



# VIXTEL TECHNOLOGIES HOLDINGS LIMITED

## 飛思達科技控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code : 1782



2021 Interim Report

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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

Mr. Guan Haiqing (*Chairman*)  
Mr. Sie Tak Kwan (*Chief Executive Officer*)  
Mr. Yue Yong (*Chief Technology Officer*)

### Non-executive Director

Mr. Liang Judong

### Independent Non-executive Directors

Mr. Cheung Hon Fai  
Professor Lam Kin Man  
Mr. Shen Qi

## COMPANY SECRETARY

Mr. Cheung Kai Cheong Willie (*FCCA, FCCA*)

## AUTHORISED REPRESENTATIVES

Mr. Sie Tak Kwan  
Mr. Cheung Kai Cheong Willie (*FCCA, FCCA*)

## AUDIT COMMITTEE

Mr. Cheung Hon Fai (*Chairman*)  
Professor Lam Kin Man  
Mr. Shen Qi

## REMUNERATION COMMITTEE

Professor Lam Kin Man (*Chairman*)  
Mr. Cheung Hon Fai  
Mr. Shen Qi  
Mr. Sie Tak Kwan

## NOMINATION COMMITTEE

Mr. Cheung Hon Fai (*Chairman*)  
Professor Lam Kin Man  
Mr. Shen Qi  
Mr. Sie Tak Kwan

## INDEPENDENT AUDITOR

Ernst & Young

## REGISTERED OFFICE

Windward 3, Regatta Office Park  
PO Box 1350,  
Grand Cayman KY1-1108  
Cayman Islands

## HEADQUARTERS IN THE PRC

4/F, Block 2  
Founder Building  
9 Shangdi Fifth Street  
Haidian District  
Beijing  
China

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

40th Floor, Dah Sing Financial Centre  
No.248 Queen's Road East  
Wanchai  
Hong Kong

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Ocorian Trust (Cayman) Limited  
Windward 3, Regatta Office Park  
PO Box 1350,  
Grand Cayman KY1-1108  
Cayman Islands

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited  
Level 54, Hopewell Centre  
183 Queen's Road East  
Hong Kong

## LEGAL ADVISER

F. Zimmern & Co.

## PRINCIPAL BANKER

Industrial and Commercial Bank of China  
Beijing Zhongguancun Subbranch

## WEBSITE ADDRESS

[www.vixtel.com](http://www.vixtel.com)

## INVESTOR RELATIONS CONTACT

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Telephone: +8610 62982318

## STOCK CODE

1782

## FINANCIAL HIGHLIGHTS

For the six months ended 30 June 2021, the operations and business of Vixel Technologies Holdings Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**” or “**We**”) have recorded the following changes when compared with those for the six months ended 30 June 2020:

- Revenue for the six months ended 30 June 2021 amounted to approximately RMB42,274,000, representing an increase of approximately 16.9% from approximately RMB36,147,000 for the six months ended 30 June 2020.
- Profit attributable to owners of the Company for the six months ended 30 June 2021 amounted to approximately RMB2,928,000, representing an increase of approximately 31.6% from the profit attributable to owners of the Company for the six months ended 30 June 2020 of approximately RMB2,224,000.
- Basic earnings per share for the six months ended 30 June 2021 was approximately RMB0.58 cents (for the six months ended 30 June 2020: basic earnings per share was approximately RMB0.44 cents).

## BUSINESS REVIEW AND OUTLOOK

The Group is a market leader in China's Application Performance Management ("**APM**") industry and primarily provides APM products and service solutions for telecommunication operators and large enterprises. The Group is principally engaged in the following businesses: (1) integrated APM system solutions; (2) software development services; (3) technical services; and (4) sales of embedded hardware and standard APM software.

For the six months ended 30 June 2021, the Group's revenue and profit increased by 16.9% and 31.6% respectively. The results of operations for the first half of the year were basically in line with the estimation of the management that after the severe recession resulting from the outbreak of the COVID-19 pandemic in 2020, the results of operations for 2021 were expected to grow steadily. Such recovery of results was mainly based on the following two aspects:

1. Projects postponed in 2020 were successively resumed. All customers of the Group were sizable enterprises, whose procurement projects were solidly planned. The projects were postponed for a long time in 2020 due to the interruption of social activities as a result of the COVID-19 pandemic, but were gradually resumed in 2021. Meanwhile, despite the flare-ups of the COVID-19, the Group has accumulated more experience, which allows the Group to conduct the usual business activities in face of strict COVID-19 prevention measures. Therefore, the Group's operating activities basically resume as normal and are expected to continue to accelerate in the second half of the year.
2. General economic stimulus adopted by the Chinese government contributed to the financial growth of the Group to a certain extent. As the Group's customers were mainly governments and state-owned enterprises, the Group has benefited from the economic stimulus. The Group expects that its results will continue to grow steadily with the aid of the further recovery of economic activities and under the Chinese government's policy to encourage the development and growth of state-owned enterprises.

In terms of technology, the Group's investment in 5G and cloud technology paid off. There was a large number of users of 5G and cloud products. The Group cooperated with a large number of enterprises, especially in the Internet of Things and industrial Internet of Things, thus becoming one of the leaders in 5G, cloud computing and edge computing Application Performance and Security Management ("**APSM**"). The total order amount is still relatively small but lays a solid foundation for the further development of the Company. In terms of technological development, 2021 is a critical year. 5G applications have begun to be implemented gradually and paid off, while cloud computing and edge computing have also gradually become the mainstream with the development of technology. The current operating activities in the market show that the initial investment by the Group is correct and timely, and will generate returns for the Company and its shareholders.

For the six months ended 30 June 2021, the Group's revenue was approximately RMB42.3 million (for the six months ended 30 June 2020: RMB36.1 million), and the profit was RMB2.9 million (for six months ended 30 June 2020: RMB2.2 million).

## OUTLOOK

We are optimistic about the growth trend of business of the Group in the second half of 2021 and expect a further improvement in its results.

In terms of business, due to the significant growth in user demand in the first half of 2021, the Group had a large number of orders that were under negotiation but had not been confirmed, and these orders were expected to be confirmed in the second half of the year.

In terms of technology, there will be a greater investment in 5G due to the official commencement of construction of the 700M 5G network of China Broadcasting Network and the gradual generation of returns for 5G operation of Chinese operators. The Group has made significant efforts in developing the 5G APM product line and completed the trials with several operators in the first half of the year, which is expected pay off in the second half of the year.

Meanwhile, the Group's business with China Telecom Corporation Limited ("**China Telecom**") and China Unicom Group Co., Ltd ("**China Unicom**"). were significantly improved in 2021, with good feedback from users. It is expected that more orders will be confirmed with China Telecom and China Unicom in the second half of 2021, which will strongly support the results.

In 2021, the Group obtained the Information Security Service Qualification Certification issued by China Cybersecurity Review Technology and Certification Center (CCRC), which marks the beginning of the information security business of the Group. In recent years, the concept of APM has been gradually extended to APSM, and there are broad markets for security information audit and situation awareness products. As the Company enters the information security field, it will continuously secure relevant orders, which will further promote the stability and improvement of the Group's business.

