

NOVACON TECHNOLOGY GROUP LIMITED

連成科技集團有限公司

(incorporated in the Cayman Islands with limited liability)

STOCK CODE: 8635



2023 INTERIM REPORT

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

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.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this 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 report misleading.

CONTENTS

Corporate Information	2
Unaudited Interim Results	3
Unaudited Condensed Consolidated Statement of Comprehensive Income	3
Unaudited Condensed Consolidated Statement of Financial Position	4
Unaudited Condensed Consolidated Statement of Changes in Equity	5
Unaudited Condensed Consolidated Statement of Cash Flows	6
Notes to the Unaudited Condensed Consolidated Financial Statements	7
Management Discussion and Analysis	22
Definitions	37

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Chung Chau Kan (*Chief Executive Officer*)
Mr. Wong Wing Hoi

Non-executive Director

Mr. Wei Ming (*Chairman*)

Independent Non-executive Directors

Mr. Moo Kai Pong
Mr. Lo Chi Wang
Mr. Wu Kin San Alfred

COMPANY SECRETARY

Ms. Lee Wing Yin (*CPA*)

COMPLIANCE OFFICER

Mr. Chung Chau Kan

AUTHORISED REPRESENTATIVES

Mr. Chung Chau Kan
Ms. Lee Wing Yin

AUDIT COMMITTEE

Mr. Lo Chi Wang (*Chairman*)
Mr. Moo Kai Pong
Mr. Wu Kin San Alfred

REMUNERATION COMMITTEE

Mr. Moo Kai Pong (*Chairman*)
Mr. Chung Chau Kan
Mr. Wu Kin San Alfred

NOMINATION COMMITTEE

Mr. Wei Ming (*Chairman*)
Mr. Moo Kai Pong
Mr. Wu Kin San Alfred

PRINCIPAL BANKERS

China Construction Bank (Asia) Corporation Limited
28/F, CCB Tower, 3 Connaught Road Central,
Central, Hong Kong

The Hongkong and Shanghai Banking
Corporation Limited
1 Queen's Road Central, Hong Kong

REGISTERED OFFICE

Cricket Square, Hutchins Drive,
P.O. Box 2681,
Grand Cayman KY1-1111,
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Office E, 17th Floor, EGL Tower,
No. 83 Hung To Road, Kwun Tong,
Kowloon, Hong Kong

HONG KONG LEGAL ADVISERS

Howse Williams
27/F, Alexandra House, 18 Chater Road,
Central, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive,
P.O. Box 2681,
Grand Cayman KY1-1111,
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

Tricor Investor Services Limited
17/F, Far East Finance Centre,
16 Harcourt Road, Hong Kong

STOCK CODE

8635

WEBSITE OF THE COMPANY

www.novacontechgroup.com

Unaudited Interim Results

The Board is pleased to announce the unaudited condensed consolidated results of the Group for the three months and six months ended 30 September 2023 together with the unaudited comparative figures for the corresponding period in 2022, as follows:

Unaudited Condensed Consolidated Statement of Comprehensive Income

FOR THE THREE MONTHS AND SIX MONTHS ENDED 30 SEPTEMBER 2023

	Note	Three months ended 30 September		Six months ended 30 September	
		2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Revenue	4	7,474	14,535	14,223	28,130
Other net income/(loss)	5	(148)	191	563	(154)
Cost of providing services		(24)	–	(24)	–
Expenses					
License and subscription cost		(290)	(454)	(734)	(908)
Internet services cost		(585)	(879)	(1,365)	(1,695)
Employee benefit expenses		(4,300)	(4,932)	(18,643)	(9,838)
Depreciation of property and equipment		(466)	(502)	(934)	(988)
Depreciation of right-of-use assets		(108)	(109)	(216)	(152)
Amortisation of intangible assets (Impairment losses)/reversal of impairment of financial and contract assets		(1,464)	(1,385)	(3,036)	(2,762)
Other expenses	6	(1,171)	(1,656)	(2,623)	(3,410)
Finance costs		(3)	(6)	(6)	(8)
(Loss)/profit before income tax		(1,085)	4,826	(14,553)	8,215
Income tax credit/(expense)	7	4	(1,037)	1,624	(1,758)
(Loss)/profit for the period		(1,081)	3,789	(12,929)	6,457
Other comprehensive loss for the period, net of tax					
Item that may be reclassified to profit or loss – Exchange differences on translation of a foreign operation		(7)	4	(15)	4
Total comprehensive (loss)/income attributable to owners of the Company for the period		(1,088)	3,793	(12,944)	6,461
(Loss)/earnings per share attributable to owners of the Company for the period					
– Basic (expressed in HK cents per share)	8a	(0.27)	0.95	(3.23)	1.61
– Diluted (expressed in HK cents per share)	8b	(0.27)	0.95	(3.22)	1.61

Unaudited Condensed Consolidated Statement of Financial Position

AS AT 30 SEPTEMBER 2023

	Note	As at 30 September 2023 HK\$'000 (unaudited)	As at 31 March 2023 HK\$'000 (audited)
ASSETS			
Non-current assets			
Property and equipment	10	30,114	30,939
Right-of-use assets		292	499
Intangible assets		21,030	19,512
Deposits	11	1,215	1,215
Financial assets at fair value through profit or loss		7,615	7,625
Deferred income tax asset		2,766	92
		63,032	59,882
Current assets			
Trade receivables	11	4,448	7,581
Inventory		166	–
Deposits, prepayment and other receivables	11	784	1,526
Amount due from counterparties	11	1,579	–
Contract assets	4	5,197	5,744
Cash and cash equivalents		55,442	61,415
Income tax recoverable		1,730	1,228
		69,346	77,494
Total assets		132,378	137,376
EQUITY			
Equity attributable to owners of the Company			
Share capital	13	4,000	4,000
Other reserves	14	42,476	44,632
Retained earnings		69,899	81,087
Total equity		116,375	129,719
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		395	429
Lease liabilities		66	66
		461	495
Current liabilities			
Trade payables	12	4,214	–
Accruals and other payables	12	8,157	3,841
Contract liabilities	4	224	2,596
Lease liabilities		231	438
Contingent liabilities		1,564	–
Income tax payable		1,152	287
		15,542	7,162
Total liabilities		16,003	7,657
Total equity and liabilities		132,378	137,376

