



# Nomad Technologies Holdings Limited

(Incorporated in the Cayman Islands with Limited Liability)

Stock Code: 8645

Interim Report 2021/2022



2021/2022  
Interim Report



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Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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*This interim report, for which the directors (the “**Directors**”) of Nomad Technologies Holdings Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company and its subsidiaries (collectively referred to as the “**Group**”). The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this interim report 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 or this interim report misleading.*

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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### *Executive Directors*

Dato' Eric Tan Chwee Kuang  
Mr. Yu Decai (*Appointed on 21 July 2021*)  
Mr. Saw Zhe Wei (*Resigned on 21 July 2021*)

#### *Independent Non-executive Directors*

Mr. Chen Youchun (*Appointed on 5 July 2021*)  
Mr. Lim Peng Chuan Terence  
Mr. Phua Cheng Sye Charles  
Mr. Yau Yeung On (*Resigned on 5 July 2021*)

### AUDIT COMMITTEE

Mr. Lim Peng Chuan Terence (*Chairman*)  
Mr. Chen Youchun (*Appointed on 5 July 2021*)  
Mr. Phua Cheng Sye Charles  
Mr. Yau Yeung On (*Resigned on 5 July 2021*)

### NOMINATION COMMITTEE

Mr. Phua Cheng Sye Charles (*Chairman*)  
Mr. Lim Peng Chuan Terence  
Dato' Eric Tan Chwee Kuang

### REMUNERATION COMMITTEE

Mr. Chen Youchun (*Chairman*)  
(*Appointed on 5 July 2021*)  
Mr. Lim Peng Chuan Terence  
Dato' Eric Tan Chwee Kuang  
Mr. Yau Yeung On (*Chairman*)  
(*Resigned on 5 July 2021*)

### COMPANY SECRETARY

Ms. Wong Po Lam (CPA)

### AUTHORISED REPRESENTATIVES

Ms. Wong Po Lam (CPA)  
Dato' Eric Tan Chwee Kuang

### COMPLIANCE OFFICER

Dato' Eric Tan Chwee Kuang

### COMPLIANCE ADVISER

Pulsar Capital Limited  
Unit 1504, 15/F  
Shui On Centre  
6-8 Harbour Road,  
Wanchai, Hong Kong

### HONG KONG LEGAL ADVISER

TC & Co.  
Units 2201-2203  
22/F, Tai Tung Building, 8 Fleming Road  
Wanchai, Hong Kong

### AUDITOR

Mazars CPA Limited  
*Certified Public Accountants*  
42/F, Central Plaza  
18 Harbour Road, Wanchai  
Hong Kong

### REGISTERED OFFICE IN THE CAYMAN ISLANDS

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

### HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit B, 13/F, Winsan Tower  
98 Thomson Road, Wanchai  
Hong Kong

### HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN MALAYSIA

No.25, 25-1 & 25-3, Jalan MH 3  
Taman Muzaffar Heights  
75450 Ayer Keroh  
Melaka, Malaysia

### PRINCIPAL BANKER

Malayan Bank Berhad  
14th Floor, Menara Maybank  
100 Jalan Tun Perak, 50050  
Kuala Lumpur, Malaysia

### CAYMAN ISLANDS 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

Computershare Hong Kong Investor  
Services Limited  
Shops 1712-1716  
17/F, Hopewell Centre  
183 Queen's Road East, Wanchai  
Hong Kong  
(*Appointed on 28 July 2021*)

Tricor Investor Services Limited  
Level 54, Hopewell Centre  
183 Queen's Road East  
Hong Kong  
(*Resigned on 28 July 2021*)

### STOCK CODE

8645

### WEBSITE OF THE COMPANY

[www.nomad-holdings.com](http://www.nomad-holdings.com)

### FINANCIAL HIGHLIGHTS

- The Group's revenue for the six months ended 31 December 2021 amounted to approximately RM27.7 million, representing an increase of approximately 51.4% as compared with that of the corresponding period in previous year.
- Gross profit for the six months ended 31 December 2021 increased by approximately 30.5% to approximately RM7.7 million.
- Loss per share of the Company for the six months ended 31 December 2021 was approximately RM0.10 cents (six months ended 31 December 2020: approximately RM0.09 cents).
- The Directors do not recommend the payment of any dividend for the six months ended 31 December 2021 (six months ended 31 December 2020: Nil).

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

	Notes	Three months ended 31 December		Six months ended 31 December	
		2021	2020	2021	2020
		RM'000 (Unaudited)	RM'000 (Unaudited)	RM'000 (Unaudited)	RM'000 (Unaudited)
<b>Revenue</b>	4	<b>19,365</b>	9,741	<b>27,698</b>	18,323
Cost of sales and services		(14,080)	(6,994)	(19,999)	(12,408)
<b>Gross profit</b>		<b>5,285</b>	2,747	<b>7,699</b>	5,915
Other income	5	22	156	46	417
Other gain and losses	6	143	(262)	231	(621)
Selling expenses		(297)	(276)	(507)	(452)
Administrative and other operating expenses		(3,803)	(2,478)	(7,069)	(4,924)
Finance costs	7	(31)	(39)	(53)	(71)
<b>Profit (loss) before tax</b>	7	<b>1,319</b>	(152)	<b>347</b>	264
Income tax expenses	8	(617)	(331)	(642)	(754)
<b>Profit (loss) and total comprehensive income (expenses) for the period</b>		<b>702</b>	(483)	<b>(295)</b>	(490)
<b>Profit (loss) and total comprehensive income (expenses) for the period attributable to:</b>					
Equity holders of the Company		71	(517)	(605)	(561)
Non-controlling interests		631	34	310	71
		<b>702</b>	(483)	<b>(295)</b>	(490)
<b>Earnings (loss) per share attributable to equity holders of the Company</b>					
– Basic and diluted (RM cents)	10	<b>0.01</b>	(0.09)	<b>(0.10)</b>	(0.09)

\* Represent amount less than RM1,000

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	At 31 December 2021 RM'000 (Unaudited)	At 30 June 2021 RM'000 (Audited)
<b>Non-current assets</b>			
Property, plant and equipment	11	23,370	26,016
Intangible asset		50	–
Deferred tax assets		1,022	263
		<b>24,442</b>	<b>26,279</b>
<b>Current assets</b>			
Inventories		5,275	2,334
Contract costs		1,121	1,333
Trade and other receivables	12	25,813	14,960
Tax recoverable		–	1,948
Pledged bank deposits		2,634	2,634
Bank balances and cash		11,528	20,267
		<b>46,371</b>	<b>43,476</b>
<b>Current liabilities</b>			
Amounts due to directors and related parties		28	–
Trade and other payables	13	9,612	11,550
Interest-bearing borrowings and bank overdrafts		2,256	387
Lease liabilities		433	398
Tax payable		292	–
		<b>12,621</b>	<b>12,335</b>
<b>Net current assets</b>		<b>33,750</b>	<b>31,141</b>
<b>Total assets less current liabilities</b>		<b>58,192</b>	<b>57,420</b>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	At 31 December 2021 RM'000 (Unaudited)	At 30 June 2021 RM'000 (Audited)
<b>Non-current liabilities</b>			
Trade and other payables	13	4,896	3,741
Interest-bearing borrowings and bank overdrafts		218	231
Lease liabilities		1,246	1,321
		<b>6,360</b>	<b>5,293</b>
<b>NET ASSETS</b>		<b>51,832</b>	<b>52,127</b>
<b>Capital and reserves</b>			
Share capital	14	3,191	3,191
Reserves		48,111	48,716
Equity attributable to equity holders of the Company		51,302	51,907
Non-controlling interests		530	220
<b>TOTAL EQUITY</b>		<b>51,832</b>	<b>52,127</b>



# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2021

	Attributable to equity holders of the Company						
	Reserves				Non-		Total equity
	Share capital RM'000	Share premium RM'000 (Note a)	Merger reserve RM'000 (Note b)	Accumulated profits RM'000	Total RM'000	controlling interests RM'000	
At 1 July 2020 (audited)	3,191	46,570	(16,314)	21,062	54,509	(58)	54,451
(Loss) profit and total comprehensive (expenses) income for the period	-	-	-	(561)	(561)	71	(490)
At 31 December 2020 (unaudited)	3,191	46,570	(16,314)	20,501	53,948	13	53,961
At 1 July 2021 (audited)	3,191	46,570	(16,314)	18,460	51,907	220	52,127
(Loss) profit and total comprehensive (expenses) income for the period	-	-	-	(605)	(605)	310	(295)
At 31 December 2021 (unaudited)	3,191	46,570	(16,314)	17,855	51,302	530	51,832

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2021

### Notes:

- a. Share premium represents the excess of the net proceeds from issuance of the Company's shares over its par value. Under the law of the Cayman Islands and the Company's Articles of Association, it is distributable to the Company's shareholders provided that the Company is able to pay its debts as they fall due in the ordinary course of business.
- b. For the consolidated statement of financial position of the Group and the statement of financial position of the Company, merger reserve represents the aggregate amount of the issued and paid-up share capital of the entities now comprising the Group before completion of the Reorganisation and the Company, respectively, less consideration paid to acquire the relevant interests (if any) upon completion of the Reorganisation.