## FINANCIAL REVIEW

### Revenue

The Group's revenue for the six months ended 30 June 2021 amounted to approximately RMB42.3 million, representing an increase of approximately RMB6.1 million or 16.9% as compared with that of approximately RMB36.1 million recorded for the six months ended 30 June 2020. The increase was mainly attributable to the combined effect of: (1) the increase in revenue generated from the provision of integrated APM system solutions of approximately RMB4.3 million; (2) the increase in revenue generated from the provision of software development services of approximately RMB2.4 million; (3) the decrease in revenue generated from the provision of technical services of approximately RMB0.6 million; and (4) that the revenue generated from sales of embedded hardware and standard APM software was flat with last year.

The following analysis sets forth a breakdown of the Group's revenue by service type for the six months ended 30 June 2020 and 2021, respectively:

## MANAGEMENT DISCUSSION AND ANALYSIS

### Integrated APM system solutions

This segment provides integrated APM system solutions by tailor-making our APM products to allow our customers to better manage and monitor their applications and networks. The Group has recorded an increase in the revenue generated from the provision of integrated APM system solutions of approximately 22.1% from approximately RMB19.5 million for the six months ended 30 June 2020 to approximately RMB23.8 million for the six months ended 30 June 2021. This was primarily due to the expansion of our customers' projects to cover more new Internet applications performance analysis.

### Software development services

This segment provides software development services which typically involve in developing customized supporting software for upgrade and expansion of the APM products which are already integrated with our customers' systems and networks. Our revenue derived from the provision of software development services increased by approximately 29.6% from approximately RMB8.1 million for the six months ended 30 June 2020 to approximately RMB10.5 million for the six months ended 30 June 2021. This was primarily due to the fact that more existing customers completed software development services which upgrade and expand their existing APM systems to cover new network-based applications and users.

### Technical services

This segment provides advisory services including operational support, system maintenance, network analysis and optimization for our APM products, and research study of specific topics on application and network performance. Our revenue derived from the provision of technical services decreased by approximately 7.7% from approximately RMB7.8 million for the six months ended 30 June 2020 to approximately RMB7.2 million for the six months ended 30 June 2021. Such decrease was primarily attributable to our allocation of more resources to the promotion of new products and technologies of our Integrated APM system solutions.

### Sales of embedded hardware and standard APM software

We have from time to time sold embedded hardware and standard APM software to customers who do not require tailor-making services. Our revenue generated from the sales of embedded hardware and standard APM software was approximately RMB0.7 million for the six months ended 30 June 2021 which was similar to the revenue for the six months ended 30 June 2020.

### Cost of sales

The Group's cost of sales increased by approximately 20.6% from approximately RMB15.4 million for the six months ended 30 June 2020 to approximately RMB18.6 million for the six months ended 30 June 2021, such increase in cost of sales was primarily due to the increase in sales contract and revenue.

## Gross profit and gross profit margin

The Group's gross profit increased by approximately 14.2% from approximately RMB20.7 million for the six months ended 30 June 2020 to approximately RMB23.6 million for the six months ended 30 June 2021, mainly due to the increase in the business volume for sales of integrated APM system solutions, and software development services. The Group's gross profit margin was recorded at approximately 57.3% and approximately 55.9% for the six months ended 30 June 2020 and 2021, respectively. The decrease was mainly due to the increase in the delivery and training costs required for getting familiar with the newly-developed products.

## Other income and gains

The Group recorded other income and gains of approximately RMB2.2 million and approximately RMB2.7 million for the six months ended 30 June 2020 and 2021, respectively. The increase was primarily due to the increase in government grants received.

## Selling and distribution expenses

The Group's selling and distribution expenses increased by approximately 34.2% from approximately RMB3.6 million for the six months ended 30 June 2020 to approximately RMB4.8 million for the six months ended 30 June 2021, which was mainly due to the increase in sales contract and revenue, resulting in the increase in selling and distribution expenses.

## Research and development expenses

The Group's research and development ("R&D") expenses increased by approximately 6.8% from approximately RMB11.2 million for the six months ended 30 June 2020 to approximately RMB12.0 million for the six months ended 30 June 2021, which was mainly due to the increase of R&D expenses by the Company.

## Administrative expenses

The Group's administrative expenses decreased by approximately 4.3% from approximately RMB6.6 million for the six months ended 30 June 2020 to approximately RMB6.3 million for the six months ended 30 June 2021, which was mainly due to that the Company controls administrative expenses reasonably by strengthening internal management.

## Profit before tax

Due to the foregoing reasons, the Group's profit before tax increased by approximately 101.1% from approximately RMB1.5 million for the six months ended 30 June 2020 to approximately RMB3.1 million for the six months ended 30 June 2021.



# MANAGEMENT DISCUSSION AND ANALYSIS

## Income tax expenses

The Group's income tax expenses increased by approximately 114.6% from approximately RMB0.4 million for the six months ended 30 June 2020 to approximately RMB0.06 million for the six months ended 30 June 2021, which was mainly due to the increase in profit before tax.

## Net profit

Due to the foregoing reasons, the Group's net profit increased by approximately 31.6% from approximately RMB2.2 million for the six months ended 30 June 2020 to approximately RMB2.9 million for the six months ended 30 June 2021, which was mainly due to the increase in the operating revenue and government grants of the Group.

## LIQUIDITY AND FINANCIAL RESOURCES

For the six months ended 30 June 2021, the Group's cash and cash equivalents, together with available credit facilities and expected cash flow from operations, were sufficient to satisfy the current operational requirements and the capital expenditures of the Group.

The Group's net current assets decreased from approximately RMB165.7 million as at 31 December 2020 to approximately RMB163.7 million as at 30 June 2021. Our cash and cash equivalents were approximately RMB61.7 million as at 30 June 2021 (as at 31 December 2020: approximately RMB85.9 million).

As at 30 June 2021, the Group's short-term bank loan was RMB10.0 million (as at 31 December 2020: RMB10.0 million).

As at 30 June 2021, the gearing ratio of the Group was 5.6% (as at 31 December 2020: 5.5%). The calculation of gearing ratio is based on the total borrowings divided by total equity and multiplied by 100%.

## EXPOSURE TO EXCHANGE RATE FLUCTUATION

The Group's main operations are in China with most of its transactions being settled in RMB. Some of the Group's cash and bank deposits are denominated in Hong Kong dollars ("HK\$"). The Group did not experience any impact or difficulties in liquidity on its operations resulting from currency exchange and no hedging transaction or forward contract arrangement was made by the Group during the six months ended 30 June 2021. In this respect, the Group is not exposed to any significant foreign currency exchange risk. The management will continue to closely monitor foreign exchange risk to ensure that appropriate measures are implemented in a timely and effective manner.

## CAPITAL STRUCTURE

As at 30 June 2021, the Company's issued share capital was HK\$5,080,000 and the number of its issued ordinary shares was 508,000,000 of HK\$0.01 each. As at the date of this interim report, the share capital of the Company only comprises ordinary shares.

## COMMITMENTS AND CONTINGENT LIABILITIES

As at 30 June 2021, the Group had no material commitments or contingent liabilities (as at 31 December 2020: Nil).