Unaudited Condensed Consolidated Statement of Changes in Equity

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

	Attributable to owners of the Company				
	Share capital	Share premium	Other reserves	Retained earnings	Total equity
	HK\$'000 (Note 13)	HK\$'000 (Note 14)	HK\$'000 (Note 14)	HK\$'000	HK\$'000
Balance at 1 April 2022 (audited)	4,000	34,992	10,111	75,698	124,801
Total comprehensive income					
Profit for the period	–	–	–	6,457	6,457
Exchange differences arising on translation of foreign operations	–	–	4	–	4
Transaction with owners in their capacity as owners					
Dividend paid (Note 9)	–	–	–	(800)	(800)
Share options lapsed	–	–	(478)	478	–
Share-based payment expenses (Note 15)	–	–	3	–	3
Balance at 30 September 2022 (unaudited)	4,000	34,992	9,640	81,833	130,465
Balance at 1 April 2023 (audited)	4,000	34,992	9,640	81,087	129,719
Total comprehensive loss					
Loss for the period	–	–	–	(12,929)	(12,929)
Exchange differences arising on translation of foreign operations	–	–	(15)	–	(15)
Transaction with owners in their capacity as owners					
Dividend paid (Note 9)	–	–	–	(400)	(400)
Share options cancelled	–	–	(2,141)	2,141	–
Balance at 30 September 2023 (unaudited)	4,000	34,992	7,484	69,899	116,375

Unaudited Condensed Consolidated Statement of Cash Flows

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

	Six months ended 30 September	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Net cash (used in)/generated from operating activities	(11,446)	8,921
Net cash generated from/(used in) investing activities	6,118	(7,302)
Net cash used in financing activities	(623)	(957)
Net (decrease)/increase in cash and cash equivalents	(5,951)	662
Cash and cash equivalents at beginning of the period	61,415	58,189
Effect of foreign exchange rate changes on cash and cash equivalents	(22)	–
Cash and cash equivalents at end of the period	55,442	58,581

Notes to the Unaudited Condensed Consolidated Financial Statements

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 7 February 2018 as an exempted company with limited liability under the Companies Act (Cap. 22, Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Shares were listed on GEM by way of placing and public offer on the Listing Date. The address of the Company's registered office is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and its principal place of business is located at Office E, 17th Floor, EGL Tower, No. 83 Hung To Road, Kwun Tong, Kowloon, Hong Kong. The Company is an investment holding company. The Group is principally engaged in the development and provision of financial trading solutions and development and supply of resource allocation, planning, scheduling and management of software and services.

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements for the six months ended 30 September 2023 has been prepared in accordance with the HKAS 34 "Interim Financial Reporting" and the applicable disclosure provisions of the GEM Listing Rules.

The unaudited condensed consolidated financial statements for the six months ended 30 September 2023 should be read in conjunction with the audited consolidated financial statements for the year ended 31 March 2023 and the notes thereto (the "**2023 Audited Consolidated Financial Statements**"). The significant accounting policies adopted in the preparation of the unaudited condensed consolidated financial statements are consistent with those followed in the preparation of the 2023 Audited Consolidated Financial Statements except for the new and revised standards, amendments and interpretations issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") that are adopted for the first time for the current period's financial statements. It should be noted that accounting estimates and assumptions were adopted in the preparation of the unaudited condensed consolidated financial statements. Although the estimates are based on the management's best knowledge of and judgement on the present events and actions, the actual results may eventually differ from those estimates.

The unaudited condensed consolidated financial statements for the six months ended 30 September 2023 has not been audited or reviewed by the Company's external auditors, but has been reviewed by the Audit Committee.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

Certain new and revised Hong Kong Financial Reporting Standards ("**HKFRS(s)**") have been issued. The Directors considered that the adoption of those new HKFRSs which are effective for the accounting periods beginning on 1 April 2023 will not have any material impact on the preparation and presentation of the results and financial conditions of the current period and previous periods. For the HKFRSs that are not yet effective nor have not been early adopted, the Group is in the process of making an assessment of the potential impact of the newly issued HKFRSs.

Notes to the Unaudited Condensed Consolidated Financial Statements

4. REVENUE AND SEGMENT INFORMATION

	Three months ended 30 September		Six months ended 30 September	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Licensing and maintenance services	3,047	11,081	6,681	21,730
Initial set up and customisation services	3,839	3,454	6,954	6,400
Trading income from provision of financial instruments trading services	493	–	493	–
Rebate income	53	–	53	–
Outsourcing service income	42	–	42	–
	7,474	14,535	14,223	28,130

(a) Disaggregation of revenue from contracts with customers

During the six months ended 30 September 2023, all sources of revenue were recognised over time, except for trading income from provision of financial instruments trading services and rebate income which are recognised at point in time (2022: all sources of revenue were recognised over time).

Trading income from provision of financial instruments trading service and rebate income came from the newly acquired business of GMO-Z.com Bullion (HK) Limited as disclosed in the announcement dated 25 September 2023.

(b) Assets and liabilities related to contracts with customers

	Note	As at 30 September 2023 HK\$'000 (unaudited)	As at 31 March 2023 HK\$'000 (audited)
Contract assets, net of loss allowance	(i)	5,197	5,744
Contract liabilities	(ii)-(iii)	224	2,596

Notes:

- (i) Contract assets represent revenue of initial set up and customisation services and licensing and maintenance services recognised prior to the agreed payment schedule. Contract assets decreased by approximately HK\$0.5 million during the six months ended 30 September 2023 and such decrease was primarily due to less initial set up and customisation service in progress during the period. No impairment loss (during the year ended 31 March 2023: HK\$178,000) was recognised on contract assets during the six months ended 30 September 2023.
- (ii) Contract liabilities represent advance payments received from provision of initial set up and customisation services and provision of licensing and maintenance services. During the six months ended 30 September 2023, contract liabilities decreased by approximately HK\$2.4 million and such decrease was due to decrease in advance payments of approximately HK\$2.5 million received from customers for provision of initial set up and customisation services and increased by HK\$0.1 million received from customers for provision of licensing and maintenance services.