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 31 December	
	2021 RM'000 (Unaudited)	2020 RM'000 (Unaudited)
<b>OPERATING ACTIVITIES</b>		
Profit before tax	347	264
Adjustments for:		
Amortisation of contract costs	507	452
Depreciation of property, plant and equipment	4,235	3,808
Amortisation of intangible asset	2	–
Finance costs	53	71
Reversal of impairment loss on trade receivables, net	(121)	(136)
Interest income from bank deposits	(28)	(187)
Gain on disposal of property, plant and equipment	(232)	(2)
<b>Operating cash inflows before movements in working capital</b>	<b>4,763</b>	<b>4,270</b>
Changes in working capital:		
Trade and other receivables	(10,732)	484
Inventories	(2,941)	(582)
Contract costs	(295)	(647)
Trade and other payables	(755)	(1,160)
<b>Cash (used in) generated from operations</b>	<b>(9,960)</b>	<b>2,365</b>
Income tax paid	(483)	(731)
Income tax refunded	1,322	–
<b>Net cash (used in) from operating activities</b>	<b>(9,121)</b>	<b>1,634</b>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 31 December	
	2021 RM'000 (Unaudited)	2020 RM'000 (Unaudited)
<b>INVESTING ACTIVITIES</b>		
Interest received	28	187
Deposits paid for property, plant and equipment	–	(1,357)
Purchase of property, plant and equipment	(1,589)	(1,504)
Purchase of intangible asset	(52)	–
Placement of pledged bank deposits	–	(12)
Proceed from disposal of property, plant and equipment	232	7
<b>Net cash used in investing activities</b>	<b>(1,381)</b>	<b>(2,679)</b>
<b>FINANCING ACTIVITIES</b>		
Interest paid	(53)	(71)
Repayment of interest-bearing borrowings	(12)	(11)
Repayment of lease liabilities	(328)	(370)
New lease liabilities raised	288	300
<b>Net cash used in financing activities</b>	<b>(105)</b>	<b>(152)</b>

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS



	Six months ended 31 December	
	2021 RM'000 (Unaudited)	2020 RM'000 (Unaudited)
<b>Net decrease in cash and cash equivalents</b>	<b>(10,607)</b>	<b>(1,197)</b>
<b>Cash and cash equivalents at the beginning of the reporting period</b>	<b>19,904</b>	<b>19,477</b>
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>9,297</b>	<b>18,280</b>
<b>Analysis of the balances of cash and cash equivalents</b>		
Bank balances and cash	<b>11,528</b>	19,080
Bank overdrafts	<b>(2,231)</b>	(800)
	<b>9,297</b>	<b>18,280</b>

# NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 31 December 2021

## 1. GENERAL INFORMATION

Nomad Technologies Holdings Limited (the “**Company**”) was incorporated as an exempted company with limited liability in the Cayman Islands on 5 June 2018, and its shares were listed on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 9 December 2019.

The Company is an investment holding company. The Company together with its subsidiaries (hereinafter collectively referred to as the “**Group**”) is principally engaged in rendering of: (i) network support services mainly encompassing network infrastructure design and hardware installation, network management and security services; and (ii) network connectivity services that focus on providing intranet and internet connectivity solutions and value-added services.

The addresses of the registered office and the principal place of business of the Company are disclosed in the section “Corporate Information” section of this interim report.

## 2. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial results (the “**Interim Consolidated Financial Statements**”) have been prepared in accordance with International Financial Reporting Standards (“**IFRSs**”) issued by the International Accounting Standards Board (“**IASB**”), which collective term includes all applicable individual IFRSs, International Accounting Standards (“**IASs**”) and Interpretations issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance. The Interim Consolidated Financial Statements also comply with the applicable disclosure requirements of the Rule Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”).

The Interim Consolidated Financial Statements are presented in Malaysian Ringgit (“**RM**”) and all amounts have been rounded to the nearest thousand (“**RM’000**”), unless otherwise indicated.

The preparation of the Interim Consolidated Financial Statements requires the management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, incomes and expenses on a year to date basis. Actual results may differ from these estimates.

## 2. BASIS OF PREPARATION (CONTINUED)

The Interim Consolidated Financial Statements include an explanation of events and transactions that are significant to an understanding of the changes in financial performance of the Group since 1 July 2021 and, therefore, do not include all of the information required for full set of financial statements prepared in accordance with the IFRSs. They shall be read in conjunction with the Consolidated Financial Statements of the Group for the year ended 30 June 2021 included in the annual report of the Company dated 24 September 2021 (the “**Annual Report 2020/2021**”).

The Interim Consolidated Financial Statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair values, as appropriate. Except for changes in accounting policies resulting from adoption of new or revised IFRSs, the accounting policies and methods of computation applied in the preparation of the Interim Consolidated Financial Statements are consistent with the Annual Report 2020/2021.

In the current period, the Group has applied, for the first time, the following new/revised IFRSs issued by the IASB which are mandatory effective for the annual period beginning on or after 1 January 2020 for the preparation of the Group’s Interim Consolidated Financial Statements.

Amendments to IASs 1 and 8	Definition of Material
Amendments to IAS 39, IFRSs 7 and 9	Interest Rate Benchmark Reform – Phase 1
Amendments to IFRS 3	Definition of Business
Amendments to IFRS 16	COVID-19-Related Rent Concessions Beyond 30 June 2021

The new/revised IFRSs does not have any material effect on the amounts reported and/or disclosures set out in the Interim Consolidated Financial Statements.

The Group has not early adopted any new or revised IFRSs that has been issued but not yet effective in the current accounting period.

The Interim Consolidated Financial Statements have not been audited by the Company’s independent auditor but have been reviewed by the audit committee of the Board (the “**Audit Committee**”) and were approved for issue by the Board.

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 31 December 2021

### 3. SEGMENT INFORMATION

The Group's operating activities are attributable to a single operating segment focusing on network support services and network connectivity services in Malaysia and the People's Republic of China (the "PRC") during the six months ended 31 December 2021 and 2020. This operating segment has been identified on the basis of internal management reports prepared in accordance with accounting policies conform to IFRSs that are regularly reviewed by the Executive Directors of the Company, being identified as the chief operating decision maker. They review the results of the Group as a whole in order to assess financial performance and allocation of resources. Accordingly, the operation of the Group constitutes only one single operating segment and no further analysis of this single segment is presented.

#### *Geographical information*

The Group's operation is mainly located in Malaysia and the PRC.

The following table sets out information about the geographical location of the Group's revenue from external customers.