## DIVIDEND

The board of directors of the Company (the “**Board**”) does not recommend the payment of an interim dividend for the six months ended 30 June 2021 (for the six months ended 30 June 2020: Nil).

## FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in the prospectus of the Company dated 30 November 2016 (the “**Prospectus**”), the Group did not have other substantial future plans for material investments and capital assets.

## MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

For the six months ended 30 June 2021, the Group did not have any material acquisitions or disposals of subsidiaries and affiliated companies.

## SIGNIFICANT INVESTMENTS AND ACQUISITION OF CAPITAL ASSETS

For the six months ended 30 June 2021, the Group did not hold any significant investments nor made any significant acquisition of capital assets.

## CHARGE ON ASSETS

For the six months ended 30 June 2021, apart from bank deposits amounting to RMB5.5 million that were pledged to banks mainly in relation to a short-term bank loan (for the year ended 31 December 2020: RMB7.0 million), no other Group’s assets were charged to any financial institutions.

## EMPLOYEES, TRAINING AND REMUNERATION POLICIES

As at 30 June 2021, the Group had a total of 240 employees. The Group’s staff costs including directors’ emoluments were approximately RMB22.6 million for the six months ended 30 June 2021 (for the six months ended 30 June 2020: approximately RMB16.6 million).

The employees’ compensation of the Group includes basic salary, bonuses and cash subsidies. The Group determines employees’ compensation based on each employee’s performance, qualifications, position and seniority.

The Company adopted a share option scheme (the “**Share Option Scheme**”) on 21 November 2016 to provide incentives and rewards to eligible persons for their contributions and continuing efforts for promoting the interest of the Group.

## MANAGEMENT DISCUSSION AND ANALYSIS

The Company also adopted a share award scheme (the “**Share Award Scheme**”) on 10 January 2020 (i) to recognise and motivate the contributions of the eligible persons; (ii) to provide them with incentives in order to retain such persons for continual operation and development of the Group; and (iii) to recruit suitable personnel in the interest of further development of the Group. For further information, please refer to the announcement of the Company dated 10 January 2020.

The Company recognises the importance of keeping the directors of the Company (the “**Directors**”) updated with the latest information of duties and obligations of a director of a company whose shares are listed on a stock exchange and the general regulatory and environment requirements for such listed company. To meet this goal, the Group is committed to our employees’ continuing education and development.

The Group provides various training programs to the employees on a quarterly basis, such as corporate culture training and initial training for new employees in order to improve employees’ knowledge in a number of important areas of our services. Internal training programs of our Group are dynamic and are tailored in accordance with the particular stage of the Group’s development.

### USE OF PROCEEDS

On 12 June 2018, 21,255,000 shares were allotted and issued by the Group on GEM of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), at the price of HK\$1.08 per share (market price on 6 June 2018: HK\$1.26 per share). For further information, please refer to the announcements of the Company under stock code 8342 dated 6 June 2018 and 12 June 2018 respectively. The Company’s net proceeds from the allotment and issuance of additional shares (after deducting the underwriting fees and other related expenses) were approximately HK\$22.4 million. Such proceeds from the placing were used to fund general corporate purposes. As of 30 June 2021, such proceeds from the placing was fully utilized by the Group.

## SHARE OPTION SCHEME

The Company adopted the Share Option Scheme on 21 November 2016.

Details of the Share Option Scheme are as follows:

- |    |                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|----|--------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. | Purpose of the Share Option Scheme                                       | The purpose of the Share Option Scheme is to enable the Company to grant options to eligible persons as incentives and rewards for their contributions and continuing efforts for promoting the interest of the Group.                                                                                                                                                                                                                                                                                                                                                                       |
| 2. | Who may join                                                             | Any eligible employee (full time or part-time), executive Director, non-executive Director and independent non-executive Director, advisor and consultant of the Group.                                                                                                                                                                                                                                                                                                                                                                                                                      |
| 3. | Total number of shares available for issue under the Share Option Scheme | 48,674,500 shares of the Company (the “ <b>Shares</b> ”) (representing 10% of the total number of Shares in issue as at 15 December 2016 (the “ <b>Listing Date</b> ”), the date on which the shares of the Company were listed on GEM of the Stock Exchange)                                                                                                                                                                                                                                                                                                                                |
| 4. | Subscription price                                                       | <p>The subscription price shall be a price determined by the Board, but in any case shall not be less than the highest of:</p> <ul style="list-style-type: none"> <li>(i) the closing price of the Shares as stated in the Stock Exchange’s daily quotation sheet on the date of the grant, which must be a trading day;</li> <li>(ii) the average closing price per share as stated in the Stock Exchange’s daily quotation sheets for the five trading days immediately preceding the date of the grant; and</li> <li>(iii) the nominal value of a share on such date of grant.</li> </ul> |
| 5. | Maximum entitlement of each participant                                  | The total number of Shares issued and to be issued upon exercise of options granted in any 12-month period to a participant under this Share Option Scheme and other schemes must not exceed 1% of the Shares in issue.                                                                                                                                                                                                                                                                                                                                                                      |
| 6. | Time of acceptance                                                       | Options granted may be accepted by the eligible person within 28 days from the date of the grant of options.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| 7. | Option period                                                            | A period which may expire no later than 10 years from the date of the offer of to be determined and notified by Directors to the grantee thereof.                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| 8. | Rights are personal to grantee                                           | An option shall be personal to the grantee and shall not be transferable or assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber, or create any interest in favour of any third party over or in relation to any option.                                                                                                                                                                                                                                                                                                                                    |

## OTHER INFORMATION

Since the adoption of the Share Option Scheme and up to the date of this report, no share option has been granted pursuant to the Share Option Scheme. On 30 June 2021 and as of the date of this report, the Company does not have any outstanding share options, warranties, derivatives or securities that are convertible into or exchangeable for shares.

### SHARE AWARD SCHEME

The Company adopted a Share Award Scheme on 10 January 2020.

Details of the Share Award Scheme are as follows:

1. Purpose of the Share Award Scheme

The purposes are (i) to recognise and motivate the contributions of the eligible persons; (ii) to provide them with incentives in order to retain such persons for continual operation and development of the Group; and (iii) to recruit suitable personnel in the interest of further development of the Group.
2. Who may join

Any Director(s) (including, without limitation, any executive, non-executive or independent non-executive Directors), senior manager(s) and employee(s) of the Group.
3. Duration

Unless terminated earlier by the Board in accordance with the rules relating to the Share Award Scheme adopted by the Board (the “**Scheme Rules**”), the Share Award Scheme shall be valid and effective for a term of ten years commencing on the adoption date.
4. Vesting

The Board may at its absolute discretion either:

  - (i) direct and procure the trustee to release the award shares to the selected participants by transferring the number of award shares to the selected participants; or
  - (ii) to the extent where it is in the reasonable opinion of the Board not practicable (on the basis stated in the award letter) for the selected participants to receive the award shares and provided that the trading of the shares has not been suspended, direct and procure the trustee to sell the number of award shares within any time as stipulated in the Share Award Scheme rules and pay the selected participants the proceeds arising from such sale.
5. Lapse/Forfeiture

If a selected participant is unable to meet the vesting conditions as set out in the award letter issued to such selected participant, the relevant award shares shall lapse.
6. Transferability

Any award granted under the share Award Scheme but not yet vested shall not be assignable or transferable and no selected participant shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any other person over or in relation to any award, or enter into any agreement to do so.