Notes to the Unaudited Condensed Consolidated Financial Statements

4. REVENUE AND SEGMENT INFORMATION (continued)

(b) Assets and liabilities related to contracts with customers (continued)

Notes: (continued)

- (iii) During the six months ended 30 September 2023, all carried-forward contract liabilities at the beginning of financial period were recognised as revenue.
- (iv) As at 30 September 2023, the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) was approximately HK\$7.5 million (31 March 2023: approximately HK\$17.0 million). Management expects that the transaction price allocated to the unsatisfied performance obligations will be recognised as revenue when the related services, mainly related to provision of maintenance services, are provided over the next 2 years (for the year ended 31 March 2023: 3 years) for the six months ended 30 September 2023.

The Group has elected the practical expedient for not to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) for revenue contracts which have an original expected duration of one year or less.

(c) Segment information

The executive Directors have been identified as the chief operating decision-makers of the Group who review the Group's internal reporting in order to assess performance and allocate resources. For the six months ended 30 September 2023, the Directors considered that the Group's operations were operated and managed as a single segment and no separate segment information was presented for the financial period (2022: same).

The Group domiciles and operates in Hong Kong and the PRC. All revenue of the Group was generated from Hong Kong during the six months ended 30 September 2023 (2022: same).

The total non-current assets other than deposit, financial assets at FVTPL were located in Hong Kong and PRC during the six months ended 30 September 2023 (2022: same).

(d) Information about major customers

Certain customers contributed more than 10% of the total sales of the Group during the period. The amount of sales of these customers are disclosed as follows:

	Three months ended 30 September		Six months ended 30 September	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Customer A	N/A	1,975	N/A	3,949
Customer B	4,176	1,920	7,329	3,399
Customer C	972	N/A	2,066	N/A
Customer D	N/A	N/A	1,713	N/A
Customer E	N/A	1,962	N/A	N/A

N/A: The revenue of the particular customer for the particular period was less than 10% of the Group's revenue for the particular period.

Notes to the Unaudited Condensed Consolidated Financial Statements

5. OTHER NET INCOME/(LOSS)

	Three months ended 30 September		Six months ended 30 September	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Change in fair value of financial assets at FVTPL	(252)	(436)	10	(1,594)
Dividend from fund investments	11	10	53	49
Gain on disposals of financial assets at FVTPL	–	–	–	7
Government grant (Note)	–	336	–	1,008
Interest income on bank deposits	14	–	35	–
Interest income on time deposits	280	281	665	374
Other interest (expenses)/ income, net	(201)	–	(200)	–
Other income	–	–	–	2
	(148)	191	563	(154)

Note: For the six months ended 30 September 2023, no wages subsidies were granted from the Hong Kong Government's Employment Support Scheme under Anti-epidemic Fund (2022: approximately HK\$1 million).

6. OTHER EXPENSES

	Three months ended 30 September		Six months ended 30 September	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Advertising expenses	22	5	23	7
Auditor's remuneration				
– Audit services	124	118	249	236
– Non-audit services	–	–	–	–
Building management fees	35	23	71	44
Entertainment expenses	76	64	129	118
Exchange loss/(gain), net	22	12	57	(12)
Insurance expenses	61	61	142	142
Expenses relating to short-term leases	13	7	27	13
Consultancy fees	319	709	804	1,218
Legal and professional fees	263	262	509	708
Telephone and utilities	54	205	113	403
Others	182	190	499	533
	1,171	1,656	2,623	3,410

Notes to the Unaudited Condensed Consolidated Financial Statements

7. INCOME TAX CREDIT/(EXPENSE)

Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of profits of qualifying group entity in Hong Kong will be taxed at 8.25%, and profits above HK\$2,000,000 will be taxed at 16.5%. Accordingly, the Hong Kong profits tax is calculated at 8.25% on the first HK\$2,000,000 of the estimated assessable profits for the Group's qualifying entity and at 16.5% on the estimated assessable profits above HK\$2,000,000 for the six months ended 30 September 2023 (2022: same). The profits of other group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5% (2022: same).

Under the relevant regulations of the Enterprise Income Tax ("EIT") Law, for eligible enterprise which meet the criteria of small low-profit enterprise, the annual taxable income that is not more than RMB1,000,000 shall be recognised at 12.5% of income and be subject to an EIT rate of 20%; the annual taxable income that is more than RMB1,000,000 but less than RMB3,000,000 shall be recognised at 25% of income and be subject to an EIT rate of 20%. No provision was made for the six months ended 30 September 2023 and 2022 as the subsidiary of the Company in the PRC had no estimated assessable profits for both periods.

The amount of tax charged to the unaudited condensed consolidated statement of comprehensive income represents:

	Three months ended 30 September		Six months ended 30 September	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Hong Kong profits tax				
– Current period	(476)	(1,015)	(1,084)	(1,713)
Deferred income tax	480	(22)	2,708	(45)
	4	(1,037)	1,624	(1,758)

8. (LOSS)/EARNINGS PER SHARE

(a) Basic

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to owners of the Company by the weighted average number of ordinary Shares in issue during the period.