#### **(a) Revenue from external customers**

	<b>Six months ended 31 December</b>	
	<b>2021 RM'000 (Unaudited)</b>	<b>2020 RM'000 (Unaudited)</b>
Malaysia	<b>27,222</b>	18,323
The PRC	<b>476</b>	–
	<b>27,698</b>	18,323



#### 4. REVENUE

	Three months ended 31 December		Six months ended 31 December	
	2021 RM'000 (Unaudited)	2020 RM'000 (Unaudited)	2021 RM'000 (Unaudited)	2020 RM'000 (Unaudited)
<b>Revenue from contracts with customers within IFRS 15</b>				
Sales of hardware	9,754	1,080	10,335	1,578
Rendering of services				
– On-site installation of hardware	524	308	813	483
– Network management and security services	1,086	663	1,667	1,311
– Network connectivity services	6,897	6,135	12,650	11,920
	18,261	8,186	25,465	15,292
<b>Revenue from other sources</b>				
Revenue from lease of hardware under operating lease with fixed lease payments	1,104	1,555	2,233	3,031
	19,365	9,741	27,698	18,323
<b>Timing of revenue recognition under IFRS 15</b>				
At a point in time	9,754	1,080	10,335	1,578
Over time	8,507	7,106	15,130	13,714
	18,261	8,186	25,465	15,292

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 31 December 2021

### 5. OTHER INCOME

	Three months ended 31 December		Six months ended 31 December	
	2021 RM'000 (Unaudited)	2020 RM'000 (Unaudited)	2021 RM'000 (Unaudited)	2020 RM'000 (Unaudited)
Interest income from bank deposits	7	91	28	187
Government subsidies (Note)	14	22	14	79
Others	1	43	4	151
	<b>22</b>	<b>156</b>	<b>46</b>	<b>417</b>

Note: In the opinion of the management of the Group, there was no unfulfilled condition or contingency relating to the government subsidies.

### 6. OTHER GAIN AND LOSSES

	Three months ended 31 December		Six months ended 31 December	
	2021 RM'000 (Unaudited)	2020 RM'000 (Unaudited)	2021 RM'000 (Unaudited)	2020 RM'000 (Unaudited)
Gain on disposal of property, plant and equipment	232	2	232	2
Reversal of impairment loss on trade receivables, net	84	123	121	136
Foreign exchange loss, net	(173)	(387)	(122)	(759)
	<b>143</b>	<b>(262)</b>	<b>231</b>	<b>(621)</b>

## 7. PROFIT (LOSS) BEFORE TAX

This is stated after charging:

	Three months ended 31 December		Six months ended 31 December	
	2021 RM'000 (Unaudited)	2020 RM'000 (Unaudited)	2021 RM'000 (Unaudited)	2020 RM'000 (Unaudited)
<b>Finance costs</b>				
Interest expenses on interest-bearing borrowings and bank overdrafts	23	20	33	39
Interest expenses on lease liabilities	8	19	20	32
	31	39	53	71
<b>Staff costs (including directors' emoluments)</b>				
Salaries, discretionary bonus, allowances and other benefits in kind	1,484	1,053	2,948	2,138
Contributions to defined contribution plans	219	115	399	243
	1,703	1,168	3,347	2,381
<b>Other items</b>				
Amortisation of contract costs	297	276	507	452
Cost of inventories	8,017	1,024	8,405	1,504
Depreciation of property, plant and equipment	2,304	1,868	4,235	3,808
Amortisation of intangible asset	2	–	2	–

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 31 December 2021

### 8. INCOME TAX EXPENSES

	Three months ended 31 December		Six months ended 31 December	
	2021 RM'000 (Unaudited)	2020 RM'000 (Unaudited)	2021 RM'000 (Unaudited)	2020 RM'000 (Unaudited)
<b>Current tax</b>				
Corporate Income Tax ("CIT"):				
Current period	1,258	255	1,400	274
<b>Deferred tax</b>				
Change in temporary differences	(641)	76	(758)	480
Total income tax expenses for the period	617	331	642	754

Income tax expenses represent CIT paid or payable at the applicable tax rates in accordance with the relevant laws and regulations in Malaysia and the PRC, set off by or included the deferred taxation due to the temporary differences arising from the accelerated accounting depreciation, provision for contract costs and contract liabilities.



## 8. INCOME TAX EXPENSES (CONTINUED)

The Group is subject to income tax on an entity basis on profit arising in or derived from the jurisdiction in which members of the Group domicile or operate.

The group entities established in the Cayman Islands and the BVI are exempted from income tax.

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in or derived from Hong Kong.

The Group's subsidiaries established in the PRC is subject to enterprise income tax of the PRC at 25% (six months ended 31 December 2020: Nil) of the estimated assessable profits for the six months ended 31 December 2021 based on the existing legislation, interpretation and practices in respect thereof.

Malaysia CIT is calculated at the rate of 24% (six months ended 31 December 2020: 24%) of the Group's estimated assessable profits arising from Malaysia during the six months ended 31 December 2021.

## 9. DIVIDENDS

The Directors do not recommend the payment of any dividend for the six months ended 31 December 2021 (six months ended 31 December 2020: Nil).

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 31 December 2021

### 10. EARNINGS (LOSS) PER SHARE

The calculation of basic earnings (loss) per share attributable to equity holders of the Company is based on the following information:

	Three months ended 31 December		Six months ended 31 December	
	2021 RM'000 (Unaudited)	2020 RM'000 (Unaudited)	2021 RM'000 (Unaudited)	2020 RM'000 (Unaudited)
Profit (Loss) for the period attributable to equity holders of the Company, used in basic and diluted earnings (loss) per share calculation	71	(517)	(605)	(561)
	Number of shares		Number of shares	
	2021	2020	2021	2020
Weighted average number of ordinary shares for basic and diluted earnings (loss) per share calculation	600,000,000	600,000,000	600,000,000	600,000,000

Diluted earnings (loss) per share is the same as basic earnings (loss) per share as there are no dilutive potential ordinary shares in existence during the six months ended 31 December 2021 and 2020.



## 11. PROPERTY, PLANT AND EQUIPMENT

- (a) During the six months ended 31 December 2021, the Group acquired items of property, plant and equipment with a cost of approximately RM1.6 million (six months ended 31 December 2020: approximately RM1.5 million). Items of property, plant and equipment with a total carrying amount of RM1 (six months ended 31 December 2020: RM4,428) were disposed or written-off during the six months ended 31 December 2021.
- (b) During the six months ended 31 December 2021, the Group entered into several leases for the use of 5 years with the right-of-use assets amounted to approximately RM0.4 million (six months ended 31 December 2020: approximately RM0.3 million).

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 31 December 2021

### 12. TRADE AND OTHER RECEIVABLES

	At 31 December 2021 RM'000 (Unaudited)	At 30 June 2021 RM'000 (Audited)
<b>Billed trade receivables</b>		
– Goods and services	6,023	6,451
– Operating lease receivables	1,758	1,261
Less: Loss allowances	(258)	(379)
	<b>7,523</b>	<b>7,333</b>
<b>Unbilled trade receivables (Note)</b>		
– Goods and services	7,097	2,958
– Operating lease receivables	2,909	2,862
	<b>10,006</b>	<b>5,820</b>
<b>Total trade receivables</b>	<b>17,529</b>	<b>13,153</b>
Other receivables	263	265
Refundable deposits	147	90
Prepayments	7,874	1,452
	<b>25,813</b>	<b>14,960</b>

Note: Unbilled trade receivables represent the remaining balances of receivables for services rendered but not yet billed at the end of reporting period.



## 12. TRADE AND OTHER RECEIVABLES (CONTINUED)

The Group normally grants credit period of 30 days, from the date of issuance of invoices, to its customers.