7. Scheme Limit
- The total number of shares to be awarded under the Share Award Scheme shall not exceed 10% of the total number of issued Shares from time to time.
- The maximum number of award shares which may be granted to a selected participant but unvested under the Share Award Scheme shall not exceed 1% of the total number of issued shares from time to time.
8. Termination
- The Share Award Scheme shall terminate on the earlier of: (i) the tenth anniversary of the adoption date; and (ii) such date of early termination as determined by the Board provided that such termination shall not affect any subsisting rights of any selected participant under the Share Award Scheme.

On 16 July 2021, the Company granted a total of 13,000,000 award Shares to 15 selected participants pursuant to the Scheme Rules. None of them are the Directors or directors of subsidiaries of the Company or connected persons of the Company. For further information, please refer to the announcement of the Company dated 16 July 2021.

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES

As at 30 June 2021, the interests or short positions of the Directors and chief executives of the Company in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "SFO")), which are required (a) 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 are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) have to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 (the "Model Code") to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

### Long Positions In Shares

Name of Directors	Capacity/Nature of interests	Number of Shares held	Approximate percentage of shareholding
Mr. Yue Yong ("Mr. Yue") (Notes 1 and 2)	Interest in a controlled corporation; interest held jointly with another person	310,040,000	61.03%
Mr. Sie Tak Kwan ("Mr. Sie") (Notes 1 and 3)	Interest in a controlled corporation; interest held jointly with another person	310,040,000	61.03%
Mr. Guan Haiqing ("Mr. Guan") (Notes 1 and 4)	Interest in a controlled corporation; interest held jointly with another person	310,040,000	61.03%
Mr. Liang Judong ("Mr. Liang") (Notes 1 and 5)	Interest in a controlled corporation; interest held jointly with another person	310,040,000	61.03%

## OTHER INFORMATION

### Notes:

1. Pursuant to the deed of concert parties dated 11 August 2016 as supplemented by a supplemental deed dated 10 November 2016 and 15 November 2019 (the “**Deed of Concert Parties**”), Mr. Yue, Mr. Sie, Mr. Guan, Mr. Liang and Ms. Ma Chunru, a substantial shareholder of the Company (“**Ms. Ma**”) confirm, agree and acknowledge, among other things, that they are parties acting in concert in respect of the Group since 15 November 2019. As such, pursuant to the Deed of Concert Parties, each of Mr. Yue, Mr. Sie, Mr. Guan, Mr. Liang and Ms. Ma is deemed to be interested in 61.03% of the issued share capital of the Company.
2. Shares in which Mr. Yue is interested consist of (i) 55,070,000 Shares held by Worldgate Ventures Limited, a company wholly owned by him, in which Mr. Yue is deemed to be interested under the SFO; and (ii) 254,970,000 Shares in which Mr. Yue is deemed to be interested as a result of being a party acting-in-concert with Mr. Sie, Mr. Guan, Mr. Liang and Ms. Ma.
3. Shares in which Mr. Sie is interested consist of (i) 103,335,000 Shares held by Cohort Investments Limited, a company wholly owned by him, in which Mr. Sie is deemed to be interested under the SFO; and (ii) 206,705,000 Shares in which Mr. Sie is deemed to be interested as a result of being a party acting-in-concert with Mr. Yue, Mr. Guan, Mr. Liang and Ms. Ma.
4. Shares in which Mr. Guan is interested consist of (i) 72,365,000 Shares held by Copious Link Investments Limited, a company wholly-owned by him, in which Mr. Guan is deemed to be interested under the SFO; and (ii) 237,675,000 Shares in which Mr. Guan is deemed to be interested as a result of being a party acting-in-concert with Mr. Sie, Mr. Yue, Mr. Liang and Ms. Ma.
5. Shares in which Mr. Liang is interested consist of (i) 31,005,000 Shares held by Hugemind Investments Limited, a company wholly-owned by him, in which Mr. Liang is deemed to be interested under the SFO; and (ii) 279,035,000 Shares in which Mr. Liang is deemed to be interested as a result of being a party acting-in-concert with Mr. Sie, Mr. Yue, Mr. Guan and Ms. Ma.

Save as disclosed above, as at 30 June 2021, none of the Directors and chief executive of the Company had an interest or short position 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 was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or was required to be recorded pursuant to section 352 of the SFO, or required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

## SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES DISCLOSEABLE UNDER THE SFO

As at 30 June 2021, shareholders of the Company (the “**Shareholders**”) (other than Directors and the chief executive of the Company) who had interests or short positions in the Shares and underlying Shares of the Company which would fall 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 by the Company under section 336 of the SFO were as follows:

### Long Positions in Shares

Name of Shareholder	Capacity/Nature of interest	Number of Shares held	Approximate percentage of shareholding (Note 1)
Worldgate Ventures Limited (Note 2)	Beneficial owner	55,070,000	10.84%
Ms. Li Duan (“ <b>Ms. Li</b> ”) (Note 3)	Interest of spouse	310,040,000	61.03%
Cohort Investments Limited (Note 4)	Beneficial owner	103,335,000	20.34%
Ms. Chen Baozhu (“ <b>Ms. Chen</b> ”) (Note 5)	Interest of spouse	310,040,000	61.03%
Copious Link Investments Limited (Note 6)	Beneficial owner	72,365,000	14.25%
Ms. Gu Wei (“ <b>Ms. Gu</b> ”) (Note 7)	Interest of spouse	310,040,000	61.03%
Hugemind Investments Limited (Note 8)	Beneficial owner	31,005,000	6.10%
Ms. Bai Xiaoqian (“ <b>Ms. Bai</b> ”) (Note 9)	Interest of spouse	310,040,000	61.03%
Silver Coral Developments Limited (Note 10)	Beneficial owner	48,265,000	9.50%
Ms. Ma (Notes 10 and 11)	Interest in a controlled corporation; interest held jointly with another person	310,040,000	61.03%
Sino Impact Limited	Beneficial owner	54,710,000	10.77%
Mr. Kwan Shan (“ <b>Mr. Kwan</b> ”) (Note 12)	Interest in a controlled corporation; Interest of spouse	54,710,000	10.77%
Ms. Tam Suk Fan Sindy (“ <b>Ms. Tam</b> ”) (Note 12)	Interest in a controlled corporation; Interest of spouse	54,710,000	10.77%