	Three months ended 30 September		Six months ended 30 September	
	2023 (unaudited)	2022 (unaudited)	2023 (unaudited)	2022 (unaudited)
(Loss)/profit attributable to owners of the Company (HK\$'000)	(1,081)	3,789	(12,929)	6,457
Weighted average number of ordinary shares in issue (thousands)	400,000	400,000	400,000	400,000
Basic (loss)/earnings per share (HK cents)	(0.27)	0.95	(3.23)	1.61

Notes to the Unaudited Condensed Consolidated Financial Statements

8. (LOSS)/EARNINGS PER SHARE (continued)

(b) Diluted

In calculating the diluted (loss)/earnings per share, the weighted average number of shares is adjusted to assume conversion of all dilutive potential shares from share options. For the six months ended 30 September 2023 and 2022, adjustment has been made to determine the number of shares that could have been acquired at fair value (according to the average period market price of the shares of the Company) based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated below is compared with the number of Shares that would have been issued assuming the exercise of the share options.

	Three months ended 30 September		Six months ended 30 September	
	2023 (unaudited)	2022 (unaudited)	2023 (unaudited)	2022 (unaudited)
(Loss)/profit attributable to owners of the Company (HK\$'000)	(1,081)	3,789	(12,929)	6,457
Weighted average number of ordinary shares in issue (thousands) (Note)	400,000	400,161	400,900	400,153
Diluted (loss)/earnings per share (HK cents)	(0.27)	0.95	(3.22)	1.61

Note:

	Three months ended 30 September		Six months ended 30 September	
	2023 '000 (unaudited)	2022 '000 (unaudited)	2023 '000 (unaudited)	2022 '000 (unaudited)
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	400,000	400,000	400,000	400,000
Adjustments for calculation of diluted earnings per share: Share options	–	161	900	153
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	400,000	400,161	400,900	400,153

9. DIVIDEND

	Three months ended 30 September		Six months ended 30 September	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
2023 Final, paid – HK\$0.001 per ordinary share (2022: HK\$0.002)	400	800	400	800

The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2023 (2022: Nil).

Notes to the Unaudited Condensed Consolidated Financial Statements

10. PROPERTY AND EQUIPMENT

During the six months ended 30 September 2023, the Group acquired items of property and equipment with cost of approximately HK\$2,000 (2022: approximately HK\$465,000). No property and equipment were written off during the six months ended 30 September 2023 (2022: approximately HK\$12,000).

11. TRADE RECEIVABLES, DEPOSITS, PREPAYMENT AND OTHER RECEIVABLES

	30 September 2023 HK\$'000 (unaudited)	31 March 2023 HK\$'000 (audited)
Trade receivables, net of loss allowance	4,448	7,581
Deposits	1,537	1,665
Prepayment	371	939
Amount due from counterparties (Note)	1,579	–
Other receivables	91	137
	8,026	10,322
Less: non-current portion of deposits	(1,215)	(1,215)
Trade receivables, deposits, prepayment and other receivables	6,811	9,107

Note: the majority of the amounts due from counterparties are repayable on demand except where certain amount arising from the business of provision of bullion trading services under normal course of business. The amounts due from counterparties are unsecured and interest-free.

The carrying amounts of the Group's trade receivables, deposits, prepayment and, amount due from counterparties other receivables approximated their fair values at the end of each reporting period.

There is generally no credit period granted to the customers. As at the end of each reporting period, the ageing analysis of trade receivables, net of loss allowance, by the invoice date was as follows:

	30 September 2023 HK\$'000 (unaudited)	31 March 2023 HK\$'000 (audited)
Up to 1 month	1,525	1,646
1 to 3 months	187	3,418
3 to 6 months	1	1,754
6 to 12 months	2,727	763
Over 12 months	8	–
	4,448	7,581

Notes to the Unaudited Condensed Consolidated Financial Statements

11. TRADE RECEIVABLES, DEPOSITS, PREPAYMENT AND OTHER RECEIVABLES (continued)

The Group's trade receivables, net of loss allowance, were denominated in the following currencies:

	30 September 2023 HK\$'000 (unaudited)	31 March 2023 HK\$'000 (audited)
US\$	3,122	5,526
HK\$	1,326	2,055
	4,448	7,581

No Impairment loss were recognised during the six months ended 30 September 2023 (during the year ended 31 March 2023: approximately HK\$4.4 million). Information about the impairment of trade receivables can be found in note 3.1(b) to the 2023 Audited Consolidated Financial Statements.

The maximum exposure to credit risk at the reporting date was the carrying amounts of the receivables mentioned above. The Group did not hold any collateral as security.

12. TRADE PAYABLES, ACCRUALS AND OTHER PAYABLES

	30 September 2023 HK\$'000 (unaudited)	31 March 2023 HK\$'000 (audited)
Trade payables	4,214	–
Accrued payroll and employee benefits	2,924	2,451
Accrued expenses and other payables	5,233	1,390
	12,371	3,841

The Group's trade payables, accruals and other payables were denominated in the following currencies:

	30 September 2023 HK\$'000 (unaudited)	31 March 2023 HK\$'000 (audited)
US\$	8,933	174
HK\$	3,311	3,569
RMB	127	98
	12,371	3,841

Trade payables are repayable on demand. All accruals and other payables were expected to be settled within one year.

Notes to the Unaudited Condensed Consolidated Financial Statements

13. SHARE CAPITAL

	Number of Shares '000	Nominal value HK\$'000
Authorised:		
Ordinary shares of HK\$0.01 each		
At 1 April 2022, 31 March 2023, 1 April 2023 (audited) and 30 September 2023 (unaudited)	10,000,000	100,000
Issued and fully paid:		
Ordinary shares of HK\$0.01 each		
At 1 April 2022, 31 March 2023, 1 April 2023 (audited) and 30 September 2023 (unaudited)	400,000	4,000