The ageing analysis of trade receivables, net of loss allowances, based on invoice date at the end of the reporting period is as follows:

	At 31 December 2021 RM'000 (Unaudited)	At 30 June 2021 RM'000 (Audited)
Within 30 days	2,291	2,232
31 to 60 days	1,388	1,644
61 to 90 days	710	1,540
Over 90 days	3,134	1,917
	7,523	7,333
Not yet billed	10,006	5,820
	17,529	13,153

At the end of the reporting period, the ageing analysis of the trade receivables, net of loss allowances, by due date is as follows:

	At 31 December 2021 RM'000 (Unaudited)	At 30 June 2021 RM'000 (Audited)
Not yet due	12,297	8,052
Past due:		
Within 30 days	1,388	1,644
31 to 60 days	710	1,540
61 to 90 days	477	815
Over 90 days	2,657	1,102
	5,232	5,101
	17,529	13,153

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 31 December 2021

### 13. TRADE AND OTHER PAYABLES

	At 31 December 2021 RM'000 (Unaudited)	At 30 June 2021 RM'000 (Audited)
<b>Trade payables to third parties</b>	<b>1,645</b>	4,298
<b>Contract liabilities</b>	<b>10,254</b>	7,864
<b>Other payables</b>		
Other payable	1,238	1,654
Accrued expenses	1,162	1,272
Sales and services tax payable	209	203
	<b>2,609</b>	3,129
	<b>14,508</b>	15,291
Current	<b>9,612</b>	11,550
Non-current	<b>4,896</b>	3,741
	<b>14,508</b>	15,291

The trade payables are interest-free and with normal credit terms ranging from 30 to 60 days.

At the end of the reporting period, the ageing analysis of the trade payables based on invoice date is as follows:

	At 31 December 2021 RM (Unaudited)	At 30 June 2021 RM (Audited)
0 to 30 days	1,305	1,621
31 to 60 days	329	666
61 to 90 days	1	300
Over 90 days	10	1,711
	<b>1,645</b>	4,298

## 14. SHARE CAPITAL

	Number of shares	HK\$	Equivalent to RM'000
Ordinary share of HK\$0.01 each			
Authorised:			
At 30 June 2021 (audited) and 31 December 2021 (unaudited)	10,000,000,000	100,000,000	55,220
Issued and fully paid:			
At 30 June 2021 (audited) and 31 December 2021 (unaudited)	600,000,000	6,000,000	3,191

## 15. SIGNIFICANT TRANSACTION

### *Acquisition of a subsidiary*

On 26 July 2021, Goodway Max Limited, a wholly-owned subsidiary of the Company, had acquired from an independent third party the entire equity interests in China Mebugs Technology Holding Limited (“**China Mebugs**”) at a consideration of HK\$8,000 (the “**Acquisition**”) which was funded by internal resources of the Group. China Mebugs had become a wholly-owned subsidiary of the Group and its financial results had been consolidated into the Interim Consolidated Financial Statements. For further details of the Acquisition, please refer to the announcement of the Company dated 26 July 2021.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

The Company is an investment holding company and the Group is principally engaged in rendering of (i) network support services mainly encompassing network infrastructure design and hardware installation, network management and security services; and (ii) network connectivity services that focus on providing intranet and internet connectivity solutions and value-added services.

The shares of the Company (the “**Shares**”) were successfully listed on GEM of the Stock Exchange on 9 December 2019, enhancing our capital strength and reinforcing the resources for future development as in line with the Group’s long term objective in strengthening our position as one of the major players in the Information and Communication Technology (“**ICT**”) industry in Malaysia has been an important milestone for the Group.

### COVID-19 THE REALITY OF “THE NEW NORM”

On 11 March 2020, the World Health Organization declared the COVID-19 outbreak as a pandemic. The emergence of the COVID-19 pandemic has become one of the biggest disruptors in the global economy, creating uncertainty and placing global economic and social resilience to the test. The COVID-19 pandemic has resulted in, among other things, ongoing travel and transportation restrictions, prolonged closures of workplaces, businesses and schools, lockdowns in certain countries and increased volatility in international capital markets.

A prolonged COVID-19 pandemic is likely to affect our results of operations in the mid to long-term. To control the spread of the COVID-19, the Malaysia Government has implemented and continues to implement countermeasures such as lockdowns, quarantines, travel restrictions and business shutdowns, resulting in sometimes significant slow-downs of business activities and operations. The negative impact of the deteriorating COVID-19 pandemic on local economies and financial markets, coupled with political uncertainty in Malaysia, has led to a material adverse impact on economic activity in general and on consumer confidence and levels of household income in Malaysia.

The challenges are expected to persist in the near term due to the cascading effect of the COVID-19 pandemic on the wider economy. Nevertheless, it is hopeful that recovery will be forthcoming due to the uptick in vaccination rates and reopening of affected economic sectors, particularly for small and medium enterprises (“**SME**”). Notwithstanding, the Group will continue to monitor conditions to ensure the sustainability of its operational and business performance. The Group’s top priority remains maintaining network availability and stability alongside continued vigilance on the health and safety of employees and stakeholders. In addition, the Group will also continue to provide high quality, meaningful solutions across all segments in tandem with strengthening the Group’s strategic position.

In addition, the Group is conscious of the importance of its network connectivity when movements are restricted and people are separated. COVID-19 presented a multitude of opportunities as it expedited the digitalisation agenda. The imposition of lockdowns, accompanied by the increased necessity for social distancing, work from home and online learning, resulted in a widespread adoption of digital communication platforms across all customer groups nationwide. This led to increased demand for Internet connectivity and higher bandwidth as businesses and customers transitioned to online and virtual channels to adapt to the new normal. Consumers and businesses, most notably SME, swiftly transitioned to online activities to supplement their conventional business models. This shift is expected to have a measure of permanence moving forward.

Nevertheless, the standard operating procedure (“**SOP**”) requirements such as social distancing, reduced manpower, regular disinfection and staggered working hours initially caused disruption to operational productivity. Notably, works related to installations, upgrading and assurance were impacted.

However, the Group adapted to the new requirements quickly to ensure that disruptions and impact to overall productivity were kept to a minimum. As the Group works towards safeguarding the health and well-being of its people and customers, it will continue to strengthen and improve its network infrastructure to ensure its customers are kept connected at all times.

## PROSPECT

The Group foresees that there will be challenges in the years ahead due to economic uncertainties that affect many markets at the moment. It is difficult to predict how long such conditions will exist and the extent to which we may be affected by such conditions. However, we will keep a close watch on the development of the situation, continue to refine our management system and make timely adjustments to our operations and sales strategies.

The Group intends to explore markets outside Malaysia and expand its current business of rendering of network support services and network connectivity services into markets in Hong Kong and the People’s Republic of China. In July 2021, the Group has acquired the entire equity interests in China Mebugs which together with its wholly-owned subsidiary, 米虫科技信息（深圳）有限公司 (Mebugs Technology Information (Shenzhen) Co., Limited\*) (“**Mebugs (Shenzhen)**”), were incorporated in June 2021 with authorities to carry on the businesses of providing IT services, cloud security, cloud as a service, network security and internet security management. The Group believes that such acquisition will be able to broaden its source of income, facilitate its business growth according to the market conditions with an aim to enhance its financial performance and returns to the Shareholders in the long run. In September 2021, Mebugs (Shenzhen)

## MANAGEMENT DISCUSSION AND ANALYSIS

and 杭州超級科技有限公司 (Hangzhou Super Technologies Co., Limited\*) entered into a strategic cooperation agreement, for a term from 1 October 2021 to 31 December 2024, to establish a comprehensive and in-depth strategic partnership in the field of providing internet solutions and products based on cloud computing and blockchain technology for companies which have higher demand for servers and information security. It is expected that the cooperation will bring significant business opportunities to the Group's business expansion in the field on other information technology related businesses, including but not limited to internet security protection business and high-defense server leasing business.

Looking forward, the Group is committed to implement cautious approach on the development of the existing businesses and seek for better business opportunities to mitigate the adverse impacts of the market's current volatility and to improve the performance of the Group in order to safeguard the interest of the Shareholders.

\* for identification purpose only

## PRINCIPAL RISKS AND UNCERTAINTIES

The Group is susceptible to material risks associated with the Group's business, including but not limited to the following:

The Board acknowledges its responsibilities for the establishment and maintenance of adequate and effective risk management and internal control systems to safeguard the Group's assets against unauthorized use or disposition, and to protect the interests of the Shareholders. Such systems are designed to manage rather than eliminate risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board is the highest level of our risk management and internal control structure. It is ultimately responsible for establishing an effective risk management environment. Its responsibilities include:

- developing the overall risk management targets, risk management policies and internal control systems;
- optimizing the governance structure and authorization hierarchy;
- guiding and defining the limits for specific risk management work; and
- authorizing responsibilities to other departments.