## OTHER INFORMATION

### Notes:

1. As at 30 June 2021, the Company had 508,000,000 Shares in issue.
2. Worldgate Ventures Limited is wholly-owned by Mr. Yue. Under the SFO, Mr. Yue is deemed to be interested in the Shares held by Worldgate Ventures Limited.
3. Ms. Li is the spouse of Mr. Yue. Under the SFO, Ms. Li is deemed to be interested in the same number of Shares in which Mr. Yue is interested.
4. Cohort Investments Limited is wholly-owned by Mr. Sie. Under the SFO, Mr. Sie is deemed to be interested in the Shares held by Cohort Investments Limited.
5. Ms. Chen is the spouse of Mr. Sie. Under the SFO, Ms. Chen is deemed to be interested in the same number of Shares in which Mr. Sie is interested.
6. Copious Link Investments Limited is wholly-owned by Mr. Guan. Under the SFO, Mr. Guan is deemed to be interested in the Shares held by Copious Link Investments Limited.
7. Ms. Gu is the spouse of Mr. Guan. Under the SFO, Ms. Gu is deemed to be interested in the same number of Shares in which Mr. Guan is interested.
8. Hugemind Investments Limited is wholly-owned by Mr. Liang. Under the SFO, Mr. Liang is deemed to be interested in the Shares held by Hugemind Investments Limited.
9. Ms. Bai is the spouse of Mr. Liang. Under the SFO, Ms. Bai is deemed to be interested in the same number of Shares in which Mr. Liang is interested.
10. Silver Coral Developments Limited is wholly-owned by Ms. Ma. Under the SFO, Ms. Ma is deemed to be interested in the Shares held by Silver Coral Developments Limited.
11. Shares in which Ms. Ma is interested consist of (i) 48,265,000 Shares held by Silver Coral Developments Limited, a company wholly-owned by her, in which Ms. Ma is deemed to be interested under the SFO; and (ii) 261,775,000 Shares in which Ms. Ma is deemed to be interested as a result of being a party acting-in-concert with Mr. Yue, Mr. Sie, Mr. Guan, and Mr. Liang, pursuant to the Deed of Concert Parties.
12. Mr. Kwan and Ms. Tam, each holds 50% of Sino Impact Limited, which directly holds 54,710,000 Shares. By virtue of the SFO, Mr. Kwan and Ms. Tam are deemed to be interested in the 54,710,000 Shares in which Sino Impact Limited is interested.

Save as disclosed above, as at 30 June 2021, the Company has not been notified by any persons (other than the Directors or chief executive of the Company) who held an interest or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company pursuant to 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.

## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the sections headed "Share Option Scheme", "Share Award Scheme" and "Directors' And Chief Executive's Interests in Shares" above, at no time during the six months ended 30 June 2021 and up to the date of this report, have the Directors and chief executive of the Company and their respective close associates (as defined in the Listing Rules) had any interest in, or had been granted or exercised any rights to subscribe for shares or underlying shares of the Company and/or its associated corporations (within the meaning of the SFO).

## COMPETING INTERESTS

During the six months ended 30 June 2021, none of the Directors or the controlling Shareholders or their respective associates (as defined in the Listing Rules) had an interest in any business which competes or may compete, either directly or indirectly, with the business of the Group or has any conflicts of interest which has or may have with the Group.

## DEED OF NON-COMPETITION BY CONTROLLING SHAREHOLDERS

On 21 November 2016, Cohort Investments Limited, Copious Link Investments Limited, Hugemind Investments Limited, Worldgate Ventures Limited, Mr. Yue, Mr. Sie, Mr. Guan and Mr. Liang (the "**Controlling Shareholders**") entered into a deed of non-competition ("**Deed of Non-Competition**") in favour of the Company (for itself and as trustee for each of its subsidiaries), pursuant to which each Controlling Shareholder, jointly and severally, warrants and undertakes to the Company that, from the Listing Date, he/it shall not, and shall procure his/its close associates or any company directly or indirectly controlled by him/it (other than members of the Group) not to directly or indirectly, carry on, participate, engage or otherwise be interested in any business in anywhere or place which is or may be in competition with the business of any members of the Group from time to time. For details of the Deed of Non-Competition, please refer to the section headed "Relationship with Our Controlling Shareholders" in the Prospectus.

On 15 November 2019, Ms. Ma has executed a supplemental deed (the "**Supplemental Deed**") to the Deed of Concert Parties dated 11 August 2016 (as amended and supplemented by a supplemental deed dated 10 November 2016) with Mr. Sie, Mr. Yue, Mr. Guan and Mr. Liang. Pursuant to the Supplemental Deed, Ms. Ma agrees and undertakes to act in concert with Mr. Sie, Mr. Yue, Mr. Guan and Mr. Liang in the operations, management and all significant matters relating to the Company and its subsidiaries. Accordingly, with effect from 15 November 2019, Mr. Sie, Mr. Yue, Mr. Guan, Ms. Ma and Mr. Liang are parties in concert and each of them is deemed to be interested in the shares of the Company indirectly held by the others pursuant to the SFO. Mr. Sie remains as the leader of the concert parties group.

Each Controlling Shareholder has confirmed to the Company of his/her/its compliance with the Deed of Non-Competition for the six months ended 30 June 2021. The independent non-executive Directors have also reviewed the status of compliance and confirmed that all the undertakings under the Deed of Non-Competition have been complied by each of the Controlling Shareholders for the six months ended 30 June 2021.

## OTHER INFORMATION

### CORPORATE GOVERNANCE

The Company has complied with all the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules and was not aware of any non-compliance relating thereto during the six months ended 30 June 2021.

### THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as the code of conduct for dealing in securities of the Company by the Directors.

The Company has made specific enquiry to all Directors, who have confirmed that, during the six months ended 30 June 2021, each of them were in compliance with the Model Code.

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

Neither the Company nor any of its subsidiaries have purchased, sold or redeemed any securities of the Company during the six months ended 30 June 2021.

### AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) was established on 21 November 2016 with written terms of reference revised by the Board with effect from 29 November 2018 in compliance with Rules 3.21 and 3.22 of the Listing Rules and the code provision C.3.3 of the Code. The Audit Committee comprises three independent non-executive Directors, namely Mr. Cheung Hon Fai, Professor Lam Kin Man and Mr. Shen Qi. The chairman of the Audit Committee is Mr. Cheung Hon Fai, who holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules. None of the members of the Audit Committee are former partners of the Company’s existing external auditors.

The Audit Committee has reviewed the Group’s financial results for the six months ended 30 June 2021 with the management and is of the view that such results complied with the applicable accounting standards, the requirements under the Listing Rules and other applicable legal requirements, and that adequate disclosures had been made.

## EVENTS AFTER THE REPORTING PERIOD

On 16 July 2021, the Board resolved to grant a total of 13,000,000 award shares to 15 selected participants pursuant to the Scheme Rules. Based on the closing price of the Shares of HK\$0.495 as at the date of the grant of the award shares, the market value of the award shares in aggregate is HK\$6,435,000 (equivalent to approximately RMB5,360,000). The award shares shall be vested in two tranches in accordance with the following dates: (i) 50% of the award shares shall be vested on 1 September 2021; and (ii) the remaining 50% will be vested on 31 December 2022. For further information, please refer to the announcement of the Company dated 16 July 2021.

By order of the Board  
**Vixtel Technologies Holdings Limited**  
**Guan Haiqing**  
*Chairman*

Hong Kong, 27 August 2021

As at the date of this report, the executive Directors are Mr. Guan Haiqing, Mr. Sie Tak Kwan and Mr. Yue Yong; the non-executive Director is Mr. Liang Judong; and the independent non-executive Directors are Mr. Cheung Hon Fai, Professor Lam Kin Man and Mr. Shen Qi.