14. OTHER RESERVES

	Share premium HK\$'000	Capital reserve HK\$'000	Share-based payment reserve HK\$'000	Foreign currency translation HK\$'000	Total HK\$'000
Balance at 1 April 2022 (audited)	34,992	7,500	2,611	–	45,103
Other comprehensive loss for the period					
Exchange differences arising on translation of foreign operations	–	–	–	4	4
Transaction with owners in their capacity as owners					
Share options lapsed	–	–	(478)	–	(478)
Share-based payment expenses (Note 15)	–	–	3	–	3
Balance at 30 September 2022 (unaudited)	34,992	7,500	2,136	4	44,632
Balance at 1 April 2023 (audited)	34,992	7,500	2,141	(1)	44,632
Other comprehensive loss for the period					
Exchange differences arising on translation of foreign operations	–	–	–	(15)	(15)
Transaction with owners in their capacity as owners					
Share options cancelled	–	–	(2,141)	–	(2,141)
Balance at 30 September 2023 (unaudited)	34,992	7,500	–	(16)	42,476

Capital reserve of HK\$7,500,000 represented the difference between the share capital of Global eSolutions (HK) Limited ("GES"), Real Logic Technology Company Limited and Win Investment (HK) Limited acquired over the nominal value of the share capital of the Company issued in exchange thereof as part of the reorganisation prior to the Listing of the Company.

Notes to the Unaudited Condensed Consolidated Financial Statements

15. SHARE OPTIONS

The Company has adopted the Share Option Scheme on 29 March 2019. The purpose of the Share Option Scheme is to enable the Group to grant options to the eligible participants as incentives or rewards for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group or any entity in which any member of the Group holds any equity interest.

(a) 2019 Share Option

On 15 August 2019, the Company has granted a total number of 36,400,000 share options (the “**2019 Share Option**”) to certain eligible participants (the “**Grantee(s)**”) under the Share Option Scheme which would entitle the Grantees to subscribe for a total number of 36,400,000 Shares. The details of the 2019 Share Option are summarised as follows:

	% of the total share options	2019 Share Option	
		Vesting period	Exercise period
Tranche 1	50%	15 August 2019 to 14 August 2020	15 August 2020 to 14 August 2029
Tranche 2	50%	15 August 2019 to 14 August 2021	15 August 2021 to 14 August 2029

Among the 36,400,000 share options granted above, 4,800,000 share options were granted to two Grantees who are a Director and an associate of a Director and substantial shareholder of the Company (the “**Connected Grantee(s)**”).

The movements of the share options outstanding under the 2019 Share Option during the six months ended 30 September 2023 are as follows:

Name and position/ capacity of participant	Date of grant	Exercise price (HK\$)	Number of shares represented by share options outstanding as at 1 April 2023 (audited)	Number of share options granted during the period	Number of share options exercised during the period	Number of share options cancelled during the period	Number of share options lapsed during the period	Number of shares represented by
								share options outstanding as at 30 September 2023 (unaudited)
Connected Grantees								
Mr. Wong Wing Hoi (“Mr. Wong”) (Executive Director)	15 August 2019	0.178	4,000,000	-	-	(4,000,000)	-	-
Mr. Wei Chun Pong, Benjamin (Associate of a non-executive Director and substantial shareholder)	15 August 2019	0.178	800,000	-	-	(800,000)	-	-
Employees	15 August 2019	0.178	17,600,000	-	-	(17,600,000)	-	-
Consultant	15 August 2019	0.178	4,000,000	-	-	(4,000,000)	-	-
Total number of share options			26,400,000	-	-	(26,400,000)	-	-

Notes to the Unaudited Condensed Consolidated Financial Statements

15. SHARE OPTIONS (continued)

(a) 2019 Share Option (continued)

The movements of the share options outstanding under the 2019 Share Option during the six months ended 30 September 2022 are as follows:

Name and position/ capacity of participant	Date of grant	Exercise price (HK\$)	Number of shares represented by share options outstanding as at 1 April 2022 (audited)	Number of share options granted during the period	Number of share options exercised during the period	Number of share options cancelled during the period	Number of share options forfeited during the period	Number of shares represented by share options outstanding as at 30 September 2022 (unaudited)
Connected Grantees								
Mr. Wong	15 August 2019	0.178	4,000,000	-	-	-	-	4,000,000
Mr. Wei Chun Pong, Benjamin	15 August 2019	0.178	800,000	-	-	-	-	800,000
Employees	15 August 2019	0.178	23,600,000	-	-	-	(6,000,000)	17,600,000
Consultant	15 August 2019	0.178	4,000,000	-	-	-	-	4,000,000
Total number of share options			32,400,000	-	-	-	(6,000,000)	26,400,000

The 2019 Share Option was measured at fair value at grant date using Black-Scholes model with following key assumptions:

	Tranche 1	Tranche 2
Fair value at grant date (per share)	HK\$0.078	HK\$0.082
Share price at grant date (per share)	HK\$0.162	HK\$0.162
Exercise price (per share)	HK\$0.178	HK\$0.178
Expected life (years)	5.5	6.0
Expected volatility	55.89%	56.23%
Expected dividend yield	0.00%	0.00%
Risk-free interest rate	1.15%	1.15%

For the six months ended 30 September 2023, no share-based payment expenses (2022: Nil) was charged to the unaudited condensed consolidated statement of comprehensive income.

No share options (2022: 26,400,000 share options) were exercisable as at 30 September 2023.

Notes to the Unaudited Condensed Consolidated Financial Statements

15. SHARE OPTIONS (continued)

(b) 2020 Share Option

On 3 November 2020, the Company has granted a total number of 1,600,000 share options (the "2020 Share Option") to the Grantees under the Share Option Scheme which would entitle the Grantees to subscribe for a total number of 1,600,000 Shares. The details of the 2020 Share Option are summarised as follows:

	% of the total share options	2020 Share Option	
		Vesting period	Exercise period
Tranche 1	50%	3 November 2020 to 2 November 2021	3 November 2021 to 2 November 2030
Tranche 2	50%	3 November 2020 to 2 November 2022	3 November 2022 to 2 November 2030

Among the 1,600,000 share options granted above, 800,000 share options were granted to one Connected Grantee who is a Director.

