be closed from Friday, 9 December 2022 to Tuesday, 13 December 2022 (both dates inclusive), during which period no transfer of shares will be effected. The record date for determining the entitlement of the shareholders of the Company to attend and vote at the Meeting will be Tuesday, 13 December 2022. All transfers of shares of the Company accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar of the Company, Computershare Hong Kong Investor Services Limited, located at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 8 December 2022.