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	Notes	For the six months ended 30 June	
		2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
<b>REVENUE</b>	5	<b>42,274</b>	36,147
Cost of sales		<b>(18,625)</b>	(15,446)
Gross profit		<b>23,649</b>	20,701
Other income and gains	5	<b>2,738</b>	2,216
Selling and distribution expenses		<b>(4,832)</b>	(3,601)
Research and development expenses		<b>(11,988)</b>	(11,226)
Administrative expenses		<b>(6,267)</b>	(6,551)
Impairment losses on financial and contract assets, net		<b>44</b>	64
Other expenses		<b>(271)</b>	(75)
<b>PROFIT BEFORE TAX</b>	6	<b>3,073</b>	1,528
Income tax expenses	7	<b>(55)</b>	373
<b>PROFIT FOR THE PERIOD</b>		<b>3,018</b>	1,901
<b>OTHER COMPREHENSIVE INCOME</b>		<b>–</b>	–
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>3,018</b>	1,901
<b>Attributable to:</b>			
Owners of the parent		<b>2,928</b>	2,224
Non-controlling interests		<b>90</b>	(323)
<b>EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT</b>	8		
Basic and diluted			
– For profit for the period		<b>RMB0.58 cents</b>	RMB0.44 cents

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2021

	Notes	30 June 2021 (Unaudited) RMB'000	31 December 2020 (Audited) RMB'000
<b>NON-CURRENT ASSETS</b>			
Property and equipment	9	579	431
Right-of-use assets		1,456	2,439
Other intangible assets		13,064	12,800
Contract assets	12	2,108	2,108
<b>Total non-current assets</b>		<b>17,207</b>	17,778
<b>CURRENT ASSETS</b>			
Inventories	10	5,975	1,353
Contract assets	12	91,918	89,661
Trade and bills receivables	11	19,133	16,142
Prepayments, other receivables and other assets		11,648	3,755
Pledged deposit	13	5,500	7,000
Cash and cash equivalents	13	61,692	85,912
<b>Total current assets</b>		<b>195,866</b>	203,823
<b>CURRENT LIABILITIES</b>			
Interest-bearing bank borrowings		10,000	10,000
Trade payables	14	3,696	5,257
Other payables and accruals		15,753	19,889
Lease liabilities		1,687	1,886
Tax payable		1,045	1,052
<b>Total current liabilities</b>		<b>32,181</b>	38,084
<b>NET CURRENT ASSETS</b>		<b>163,685</b>	165,739
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>180,892</b>	183,517
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities		2,217	2,314
Lease liability		–	528
<b>Total non-current liabilities</b>		<b>2,217</b>	2,842
<b>Net assets</b>		<b>178,675</b>	180,675
<b>EQUITY</b>			
Issued capital	15	4,514	4,514
Reserves		173,023	175,113
<b>Capital and reserves attributable to the owners of the parent</b>		<b>177,537</b>	179,627
Non-controlling interests		1,138	1,048
<b>Total equity</b>		<b>178,675</b>	180,675

Guan Haiqing  
Director

Sie Tak Kwan  
Director

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

30 June 2021

	Attributable to owners of the parent							Non-controlling interests	Total
	Issued capital	Share premium	Capital reserve	Statutory surplus reserve	Award Scheme	Retained profits	Subtotal		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>At 1 January 2020</b>	4,514	76,581	30,674	11,706	–	55,101	178,576	–	178,576
Capital contributions from non-controlling equity holders	–	–	–	–	–	–	–	1,000	1,000
Profit for the period	–	–	–	–	–	2,224	2,224	(323)	1,901
Total comprehensive income for the period	–	–	–	–	–	2,224	2,224	(323)	1,901
Transfer from retained profits	–	–	–	680	–	(680)	–	–	–
Deemed disposal of partial interest in a subsidiary	–	–	(234)	–	–	–	(234)	234	–
<b>At 30 June 2020 (Unaudited)</b>	4,514	76,581	30,440	12,386	–	56,645	180,566	911	181,477
<b>At 1 January 2021</b>	4,514	76,581	30,621	12,758	–	55,153	179,627	1,048	180,675
Profit for the period	–	–	–	–	–	2,928	2,928	90	3,018
Total comprehensive income for the period	–	–	–	–	–	2,928	2,928	90	3,018
Transfer from retained profits	–	–	–	696	–	(696)	–	–	–
Stock repurchase	–	–	–	–	(5,018)	–	(5,018)	–	(5,018)
<b>At 30 June 2021 (Unaudited)</b>	4,514	76,581	30,621	13,454	(5,018)	57,385	177,537	1,138	178,675

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

		<b>For the six months ended 30 June</b>	
	<i>Notes</i>	<b>2021</b> <b>(Unaudited)</b> <b>RMB'000</b>	2020 (Unaudited) RMB'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		<b>3,073</b>	1,528
Adjustments for:			
Interest income		<b>(690)</b>	(566)
Depreciation	<i>6</i>	<b>153</b>	269
Amortization of other intangible assets	<i>6</i>	<b>1,717</b>	1,151
Net foreign exchange differences		<b>82</b>	(367)
		<b>4,335</b>	2,015
Increase in inventories		<b>(4,622)</b>	(862)
(Increase)/decrease in contract assets		<b>(2,257)</b>	254
Increase in trade and bills receivables		<b>(2,991)</b>	(4,908)
Increase in prepayments and other receivables		<b>(7,893)</b>	(4,384)
Decrease in right-of-use asset		<b>983</b>	797
Decrease in trade payables		<b>(1,561)</b>	(133)
Increase/(decrease) in advances from customers		<b>1,467</b>	(40)
Decrease in other payables and accruals		<b>(5,589)</b>	(2,258)
Decrease in lease liability		<b>(727)</b>	(806)
Cash generated from operations		<b>(18,855)</b>	(10,325)
Interest received		<b>690</b>	566
Income tax paid		<b>(158)</b>	(546)
Net cash flows used in operating activities		<b>(18,323)</b>	(10,305)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of items of property and equipment		<b>(144)</b>	(8)
Additions to other intangible assets		<b>(1,981)</b>	(2,439)
Placement of time deposits with original maturity over three months		<b>1,500</b>	(7,000)
Net cash flows used in investing activities		<b>(625)</b>	(9,447)



# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

	Notes	For the six months ended 30 June	
		2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Bank loans raised		–	10,000
Capital contribution from a non-controlling shareholder of a subsidiary		–	1,000
Interest paid		(172)	–
Stock repurchase		(5,018)	–
Net cash flows (used in)/from financing activities		(5,190)	11,000
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents at beginning of period		85,912	80,873
Effect of foreign exchange rate changes, net		(82)	367
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>		<b>61,692</b>	<b>72,488</b>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Cash and bank balance	13	67,192	79,488
Less: Time deposits with original maturity over three months		(5,500)	(7,000)
Cash and cash equivalents as stated in the statement of cash flows		61,692	72,488

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2021

## 1. CORPORATE INFORMATION

Vixel Technologies Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands on 10 November 2015 as an exempted company with limited liability under the Companies Law (2013 Revision) of the Cayman Islands. The address of the registered office of the Company is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands. The shares of the Company were listed on GEM of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 15 December 2016.