The movements of the share options outstanding under the 2020 Share Option during the six months ended 30 September 2023 are as follows:

Name and position/ capacity of participant	Date of grant	Exercise price (HK\$)	Number of shares represented by	Number of share options granted during the period	Number of share options exercised during the period	Number of share options cancelled during the period	Number of share options lapsed during the period	Number of shares represented by
			share options outstanding as at 1 April 2023 (audited)					share options outstanding as at 30 September 2023 (unaudited)
Connected Grantees								
Mr. Wong	3 November 2020	0.095	800,000	-	-	(800,000)	-	-
Total number of share options			800,000	-	-	(800,000)	-	-

Notes to the Unaudited Condensed Consolidated Financial Statements

15. SHARE OPTIONS (continued)

(b) 2020 Share Option (continued)

The movements of the share options outstanding under the 2020 Share Option during the six months ended 30 September 2022 are as follows:

Name and position/ capacity of participant	Date of grant	Exercise price (HK\$)	Number of shares represented by share options outstanding as at 1 April 2022 (audited)	Number of share options granted during the period	Number of share options exercised during the period	Number of share options cancelled during the period	Number of share options forfeited during the period	Number of shares represented by share options outstanding as at 30 September 2022 (unaudited)
Connected Grantees								
Mr. Wong	3 November 2020	0.095	800,000	-	-	-	-	800,000
Total number of share options			800,000	-	-	-	-	800,000

The 2020 Share Option was measured at fair value at grant date using Black-Scholes model with following key assumptions:

	Tranche 1	Tranche 2
Fair value at grant date (per share)	HK\$0.046	HK\$0.046
Share price at grant date (per share)	HK\$0.095	HK\$0.095
Exercise price (per share)	HK\$0.095	HK\$0.095
Expected life (years)	5.5	6.0
Expected volatility	55.27%	54.01%
Expected dividend yield	0.20%	0.20%
Risk-free interest rate	0.29%	0.29%

For the six months ended 30 September 2023, no share-based payment expenses (2022: approximately HK\$3,000) was charged to the unaudited condensed consolidated statement of comprehensive income.

No share options (2022: 400,000 share options) were exercisable as at 30 September 2023.

Notes to the Unaudited Condensed Consolidated Financial Statements

16. RELATED PARTY TRANSACTION

As at 30 September 2023, the Directors considered Mr. Wei Ming (“**Mr. Wei**”) and Essential Strategy, which is incorporated in the British Virgin Islands, as the ultimate Controlling Shareholder and immediate holding company of the Company, respectively (2022: same).

(a) Significant related party transactions

The Group had the following related party transaction during the period:

Name of party	Nature of transaction	Three months ended 30 September		Six months ended 30 September	
		2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Mr. Wei Chun Pong, Benjamin (Note)	Employee benefits expenses	98	100	448	201

Mr. Wei Chun Pong, Benjamin is a close family member of Mr. Wei, the non-executive Director of the Company. The above transaction was conducted in the normal course of business of the Company and charged at terms mutually agreed by the parties concerned or in accordance with the terms of the underlying agreements, where appropriate.

(b) Key management compensation

Compensation of key management personnel of the Group, including Directors' emoluments, was as follows:

	Three months ended 30 September		Six months ended 30 September	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Salaries and allowances	729	847	1,574	1,634
Discretionary bonuses	–	–	1,612	–
Pension costs – defined contribution plans	9	9	18	18
Staff welfare and benefits	69	1	70	2
Share-based payment expenses	–	1	–	3
	807	858	3,274	1,657

Notes to the Unaudited Condensed Consolidated Financial Statements

17. FAIR VALUE ESTIMATION

The Group analyses the financial instruments carried at fair value by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

All the Group financial assets at FVTPL are included in Level 1 as at 30 September 2023 (31 March 2023: same).

There were no transfers of financial assets between levels 1, 2 and 3 during the six months ended 30 September 2023 (during the year ended 31 March 2023: same).

The carrying amounts of the Group's current financial assets, including cash and cash equivalents, trade receivables, deposits, amount due from counterparties and other receivables; and the Group's current financial liabilities including trade payables, accruals and other payables approximate their fair values due to their short maturities.

Management Discussion and Analysis

BUSINESS REVIEW

We are a Hong Kong-based financial trading solution provider principally engaged in the development and provision of financial trading solutions and development and supply of resource allocations, planning, scheduling and management of software and services. We mainly provide comprehensive and integrated financial trading solutions that enable trading of OTC-traded financial instruments, stock exchange-traded financial instruments and fund management to brokerage firms and wealth management companies to satisfy their various business needs.

For the six months ended 30 September 2023, the Group recorded revenue of approximately HK\$14.2 million, representing a significant decrease of approximately 49% from approximately HK\$28.1 million recorded for the six months ended 30 September 2022. Loss attributable to owners of the Company for the six months ended 30 September 2023 amounted to approximately HK\$12.9 million, as compared to profit of approximately HK\$6.5 million for the six months ended 30 September 2022.

The change from net profit to net loss was mainly due to (i) increase in employee benefit expenses primarily due to payment of a one-off staff bonus in May 2023 of approximately HK\$8.8 million; (ii) the significant drop in revenue by approximately HK\$13.9 million; and (iii) the increase in impairment losses of financial and contract assets of approximately HK\$1.7 million for the six months ended 30 September 2023. It was partially offset by increase in other net income by approximately HK\$0.7 million, the decrease in other expenses by approximately HK\$0.8 million and increase in income tax credit/(expenses) by approximately HK\$3.4 million.

Excluding the impact of the one-off bonus paid during the six months ended 30 September 2023, the loss attributable to owners of the Company for the six months ended 30 September 2023 would amount to approximately HK\$4.1 million.

OUTLOOK

In line with the Group's long term objective to strengthen our position as a financial technology solution provider and to expand our market share, the Group intends to expend resources on enhancing and upgrading our existing financial trading solutions, exploring the development of new IT solutions and establishing our research and development ("R&D") centre.

Looking forward, the Group believes that providing good products and services to our customers is our key to success. The Group will continue focusing on R&D in innovative IT products and services and providing stable and reliable financial trading solutions.