Based on the risk assessments conducted, the details of significant risks and the relevant risk responses are highlighted as follow:

Risk Categories	Risk Title	Risk Description	Risk Response
Strategic	Failure to anticipate and respond to changes in technologies or needs could adversely affect the Group's business	This is a high-level and corporate-wide risk, which include market risk and the threat of substitutes	The changes in technologies or needs is not controllable. The Group can only closely monitor the technical advancements to mitigate the risks at the current stage. The Group has established new sources of income, including the provision of Secure Cloud Service and Data Content Management Hub to diversify the concentration risk of the traditional network support services.
Operational	Impact on operation performance due to outbreak of the COVID-19	A possible source of loss that might arise from shut down of office in accordance with Government's anti-pandemic measures/and employee quarantine if there is a suspended or confirmed case	<p>The Group closely monitored the guidelines and health advice issued by Government with regards to the pandemic.</p> <p>The Group also mandatorily implemented anti-pandemic measures in offices, including but not limited to wearing masks in offices, daily temperature checks, no access to offices is allowed to anyone with symptom of the COVID-19 or who was a close contact of COVID-19 patient.</p>
	Dependent on major customers for a significant portion of our business and the loss of any of such customers could materially and adversely affect our business and financial position	A possible source of loss that might arise from the loss of key customers	The Group has conducted various marketing activities to attract potential and existing customers. The goal of this promotion strategy in marketing is to increase market awareness and to establish long-term relationship with the customers. The Group had developed new services such as Secure Cloud Service and Data Content Management Hub to attract more business from current and new customers.

## MANAGEMENT DISCUSSION AND ANALYSIS

Risk Categories	Risk Title	Risk Description	Risk Response
	The Group's business comprises contracts and we may be unable to secure new contracts	A possible source of loss that might arise from the inability to secure new contracts	To attract new contracts, the Group has broadened its product and services offerings, introduced various marketing activities, and provided customized solutions to the customers.
	The Group is exposed to payment delays and/or defaults by our customers	Payment delays and/or defaults may lead to liquidity issues in the Group's working capital	The Group generally do not provide a long credit period to new customers unless they are multi-national enterprises with good reputation. In some instances, the Group may also require customers to provide a personal guarantee for such credit limit. To collect overdue trade receivables, the Group monitors overdue payments closely.
Financial	The capital expenditure of our Group for the purchase of hardware may result in an increase in our depreciation expenses	Additional depreciation expenses may adversely affect our financial performance in the future	The Group will also consider to lease the equipment if lease is more beneficial than purchase.

The Board has periodically reviewed the key risk areas and appropriate risk mitigation strategies. Overall, the Board considers the risk management and internal control systems of the Group are effective and adequate. The Board will continue to assess the effectiveness and adequacy of risk management and internal control systems.

For a more comprehensive list of risk factors and explanations, please refer to the section headed "Risk Factors" in the prospectus of the Company dated 25 November 2019 (the "**Prospectus**").

Further descriptions of the Group's financial risk (including interest rate risk, foreign currency risk, credit risk, and liquidity risk), management objectives and policies are set out in Note 29 to the consolidated financial statements of the Company's Annual Report 2020/2021.





There were no material difference in the identified risks between those disclosed in the Prospectus and this interim report. An analysis of the Group's performance during the six months ended 31 December 2021 using financial key performance indicators is set out in the Paragraphs headed "Financial Review" and "Liquidity and Financial Resources" in this section.

Particulars of the significant events of the Group after the end of reporting period and up to the date of this interim report have been summarised in the paragraph headed "Events after the Reporting Period" in this section.

## FINANCIAL REVIEW

### *Revenue*

The Group derives its revenue primarily from the provision of comprehensive and customised (i) network support services which includes the revenue from sales of hardware, on-site installation of hardware, network management and securities services, and lease of hardware and (ii) network connectivity services.

Our revenue increased by approximately RM9.4 million or 51.4% from approximately RM18.3 million for the six months ended 31 December 2020 to approximately RM27.7 million for the six months ended 31 December 2021. Such increase was mainly attributable to (i) increase in revenue from network support services of approximately 134.4% and (ii) increase in revenue from connectivity services of approximately 6.7% during the period.

The increase in revenue generated from network support services was mainly attributable to (i) the increase in revenue generated from sales of hardware and lease of hardware of approximately RM7.9 million or 171.7% from approximately RM4.6 million for the six months ended 31 December 2020 to approximately RM12.5 million for the six months ended 31 December 2021, (ii) the increase in revenue generated from on-site installation of hardware of approximately RM0.3 million or 60.0% from approximately RM0.5 million for the six months ended 31 December 2020 to approximately RM0.8 million for the six months ended 31 December 2021, (iii) the increase in revenue generated from network management and security services of approximately RM0.4 million or 30.8% from approximately RM1.3 million for the six months ended 31 December 2020 to approximately RM1.7 million for the six months ended 31 December 2021 and (iv) the increase in revenue generated from network connectivity services of approximately RM0.8 million or 6.7% from approximately RM11.9 million for the six months ended 31 December 2020 to approximately RM12.7 million for the six months ended 31 December 2021.

### *Cost of sales and services*

Our cost of sales and services increased by approximately RM7.6 million or 61.3% from approximately RM12.4 million for the six months ended 31 December 2020 to approximately RM20.0 million for the six months ended 31 December 2021, which was mainly attributable to net effect of (i) increase in cost of telecommunication and network subscription of approximately RM0.7 million, (ii) increase in cost of network equipment and hardware of approximately RM6.9 million, (iii) increase in cost of cabling of approximately RM0.1 million, (iv) increase in staff cost of approximately RM0.2 million and (v) decrease in depreciation of property, plant and equipment of approximately RM0.3 million.

### *Other income*

Our other income mainly represented interest income from bank deposits, wage subsidy from the Federal Government of Malaysia under an economic stimulus package announced on 27 March 2020 and others. Other income decreased by approximately RM0.4 million or 89.0% from approximately RM0.4 million for the six months ended 31 December 2020 to approximately RM46,000 for the six months ended 31 December 2021. Such decrease was mainly attributable to (i) decrease in receipt of interest income from bank deposits of approximately RM0.2 million, (ii) decrease in receipt of wage subsidy from the Federal Government of Malaysia under an economic stimulus package announced on 27 March 2020 of approximately RM0.1 million and (iii) decrease in refund receipts from the Human Resources Development Fund (“**HRDF**”) and vendor of approximately RM0.1 million.

### *Other gain and losses*

Our other gain, net was approximately RM0.2 million for the six months ended 31 December 2021, as compared to other losses, net of approximately RM0.6 million for the six months ended 31 December 2020. The increase of other net gain was mainly attributable to the combined effect of (i) gain on disposal of property, plant and equipment of approximately RM0.2 million and (ii) decrease in recognition of net foreign exchange loss of approximately RM0.6 million.

### *Selling expenses*

Our selling expenses mainly represented commission paid to our sales representatives for securing contracts with new and existing customers. Such cost remained stable at approximately RM0.5 million for the six months ended 31 December 2021 and 2020.



### *Administrative and other operating expenses*

Our administrative and other operating expenses increased by approximately RM2.2 million or 44.9% from approximately RM4.9 million for the six months ended 31 December 2020 to approximately RM7.1 million for the six months ended 31 December 2021. The increase was primarily due to (i) increase in depreciation of property, plant and equipment from approximately RM2.3 million for the six months ended 31 December 2020 to approximately RM3.0 million for the six months ended 31 December 2021, (ii) increase in staff cost for administrative and management personnel (including Directors) from approximately RM1.4 million for the six months ended 31 December 2020 to approximately RM2.2 million for the six months ended 31 December 2021 and (iii) increase in repairs and maintenance of property, plant and equipment from approximately RM0.1 million for the six months ended 31 December 2020 to approximately RM0.8 million for the six months ended 31 December 2021.