The Company has successfully transferred listing from GEM to the Main Board (the “**Main Board**”) of the Stock Exchange on 29 November 2018 (the “**Listing Date**”).

The principal activity of the Company is investment holding. The Company and its subsidiaries (collectively referred to as the “**Group**”) are principally engaged in providing application performance management (“**APM**”) solutions (the “**Listing Business**”) in the People’s Republic of China (the “**PRC**”). There has been no significant change in the Group’s principal activities during the period.

## 2. BASIS OF PRESENTATION

The interim condensed consolidated financial statements for the six months ended 30 June 2021 has been prepared in accordance with the Hong Kong Accounting Standards (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants, and the disclosure requirements of the Hong Kong Companies Ordinance.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statement, and should be read in conjunction with those of the annual report for the year ended 31 December 2020.

The unaudited consolidated results for the six months ended 30 June 2021 have not been audited by the Company’s auditors, but have been reviewed by the Company’s audit committee.

## 3. NEW STANDARDS, INTERPRETATION AND AMENDMENTS ADOPTED BY THE GROUP

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the group’s annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of new standards and interpretations effective as of 1 January 2021. The adoption of the new standards and amendments does not have a material impact on the accounting policies of the Group, and the amounts reported for the current period and prior periods. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2021

## 4. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the provision of APM solutions in the Mainland China.

Under HKFRS 8 Operating Segments, it is required that operating segments to be identified on the basis of internal reporting about components of the Group that are regularly reviewed by the chief operating decision-maker in order to allocate resources to segments and to assess their performance. The information reported to the directors of the Company, who are the chief operating decision-makers, for the purpose of resource allocation and assessment of performance does not contain discrete operating segment financial information and the directors reviewed the financial results of the Group as a whole. Therefore, no further information about the operating segment is presented.

### Geographical information

#### (a) Revenue from external customers

	For the six months ended 30 June	
	2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
Mainland China	41,986	35,613
Others	288	534
	<b>42,274</b>	<b>36,147</b>

The revenue information of continuing operations above is based on the locations of the customers.

#### (b) Non-current assets

For the six months ended 30 June 2021, all non-current assets/capital expenditure of the Group were located/incurred in the Mainland China.

### Information about major customers

Revenue of approximately RMB30,877,000 for six months ended 30 June 2021 (six months ended 30 June 2020: RMB33,743,000) was derived from sales to several provincial subsidiaries under common control by a state-owned telecommunication operator group and accounted for more than 10% of the total revenue.

Revenue of approximately RMB8,492,000 for six months ended 30 June 2021 (six months ended 30 June 2020: RMB8,778,000) was derived from sales to two provincial subsidiaries under common control by a state-owned telecommunication operator group and accounted for more than 10% of the total revenue.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2021

## 5. REVENUE, OTHER INCOME AND GAINS

Revenue represents the value of provision of APM solutions during the period.

An analysis of revenue, other income and gains is as follows:

	For the six months ended 30 June	
	2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
Revenue		
Integrated APM system solutions	23,788	19,499
Software development services	10,502	8,065
Technical services	7,202	7,804
Sales of embedded hardware and standard APM software	782	779
	<b>42,274</b>	<b>36,147</b>
Other income and gains		
Bank interest income	690	566
Government grants – related to expense*	2,130	1,283
Exchange gain, net	(82)	367
	<b>2,738</b>	<b>2,216</b>

\* Government grants received from the government of the Mainland China mainly represented the refund of the value added tax previously paid. There are no unfulfilled conditions or contingencies relating to the grants.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2021

## 6. PROFIT BEFORE TAX

The Group's profit before tax from continuing operations is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
Cost of inventories sold	272	580
Cost of services rendered	9,996	10,189
Employee benefit expenses (excluding directors' and chief executives' remuneration):		
Wages and salaries	18,275	13,214
Pension scheme contributions (defined contribution scheme)	937	133
	<b>19,212</b>	<b>13,347</b>
Research and development costs	11,988	11,226
Depreciation of property and equipment	153	269
Amortization of other intangible assets	1,717	1,151
Bank interest income	(690)	(566)
Foreign exchange difference, net	82	(367)

## 7. INCOME TAX

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Company Law of the Cayman Islands and accordingly is not subject to income tax. No Hong Kong profits tax has been provided since no taxable profit arose in Hong Kong during the period.

Pursuant to the PRC Income Tax Law and the respective regulations, Vixtel Technologies Limited is subject to Corporate Income Tax at a rate of 25% on the taxable profit. Preferential tax treatment is available to Vixtel Technologies Limited, which was recognized as a High and New Technology Enterprise in 2010 in PRC and a lower PRC corporate income tax of 15% has been applied since then. The certificate of High and New Technology Enterprise has to be renewed every three years and the Company has to re-apply for it every six years. The Company has re-applied for and obtained the certificate of High and New Technology Enterprise on 15 October 2019.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2021

## 7. INCOME TAX (continued)

The income tax expenses of the Group for the reporting period are analysed as follows:

	For the six months ended 30 June	
	2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
Current – PRC	151	252
Deferred tax	(96)	(625)
<b>Total tax charges for the period</b>	<b>55</b>	<b>(373)</b>

## 8. EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share for the period is based on the profit for the period attributable to ordinary equity holders of the parent, and the adjusted weighted average number of ordinary shares of 502,732,723 (six months ended 30 June 2020: 508,000,000) in issue during six months ended 30 June 2021.

There were no potentially dilutive ordinary shares in issue during the six months ended 30 June 2021 and 2020, and therefore the diluted earnings per share amount is equivalent to the basic earnings per share.

	For the six months ended 30 June	
	2021 (Unaudited)	2020 (Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the parent (RMB'000)	2,928	2,224
Shares		
Weighted average number of ordinary shares in issue	508,000,000	508,000,000
Weighted average number of shares held for the share award plan	(5,267,277)	–
Adjusted weighted average number of ordinary shares in issue	502,732,723	508,000,000
Basic and diluted earnings per share	RMB0.58 cents	RMB0.44 cents

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2021

## 9. PROPERTY AND EQUIPMENT

During the six months ended 30 June 2021, the Group acquired assets with a cost of RMB144,000 (six months ended 30 June 2020: RMB8,000) on additions to property and equipment.

No assets were disposed of by the Group during the six months ended 30 June 2021 (six months ended 30 June 2020: nil).

## 10. INVENTORIES

	<b>30 June 2021 (Unaudited) RMB'000</b>	31 December 2020 (Audited) RMB'000
Raw materials	<b>5,975</b>	1,353

## 11. TRADE AND BILLS RECEIVABLES

	<b>30 June 2021 (Unaudited) RMB'000</b>	31 December 2020 (Audited) RMB'000
Trade receivables	<b>18,466</b>	16,584
Bills receivable	<b>844</b>	–
	<b>19,310</b>	16,584
Impairment	<b>(177)</b>	(442)
Trade and bills receivables	<b>19,133</b>	16,142

Trade receivables represented the outstanding contracted values for integrated APM system solutions, software development services, technical services and sales of embedded hardware and standard APM software receivable from the customers.