Besides, the Group is dedicated to exploring new business opportunities to diversify the Group's business and broaden the Group's sources of income, including exploring the fintech market. Two Hong Kong incorporated companies were established in May 2023 with an intention to develop trading activities involving bullion and blockchain-based trading activities, in order to maintain our competitiveness and capture business opportunities in the market. On 25 September 2023, an indirect wholly-owned subsidiary of the Company completed an acquisition of the entire equity interest in GMO-Z.com Bullion (HK) Limited ("**GZBHK**") (currently known as Max Online Limited), a company principally engaged in provision of bullion trading services in Hong Kong, at a consideration of US\$216,000 (equivalent to approximately HK\$1.7 million) from GMO Financial Holdings, Inc. (the "**Vendor**"). Details are as disclosed in the announcements of the Company dated 20 September 2023 and 25 September 2023.

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue

The Group derives its revenue primarily from the provision of financial trading solutions which can be classified into (i) licensing and maintenance services; (ii) initial set up and customisation services; (iii) trading income from provision of financial instruments trading services; (iv) outsourcing service income; and (v) rebate income. For the six months ended 30 September 2023, the Group recorded revenue of approximately HK\$14.2 million, representing a decrease of approximately 49% as compared with the corresponding period in 2022 of approximately HK\$28.1 million. The following table sets forth the breakdown of our revenue by source of revenue:

	Three months ended 30 September				Six months ended 30 September			
	2023		2022		2023		2022	
	HK\$'000 (unaudited)	%	HK\$'000 (unaudited)	%	HK\$'000 (unaudited)	%	HK\$'000 (unaudited)	%
Licensing and maintenance services	3,047	41	11,081	76	6,681	47	21,730	77
Initial set up and customisation services	3,839	51	3,454	24	6,954	49	6,400	23
Trading income from provision of financial instruments trading services	493	7	-	-	493	3	-	-
Outsourcing service income	42	*	-	-	42	*	-	-
Rebate income	53	*	-	-	53	*	-	-
	7,474	100	14,535	100	14,223	100	28,130	100

* Less than 1%

The decrease in revenue was mainly attributable to the decrease in revenue from licensing and maintenance services. Revenue from licensing and maintenance services decreased by approximately 69% from approximately HK\$21.7 million for the six months ended 30 September 2022 to approximately HK\$6.7 million for the six months ended 30 September 2023, contributed by decrease in services provided to existing customers, especially the modification and termination of service contracts with several oversea customers, which amounted to approximately HK\$15.8 million.

In addition, revenue from initial set up and customisation services increased by approximately 9% from approximately HK\$6.4 million for the six months ended 30 September 2022 to approximately HK\$6.9 million for the six months ended 30 September 2023. It is generally provided on an on-demand basis, depending on our customers' business needs.

Trading income from provision of financial instruments trading service and rebate income are derived from the newly acquired GMO-Z.com Bullion (HK) Limited (currently known as Max Online Limited) as disclosed in the announcements of the Company dated 20 September 2023 and 25 September 2023. For the outsourcing service income, it is mainly contribute by seconded professionals to customers to perform IT services.

Other Net Income/(Loss)

The Group's other net income was approximately HK\$0.6 million and other net loss was approximately HK\$0.1 million for the six months ended 30 September 2023 and 2022 respectively. The increase in other net income/(loss) by approximately HK\$0.7 million was mainly due to the increase in interest income on time deposits by approximately HK\$0.3 million and the gain from change in fair value of financial assets at fair value through profit or loss ("FVTPL") from loss of approximately HK\$1.6 million for the six months ended 30 September 2022 to gain of approximately HK\$10,000 for the six months ended 30 September 2023. Such net gain has been partially offset by the absence of government grant for the six months ended 30 September 2023 (2022: approximately HK\$1.0 million).

Management Discussion and Analysis

License and Subscription Cost

For the six months ended 30 September 2023, the Group's license and subscription cost was approximately HK\$0.7 million, representing a decrease of approximately 19% over the license and subscription cost of approximately HK\$0.9 million for the six months ended 30 September 2022. Such decrease was driven by the decrease in revenue incurred over licensing and maintenance services.

Internet Services Cost

For the six months ended 30 September 2023, the Group's internet services cost was approximately HK\$1.4 million, representing a decrease of approximately 19% over the internet services cost of approximately HK\$1.7 million for the six months ended 30 September 2022. Such decrease was primarily because of the reduced subscription of services by the Group during the six months ended 30 September 2023 as part of its cost control measures.

Intangible Assets

For the six months ended 30 September 2023 and 2022, our R&D expenses (which were mostly included in employee benefit expenses) amounted to approximately HK\$11.9 million and HK\$7.9 million, respectively. Out of the total R&D costs, approximately HK\$2.6 million and HK\$3.1 million for the six months ended 30 September 2023 and 2022, respectively, were capitalised as intangible assets.

Employee Benefit Expenses

For the six months ended 30 September 2023, the Group's employee benefit expenses were approximately HK\$18.6 million, representing a significant increase of approximately 89% as compared to the employee benefit expenses of approximately HK\$9.8 million for the six months ended 30 September 2022. Such increase is primarily due to the payment of a one-off staff bonus of approximately HK\$8.8 million in May 2023.

Depreciation of Property and Equipment

The Group's depreciation of property and equipment was approximately HK\$0.93 million for the six months ended 30 September 2023, representing a slight decrease of approximately 5% from approximately HK\$0.98 million for the six months ended 30 September 2022. The decrease was primarily due to certain items of computers being fully depreciated during the year ended 31 March 2023 and thus no depreciation was recognised for those computers during the six months ended 30 September 2023.

Amortisation of Intangible Assets

The Group's amortisation of intangible assets was approximately HK\$3.0 million for the six months ended 30 September 2023, representing an increase of approximately 10% from approximately HK\$2.8 million for the six months ended 30 September 2022. The increase was primarily due to additions of computer software systems mainly contributed from staff costs capitalised in the year ended 31 March 2023.