### *Finance costs*

Our finance costs mainly derived from the interest expenses on interest-bearing borrowings and bank overdrafts and interest expenses on lease liabilities. Such costs remained comparable at approximately RM53,000 for the six months ended 31 December 2021 as compared to approximately RM71,000 for the six months ended 31 December 2020.

### *Income tax expenses*

Our income tax expenses decreased by RM0.2 million or 25.0% from approximately RM0.8 million for the six months ended 31 December 2020 to approximately RM0.6 million for the six months ended 31 December 2021. It was mainly attributable to the combined effects of (i) the increase in income tax expenses of approximately RM1.1 million due to the decrease of the tax deductible expense and (ii) changes from deferred tax expenses of approximately RM0.5 million for the six months ended 31 December 2020 to deferred tax credit of approximately RM0.8 million for the six months ended 31 December 2021 in relation to the temporary differences arising from the accelerated accounting depreciation, provision for contract costs and contract liabilities.

### *Profit (Loss) and total comprehensive income (expenses) for the period*

Our loss and total comprehensive expenses decreased by approximately RM0.2 million from approximately RM0.5 million for the six months ended 31 December 2020 to approximately RM0.3 million for the six months ended 31 December 2021. It was mainly due to the combined effects of increase in revenue, increase in cost of sales and services, increase in our gross profit and increase in administrative and other operating expenses as analysed above.

### FINANCIAL POSITION, LIQUIDITY AND FINANCIAL RESOURCES

The Group has funded its liquidity and capital requirements primarily through capital contributions from shareholders, interest-bearing borrowings, internally generated cash flow and proceeds received from the Shares Offer.

As at 31 December 2021, the Group had bank balances and cash of approximately RM11.5 million (30 June 2021: approximately RM20.3 million) and pledged bank deposits of approximately RM2.6 million (30 June 2021: approximately RM2.6 million).

As at 31 December 2021, the Group recorded interest-bearing borrowings and bank overdrafts of approximately RM2.5 million (30 June 2021: approximately RM0.6 million) and lease liabilities of approximately RM1.7 million (30 June 2021: approximately RM1.7 million).

As at 31 December 2021, the Group's current assets and current liabilities were approximately RM46.4 million (30 June 2021: approximately RM43.5 million) and approximately RM12.6 million (30 June 2021: approximately RM12.3 million), respectively. As at 31 December 2021, the current ratio, being the ratio of current assets to current liabilities, was approximately 3.7 times (30 June 2021: approximately 3.5 times).

As at 31 December 2021, we had unutilised banking facilities for short term financing of approximately RM3.4 million (30 June 2021: approximately RM5.2 million).

The gearing ratio is calculated based on the amount of total interest-bearing borrowings and bank overdrafts and lease liabilities divided by total equity. The gearing ratio of the Group as at 31 December 2021 was approximately 8.0% (30 June 2021: approximately 4.4%). The increase in gearing ratio was mainly attributable to the increase in bank overdrafts.



## CAPITAL STRUCTURE

The Shares were listed on GEM of the Stock Exchange on 9 December 2019. There has been no change in the capital structure of the Company since then. As at 31 December 2021, the capital structure of the Group comprised mainly of issued share capital and reserves. As at 31 December 2021, equity attributable to equity holders of the Company amounted to approximately RM51.3 million (30 June 2021: approximately RM51.9 million).

## TREASURY POLICY

The Group has adopted a prudent financial management approach towards its treasury policies and had maintained a healthy liquidity position throughout the reporting period. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirement from time to time.

## FOREIGN EXCHANGE EXPOSURE

The Group's revenue, costs, assets and liabilities are primarily denominated in Ringgit Malaysia ("RM"). The Group currently does not have a foreign currency hedging policy. However, the Directors will continue to monitor the related foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

## CONTINGENT LIABILITIES

As at 31 December 2021, the Group did not have any significant contingent liabilities (30 June 2021: Nil).

## PLEDGE OF ASSETS

As at 31 December 2021, the Group's interest-bearing borrowings and bank overdrafts and lease liabilities are secured by charges over the following assets of the Group:

	<b>As at 31 December 2021 RM'000</b>	<b>As at 30 June 2021 RM'000</b>
Motor vehicles	<b>385</b>	1,244
Pledged bank deposits	<b>2,634</b>	2,634
	<b>3,019</b>	3,878

## DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 31 December 2021 (six months ended 31 December 2020: Nil).

## FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in the section headed "Future Plans and Use of Proceeds" of the Prospectus and the paragraph headed "Use of Proceeds from the Share Offer" in this section, the Company did not have other future plans for material investments and capital assets as at 31 December 2021.

## MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES AND SIGNIFICANT INVESTMENTS

Save as the Acquisition disclosed under Note 15 to the Interim Consolidated Financial Statements, the Group did not have material acquisitions or disposals of subsidiaries and affiliated companies and significant investments by the Group during the six months ended 31 December 2021.

## CAPITAL COMMITMENTS

As at 31 December 2021, the Group did not have any material capital commitment (30 June 2021: approximately RM0.1 million).



## EVENTS AFTER REPORTING PERIOD

On 24 December 2021 (after trading hours), Advantage Sail Limited (“**Advantage Sail**”), the controlling shareholder (as defined under the GEM Listing Rules) of the Company, a company incorporated in the British Virgin Islands with limited liability, the entire issued share capital of which is owned by Dato’ Eric Tan Chwee Kuang (“**Dato’ Tan**”), an Executive Director, the chairman of the Board (the “**Chairman**”) and the chief executive officer of the Company (the “**Chief Executive Officer**”) and Thrive Harvest Limited (“**Thrive Harvest**”), a company incorporated in the British Virgin Islands with limited liability, the entire issued share capital of which is owned by Mr. Yu Decai (“**Mr. Yu**”), an Executive Director, who also owns the entire issued share capital of Worldtone Riches Investment Limited (“**Worldtone Riches**”), which owns 112,500,000 Shares, representing 18.75% of the total issued share capital of the Company as at the date of this interim report, entered into a sale and purchase agreement (the “**Sale and Purchase Agreement**”).

Pursuant to the Sale and Purchase Agreement, Advantage Sail agreed to sell and Thrive Harvest agreed to purchase 303,750,000 Shares (the “**Sale Shares**”), being, representing approximately 50.63% of the total issued share capital of the Company as at the date of this interim report, for a consideration of HK\$60,750,000 (equivalent to HK\$0.20 per Sale Share). Details of the Sale and Purchase Agreement are set out in the announcement of the Company dated 4 January 2022.

Completion took place immediately upon the signing of the Sale and Purchase Agreement, being 24 December 2021 (the “**Completion**”). Immediately following the Completion, Advantage Sail ceased to be the controlling shareholder of the Company.

Upon the Completion, Thrive Harvest is required under Rule 26.1 of the Takeovers Code to make a mandatory unconditional cash offer (the “**Offer**”) for all the issued Shares (other than those already owned or agreed to be acquired by Thrive Harvest, Mr. Yu and parties acting in concert with any of them). Details of the Offer are set out in the announcement of the Company dated 4 January 2022.

Saved as disclosed above, there was no other significant event after the reporting period and up to the date of this interim report.