The Group's trading terms with its customers are mainly on credit. For integrated APM system solutions and software development services, the credit period granted to the customers is normally 30 to 60 days upon issuance of invoice and receipt of certain forms of acceptance from its customers during the course of contracts. The forms of acceptance evidence the satisfaction from the customers of the progress of completion. For sales of embedded hardware and standard APM software, the credit period granted to the customers is normally 30 to 60 days upon the goods were accepted by the customers, except for new customers where payment in advance is normally required. For technical services, the credit period granted to the customers is normally due upon completion of the service, except for one contract where payment in advance is received.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2021

## 11. TRADE AND BILLS RECEIVABLES (continued)

The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a number of the largest state-owned telecommunication operators in the PRC and a large number of their independently-operated provincial subsidiaries, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An aged analysis of the trade receivables as at the end of the reporting period, based on the billing date and net of loss allowance, is as follows:

	<b>30 June 2021</b> <b>(Unaudited)</b> <b>RMB'000</b>	31 December 2020 <b>(Audited)</b> RMB'000
Within 90 days	<b>7,309</b>	8,491
90 to 180 days	<b>4,930</b>	5,121
180 days to 1 year	<b>5,397</b>	963
Over 1 year	<b>1,497</b>	1,567
	<b>19,133</b>	16,142



# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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## 12. CONTRACT ASSETS

	<b>30 June 2021</b> <b>(Unaudited)</b> <b>RMB'000</b>	31 December 2020 (Audited) RMB'000
Contract assets arising from:		
Integrated APM system solutions	<b>64,783</b>	64,054
Software development services	<b>20,665</b>	22,521
Sales of embedded hardware and standard APM software	<b>2,777</b>	4,848
Technical services	<b>7,091</b>	1,415
<hr/>		
Total contract assets	<b>95,316</b>	92,838
<hr/>		
Impairment	<b>(1,290)</b>	(1,069)
<hr/>		
	<b>94,026</b>	91,769
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Analysed into:		
Current portion	<b>91,918</b>	89,661
Non-current portion	<b>2,108</b>	2,108
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# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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## 13. CASH AND BANK BALANCES

	<b>30 June 2021 (Unaudited) RMB'000</b>	31 December 2020 (Audited) RMB'000
Cash and bank balances	<b>67,192</b>	92,912
Less : Restricted bank deposit		
Pledged time deposit for a bank loan	<b>(5,500)</b>	(7,000)
Cash and cash equivalents	<b>61,692</b>	85,912
Denominated in:		
RMB	<b>64,973</b>	78,590
HK\$	<b>2,219</b>	12,243
USD	<b>–</b>	2,079

At the end of the reporting period, the cash and bank balances of the Group were denominated in RMB and HK\$. The RMB is not freely convertible into other currencies, however, under the Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates.

## 14. TRADE PAYABLES

An aged analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	<b>30 June 2021 (Unaudited) RMB'000</b>	31 December 2020 (Audited) RMB'000
Within 90 days	<b>2,287</b>	4,078
90 to 180 days	<b>242</b>	443
180 days to 1 year	<b>526</b>	301
Over 1 year	<b>641</b>	435
Total	<b>3,696</b>	5,257

Trade payable are non-interest-bearing and are normally settled within 180-days from acceptance.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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## 15. ISSUED CAPITAL

	<b>30 June 2021 (Unaudited) RMB'000</b>	31 December 2020 (Audited) RMB'000
Issued and fully paid:		
508,000,000 (2020: 508,000,000) ordinary shares of HK\$0.01 each	<b>4,514</b>	4,514

## 16. SHARE AWARD SCHEME

The Company adopted a Share Award Scheme on 10 January 2020. The purposes of the Share Award Scheme are (i) to recognize and motivate the contributions of the eligible persons; (ii) to provide them with incentives in order to retain such persons for continual operation and development of the Group; and (iii) to recruit suitable personnel in the interest of further development of the Group.

The total number of shares to be awarded under the Share Award Scheme shall not exceed 10% of the total number of issued shares from time to time. The maximum number of award shares which may be granted to a selected participant but unvested under the Share Award Scheme shall not exceed 1% of the total number of issued shares from time to time.

The Share Award Scheme shall terminate on the earlier of: (i) the tenth anniversary of the adoption date; and (ii) such date of early termination as determined by the Board provided that such termination shall not affect any subsisting rights of any selected participant under the Share Award Scheme.

From 12 April 2021 to 21 April 2021, the Company purchased 13,000,000 shares for future granting, in an aggregate of amount HK\$5,969,000 (equivalent to approximately RMB5,018,000). As of 30 June 2021, 13,000,000 shares of the Company were held by the Trustee and have yet to be awarded.

On 16 July 2021, the Board resolved to grant a total of 13,000,000 Award Shares to 15 Selected Participants pursuant to the Scheme Rules. Based on the closing price of the Shares of HK\$0.495 as at the date of the grant of the Award Shares, the market value of the Award Shares in aggregate is HK\$6,435,000 (equivalent to approximately RMB5,360,000). The Award Shares shall be vested in two tranches in accordance with the following dates: (i) 50% of the Award Shares shall be vested on 1 September 2021; and (ii) the remaining 50% will be vested on 31 December 2022.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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## 17. RELATED PARTY TRANSACTIONS

- (a) There was no related party transaction between the Group and its related party during the period ended 30 June 2021 and 30 June 2020.
- (b) Compensation of key management personnel of the Group:

	For the six months ended 30 June	
	2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
Fee	50	43
Other emoluments:		
Salaries, allowances and benefits in kind	3,147	3,099
Pension scheme contributions	199	109
	<b>3,346</b>	3,208
	<b>3,396</b>	3,251

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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## 18. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments of the Group as at the end of the reporting period are as follows:

Financial assets at amortised costs	<b>30 June 2021</b> <b>(Unaudited)</b> <b>RMB'000</b>	31 December 2020 (Audited) RMB'000
Trade and bills receivables	<b>19,133</b>	16,142
Financial assets included in prepayments, other receivables and other assets	<b>6,038</b>	2,390
Pledged deposit	<b>5,500</b>	7,000
Cash and cash equivalents	<b>61,692</b>	85,912
	<b>92,363</b>	111,444
Financial liabilities at amortised cost	<b>30 June 2021</b> <b>(Unaudited)</b> <b>RMB'000</b>	31 December 2020 (Audited) RMB'000
Trade payables	<b>3,696</b>	5,257
Financial liabilities included in other payables and accruals	<b>617</b>	3,866
Interest-bearing bank and other borrowings	<b>10,000</b>	10,000
Lease liabilities	<b>1,687</b>	2,414
	<b>16,000</b>	21,537

## 19. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has determined that the carrying amounts of cash and cash equivalents, trade and bills receivables, financial assets included in prepayments, other receivables and other assets, trade payables, and financial liabilities included in other payables and accruals reasonably approximate to their fair values because these financial instruments are mostly short term in nature.

## 20. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These financial statements were approved and authorised for issue by the Board on 27 August 2021.