### USE OF PROCEEDS FROM THE SHARE OFFER

The Shares were listed on GEM of the Stock Exchange on 9 December 2019. The proceeds received from the issuance of 150 million ordinary shares (the “**Offer Shares**”) by Share Offer at HK\$0.40 per offer share was HK\$60.0 million. As set out in the section headed “Future Plans and Use of Proceeds” in the Prospectus, the net proceeds after deduction of underwriting fees and related listing expenses were approximately HK\$28.0 million (the “**Net Proceeds**”) and the Company intends to use the Net Proceeds from the Share Offer for the following purposes:

Approximate amount of net proceeds	Business strategies
HK\$4.6 million or 16.4%	Implement cloud-based data content management solution
HK\$11.0 million or 39.3%	Acquire additional hardware and software to provide cloud-based internet security services
HK\$6.3 million or 22.5%	Establish a disaster recovery centre and becoming a holder of network service provider licence
HK\$1.4 million or 5.0%	Establish a branch office and a backup data centre in Kuala Lumpur
HK\$2.7 million or 9.6%	Expand and strengthening our manpower to cater for the anticipated expansion plans
HK\$2.0 million or 7.2%	Promote our business to capture more market share in the industry





An analysis of the utilization of the net proceeds up to 31 December 2021 is set out below:

Business Strategies	Planned use of the net proceeds up to 31 December 2021 HK\$'000	Actual amount utilised up to 31 December 2021 HK\$'000	Unutilised net proceeds up to 31 December 2021 HK\$'000
Implement cloud-based data content management solution	4,615	4,250	365
Acquire additional hardware and software to provide cloud-based internet security services	11,012	11,012	–
Establish a disaster recovery centre and a backup data centre and becoming a holder of network service provider license	6,267	4,678	1,589
Establish a branch office in Kuala Lumpur	1,413	489	924
Expand and strengthening our manpower to cater for the anticipated expansion plans	2,645	1,905	740
Promote our business to capture more market share in the industry	2,048	245	1,803
	28,000	22,579	5,421

The Directors will continue to examine the Group's business objectives and may change or modify the plans against the changing market conditions to pursuit business growth of the Group.

## MANAGEMENT DISCUSSION AND ANALYSIS

The net proceeds have not been fully utilised up to 31 December 2021 as previously disclosed in the Prospectus because of the reasons elaborated below:

1. As for the implementation of cloud-based data content management solution, the unutilised portion amounted to approximately HK\$365,000 as at 31 December 2021 was due to lower-than-expected hardware and software maintenance cost, the Group plans to use the unutilized portion for maintenance cost in FY2022;
2. As for the establishment of a disaster recovery centre and a backup data centre and becoming a holder of network service provider license, the unutilised portion amounted to approximately HK\$1,589,000 as at 31 December 2021. Due to the outbreak of the COVID-19, the Group's plan to purchase data centre space facilities of a backup data centre has been delayed;
3. As for the establishment of a branch office in Kuala Lumpur, the unutilised portion amounted to approximately HK\$924,000 as at 31 December 2021 due to lower-than-expected office rent for the branch office in Kuala Lumpur, the Group plans to use the unutilized portion to rent a branch office in Kuala Lumpur in FY2022;
4. As for expanding and strengthening manpower to cater for the anticipated expansion plans, the unutilised portion amounted to approximately HK\$740,000 as at 31 December 2021 due to lower-than-expected salary expenses and the Company is still recruiting a suitable candidate with the right skills and experience for the position of compliance manager;
5. As for promoting our business to capture more market share in the industry, the unutilised portion amounted to approximately HK\$1,803,000 as at 31 December 2021 as the outbreak of the COVID-19 led to the cancellation of marketing campaigns that were scheduled to roll out in the year.

As at 31 December 2021, the net proceeds of approximately HK\$5.4 million had not yet been utilised as planned, but is expected to be utilised during the financial year ending 30 June 2022. The Group will continue to apply the net proceeds from the Listing in the same manner as specified in the section headed "Future Plans and Use of Proceeds" set out in the Prospectus.

All the unutilised net proceeds have been placed in licensed banks in Hong Kong and Malaysia.



## COMPARISON BETWEEN BUSINESS OBJECTIVES AND ACTUAL BUSINESS PROGRESS

The future plan and the planned amount of usage of Net Proceeds as stated in the “Future Plans and Use of Proceeds” were based on the best estimation and assumption of future market conditions at the time of preparing the Prospectus of the Company dated 25 November 2019 while the proceeds were applied based on the actual development of the Group’s business and the industry. An analysis comparing the business strategies stated in the Prospectus with the Group’s actual business progress is set out below:

Business strategies	Actual business progress up to 31 December 2021
Implement cloud-based data content management solution	Partly utilized for implementing the cloud-based data content management solution and the remaining will be utilized for hardware and software maintenance during FY2022.
Acquire additional hardware and software to provide cloud-based internet security services	Utilized for implementing cloud-based internet security services and for hardware and software maintenance.
Establish a disaster recovery centre and becoming a holder of network service provider licence	Partly utilized for purchasing the hardware and software required for establishing a disaster recovery centre as a result of delay due to the outbreak of the COVID-19. The remaining amount for purchasing and maintaining data centre space facilities and backup data centre will be utilized in FY2022.
Establish a branch office and a backup data centre in Kuala Lumpur	Partly utilized for paying the rental of the new branch office since Feb 2020. The remaining amount will be utilized for paying the rental of the new branch office in FY2022.
Expand and strengthening our manpower to cater for the anticipated expansion plans	Partly utilized for recruiting two IT specialist engineers, one service delivery manager and two senior sales executive in FY2020. The remaining amount will be used for paying the salary expenses and recruiting a compliance manager in FY2022.
Promote our business to capture more market share in the industry	Partly utilized for expanding and exploring more effective online marketing strategies via LinkedIn, Facebook and Google ad and by redesigning the Company’s website. The remaining amount will be used to conduct market campaigns for promotion and building up brand awareness in FY2022.

### EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2021, the Group had a total of 107 employees (as at 31 December 2020: 47 employees). The staff costs (including Directors' emoluments) were approximately RM3.3 million for the six months ended 31 December 2021 (six months ended 31 December 2020: approximately RM2.4 million). The remuneration package of the employees is determined by various factors such as their qualifications, working experience and job performance, the market condition, industry practice and applicable employment law. Discretionary bonus based on job performance will be paid to employees as recognition of and reward for their contributions.

To provide incentive to the eligible participants (including Directors and employees), the remuneration package has been extended to include share options under the Share Option Scheme. Details of the said Share Option Scheme are set out in the paragraph headed "Share Option Scheme" in the "Other Information" section of this interim report.

The Group encourages and subsidizes employees to enrol and/or participate in development or training courses in support of their career and professional development. The Group also provides inhouse training courses for the personal development of the employees.

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND/OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2021, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying shares and debentures of the Company or any of 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 were required to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provision of the SFO), or which were required pursuant to section 352 of the SFO to be entered in the register referred to therein, or which will be required to notify to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

### (i) Long position in the ordinary Shares of the Company

Name of Director	Nature of interest and capacity	Number of shares held/ interested (Note 1)	Approximate percentage of shareholding
Mr. Yu (Note 2)	Interests in controlled corporations	416,250,000 (L)	69.38%

#### Notes:

- The letter “L” demonstrates long position.
- Mr. Yu beneficially owns the entire issued shares of Thrive Harvest and Worldtone Riches. Thrive Harvest is a company incorporated in the British Virgin Islands (the “BVI”), which in turn holds 303,750,000 or approximately 50.63% of the issued share capital of the Company; and Worldtone Riches is a company incorporated in the BVI, which in turn holds 112,500,000 Shares or approximately 18.75% of the issued share capital of the Company. Therefore, Mr. Yu is deemed, or taken to be, interested in all the Shares held by Thrive Harvest and Worldtone Riches for the purpose of the SFO.

## OTHER INFORMATION

### (ii) Long position in the ordinary shares of associated corporations

Name of Director	Name of associated corporations	Capacity/Nature	Number of shares held	Approximate percentage of interest
Mr. Yu	Thrive Harvest	Beneficial owner	1 ordinary share	100%
	Worldtone Riches	Beneficial owner	100 ordinary shares	100%

Save as disclosed above, as at 31 December 2021, none of the Directors nor chief executive of the Company had registered 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 were required to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO), or which will be required pursuant to Section 352 of the SFO to be entered in the register referred to therein, or which will be required to notify to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

### DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the paragraph headed "Directors' and Chief Executive's Interests and/or Short Positions in Shares, Underlying Shares and Debentures" above and in the paragraph headed "Share Option Scheme" below, at no time during the six months ended 31 December 2021 were rights to acquire benefits by means of the acquisition of shares or underlying shares in or debentures of the Company granted to any Director or their respective spouses or minor children, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.



## SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND/OR SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as is known to the Directors and the chief executive of the Company, as at 31 December 2021, the following persons (other than a Director or chief executive of the Company) had, or were deemed to have, interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required pursuant to section 336 of the SFO to be entered in the register were as follows:

### *Long Position in the ordinary Shares of the Company*

Name	Nature of interest and capacity	Number of Shares held/ interested (Note 1)	Approximate percentage of shareholding
Mr. Yu (Note 2)	Interest in a controlled corporation	416,250,000(L)	69.38%
Thrive Harvest (Note 2)	Beneficial owner	303,750,000(L)	50.63%
Worldtone Riches (Note 2)	Beneficial owner	112,500,000(L)	18.75%
Wuhan Jiayou (Note 3)	Interest in a controlled corporation	33,750,000(L)	5.625%
Shenzhen Huitong (Note 3)	Interest in a controlled corporation	33,750,000(L)	5.625%
Garden Wealth (Note 3)	Beneficial owner	33,750,000(L)	5.625%

## OTHER INFORMATION

### Notes:

1. The letter “L” demonstrates long position.
2. Mr. Yu beneficially owns the entire issued shares of Thrive Harvest and Worldtone Riches. Therefore, Mr. Yu is deemed, or taken to be, interested in all the Shares held by Thrive Harvest and Worldtone Riches for the purpose of the SFO.
3. 100% equity interest of Garden Wealth Limited (“**Garden Wealth**”) is owned by Shenzhen Huitong Yingfu No. 1 Equity Investment Fund Partnership (Limited Partnership)\* (“**Shenzhen Huitong**”) and 97% equity interest of Shenzhen Huitong is owned by Wuhan Jiayou Information Technology Co., Ltd.\* (“**Wuhan Jiayou**”). Therefore, Wuhan Jiayou and Shenzhen Huitong are deemed, or taken to be, interested in the Shares held by Garden Wealth for the purpose of the SFO.

\* for identification purpose only

### Interest in other member of the Group

Name of member of the Group	Name of shareholder	Approximate percentage of shareholding
IP Core Network Sdn. Bhd. (108744-U)	Ms. Fathim Nur Zaida Binti Zainal Ariffin (“ <b>Ms. Zainal Ariffin</b> ”)	30%

### Note:

Ms. Zainal Ariffin is one of the members of the Group’s senior management.

Save as disclosed above, as at 31 December 2021, the Company had not been notified by any persons (other than Directors or chief executives of the Company) who had interests and/or short positions in the Shares or 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.

## SHARE OPTION SCHEME

The Company has a share option scheme (the “**Share Option Scheme**”) which was conditionally approved and adopted by the shareholders of the Company on 11 November 2019. Details of the Share Option Scheme are set out in the paragraph headed “Share Option Scheme” in the “Report of the Directors” section of the Company’s annual report 2020/2021 and Appendix IV to the prospectus of the Company dated 25 November 2019.

During the six months ended 31 December 2021, no share option had been granted, exercised, lapsed or cancelled pursuant to the Share Option Scheme. There was no share option outstanding as at 31 December 2021.





## AUDIT COMMITTEE

As at 31 December 2021, the audit committee of the Company (the **“Audit Committee”**) has three members comprising three Independent Non-executive Directors, namely Mr. Lim Peng Chuan Terence (Chairman), Mr. Chen Youchun and Mr. Phua Cheng Sye Charles. None of them are members of the former or existing auditors of the Company. The Board considers that the Audit Committee has extensive commercial experience in business, financial and legal matters. The primary duties of the Audit Committee include, among other matters, to review and monitor financial reporting and the judgment contained therein; to review financial, internal controls and risk management systems, accounting policies and practices with management and external auditors; and to review the Company’s compliance with the Corporate Governance Code (**“CG Code”**) contained in Appendix 15 to the GEM Listing Rules.

The Audit Committee has reviewed and discussed with the management the accounting principles and practices adopted by the Group and auditing, internal controls, risk management systems and financial reporting matters, and the Company’s policies and practices on corporate governance. The Audit Committee has also reviewed and discussed with the management the unaudited condensed consolidated interim financial results of the Group for the six months ended 31 December 2021 and this interim report and is of the opinion that the preparation of such statements complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures have been made.

## CHANGE IN INFORMATION OF DIRECTORS AND CHIEF EXECUTIVES

Mr. Yau Yeung On resigned as an Independent Non-executive Director, a member of the Audit-Committee and the chairman of the Remuneration Committee with effect from 5 July 2021. On 5 July 2021, Mr. Chen Youchun was appointed as an Independent Non-executive Director, a member of the Audit Committee and the chairman of the Remuneration Committee.

Mr. Saw Zhe Wai resigned as an Executive Director with effect from 21 July 2021. On 21 July 2021, Mr. Yu Decai was appointed as an Executive Director.

### CORPORATE GOVERNANCE CODE

The Company's corporate governance practices follow the principles and code provisions as set out in the Corporate Governance Code (the "**CG Code**") in Appendix 15 of the GEM Listing Rules. The Company has adopted and complied with, where applicable, the CG Code during the six months ended 31 December 2021 to ensure that the Group's business activities and decision making processes are regulated in a proper and prudent manner, save for the deviation stipulated below.

According to the code provision C.2.1 of the CG Code, the role of chairman and chief executive officer should be separated and should not be performed by the same individual. Under the current management structure of the Company, Dato' Tan is the Chairman and the Chief Executive Officer. As Dato' Tan has been leading the Group as the Chief Executive Officer and actively involved in the core business of the Group since 2007, and due to his familiarity with the operations of the Group, the Board believes that it is in the best interest of the Group to continue to have Dato' Tan acting as both the Chief Executive Officer and the Chairman for effective management and business planning of the Group. Further, the Company has put in place an appropriate check-and-balance mechanism through the Board and three Independent Non-executive Directors. The Company will consult the Board for any major decisions. Therefore, the Board considers that the deviation from code provision C.2.1 of the CG Code is appropriate in such circumstances.

### DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the required standards of dealings (the "**Required Standard of Dealings**") set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the Required Standard of Dealings during the six months ended 31 December 2021.



### COMPETING INTERESTS

During the six months ended 31 December 2021, so far as the Directors are aware, none of the Directors, controlling shareholders or substantial shareholders of the Company, neither themselves nor their respective close associates (as defined under the GEM Listing Rules) had held any position or had interest in any businesses or companies that were materially competing or might materially compete with the business of the Group, or gave rise to any concern regarding conflict of interest.

### INTERESTS OF THE COMPLIANCE ADVISER

In accordance with Rule 6A.19 of the GEM Listing Rules, the Group has appointed Pulsar Capital Limited (the “**Compliance Adviser**”) as our compliance adviser. As at 31 December 2021, except for the compliance adviser agreement entered into between the Company and the Compliance Adviser dated 22 November 2019, neither the Compliance Adviser nor any of its directors, employees or close associates (as defined under the GEM Listing Rules) had any interest in the securities of the Group (including options or rights to subscribe for such securities) which is required to be notified to the Company pursuant to Rules 6A.32 of the GEM Listing Rules.

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

Neither the Company, nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities during the six months ended 31 December 2021.

### FORWARD LOOKING STATEMENTS

This interim report contains forward looking statements with respect to the financial conditions, results of operations and business of the Group. These forward looking statements represent the Company’s expectations or beliefs concerning future events and involve known and unknown risks and uncertainty that could cause actual results, performance or events to differ materially from those expressed or implied in such statements.

## OTHER INFORMATION

### APPRECIATION

The Group's continued success depends on all its staff's commitment, dedication and professionalism. The Board would like to thank every member of staff for their diligence and dedication and to express its sincere appreciation to our shareholders, clients and suppliers for their continuous and valuable support.

By Order of the Board

**Nomad Technologies Holdings Limited**

**Dato' Eric Tan Chwee Kuang**

*Executive Director, Chairman and Chief Executive Officer*

Malaysia, 10 February 2022

*As at the date of this interim report, the Board comprises Dato' Eric Tan Chwee Kuang and Mr. Yu Decai as Executive Directors; and Mr. Chen Youchun, Mr. Lim Peng Chuan Terence and Mr. Phua Cheng Sye Charles as Independent Non-executive Directors.*

*Website: <http://www.nomad-holdings.com>*