Other Expenses

The Group's other expenses mainly include (i) legal and professional fees, (ii) auditors' remuneration, (iii) telephone and utilities, (iv) insurance expenses and (v) consultancy fees. The Group's other expenses for the six months ended 30 September 2023 were approximately HK\$2.6 million, representing a decrease of approximately 23% over the other expenses of approximately HK\$3.4 million for the six months ended 30 September 2022. The decrease was primarily attributable to the decrease in consultancy fees and telephone and utilities expenses of approximately HK\$0.4 million and HK\$0.3 million respectively.

Management Discussion and Analysis

Finance Costs

The finance cost represents the finance cost for lease liability, which amounted to approximately HK\$6,000 and HK\$8,000 for the six months ended 30 September 2023 and 2022, respectively.

(Loss)/Profit before Income Tax

The Group recorded loss before income tax of approximately HK\$14.5 million for the six months ended 30 September 2023 and profit before income tax for the six months ended 30 September 2022 amounted to approximately HK\$8.2 million. The change from profit before income tax to loss before income tax was mainly contributed by (i) the increase in employee benefit expenses primarily due to payment of a one-off staff bonus in May 2023 of approximately HK\$8.8 million; (ii) the decrease in revenue of approximately HK\$13.9 million; and (iii) the increase in impairment losses of financial and contract assets of approximately HK\$1.7 million. It was partially offset by increase in other net income/(loss) by approximately HK\$0.7 million and decrease in other expenses by approximately HK\$0.8 million.

Income Tax Credit/(Expense)

The Group's income tax credit for the six months ended 30 September 2023 was approximately HK\$1.6 million, and income tax expenses for the six months ended 30 September 2022 was approximately HK\$1.7 million. Such change was mainly due to the change from profit before income tax to loss before income tax as above-mentioned. The effective income tax rates of the Group, which equal to the income tax expense divided by profit before tax, were approximately 21.4% for the six months ended 30 September 2022 (2023: Not applicable). If the non-deductible corporate expenses after the Listing, change in fair value of financial assets at FVTPL and non-taxable income were excluded, the effective income tax rate would be 18.4% for the six months ended 30 September 2022 (2023: Not applicable).

(Loss)/Profit for the Period Attributable to Owners of the Company

Loss attributable to owners of the Company for the six months ended 30 September 2023 amounted to approximately HK\$12.9 million, as compared to profit of approximately HK\$6.5 million for the six months ended 30 September 2022. Such change from net profit to net loss was due to the above-mentioned reasons under "(Loss)/Profit before Income Tax" and partially offset by the increase in income tax credit/(expense) of approximately HK\$3.4 million.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's operations are financed mainly by cash generated from operations and investing activities. The Group recorded net current assets of approximately HK\$53.8 million as at 30 September 2023 (31 March 2023: approximately HK\$70.3 million).

As at 30 September 2023, the Group's current assets amounted to approximately HK\$69.3 million (31 March 2023: approximately HK\$77.5 million) of which approximately HK\$4.4 million (31 March 2023: approximately HK\$7.6 million) was trade receivables, approximately HK\$0.8 million (31 March 2023: approximately HK\$1.5 million) was deposits, prepayment and other receivables, approximately HK\$5.2 million (31 March 2023: approximately HK\$5.7 million) was contract assets, approximately HK\$0.2 million (31 March 2023: Nil) was inventory, approximately HK\$1.6 million (31 March 2023: Nil) was amount due from counterparties, approximately HK\$55.4 million (31 March 2023: approximately HK\$61.4 million) was cash and cash equivalents and approximately HK\$1.7 million (31 March 2023: HK\$1.2 million) was income tax recoverable.

Management Discussion and Analysis

Given that there was no interest-bearing borrowing as at 30 September 2023, the gearing ratio of the Group, which was defined as total debt divided by total equity, was not applicable for analysis as at 30 September 2023 (31 March 2023: Not applicable). The net debt to total capital of the Group, which was defined as total debt net of cash and cash equivalents divided by total capital, was at net cash position as at 30 September 2023 (31 March 2023: net cash position).

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's operations are subject to certain risks and the major ones that may have a material and adverse effect on the Group's business, financial conditions and results of operations include: R&D risk, retention of customers and staff and concentration of customers and suppliers. For details, please refer to the same paragraph under the same section of the 2023 annual report of the Company. In addition, the Group's activities are exposed to a variety of financial risks, including exchange rate risk, credit risk, liquidity risk and interest rate risk.

EXPOSURE TO FLUCTUATION IN EXCHANGE RATES

The Group's transactions are primarily denominated in US\$ and HK\$. Since HK\$ is pegged to US\$, the Group does not have significant currency risks and it is the Group's policy not to engage in speculative activities. The Group has not entered into any contracts to hedge its exposure for foreign exchange risk.

EXPOSURE TO CREDIT RISK

The Group's credit risk is primarily attributable to cash and cash equivalents, trade receivables due from customers, contract assets, deposits and other receivables as set out in notes 4(b) and 11 to the unaudited condensed consolidated financial statements. The Group has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

To manage the risk arising from cash deposited in banks, the Group only transacts with reputable banks which are all high-credit-quality financial institutions. In addition, the Group has a credit policy to monitor the level of credit risk in relation to customers. The credit record and credit period for each customer or debtor are regularly assessed, based on the customer's or debtor's financial condition, their credit records and other factors such as current market condition.

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables and contract assets from third parties.

The Group considers the shared credit risk characteristic and the days past due of the trade receivables and contract assets to measure the expected credit loss. Our management considered (among other factors) forward looking information, analysed historical payment pattern and concluded that the expected loss rate of trade receivables and contract assets are assessed as disclosed in note 3.1(b) to the 2023 Audited Consolidated Financial Statements. Loss allowance provision amounted to HK\$1.7 million for trade receivable and contract assets was made during the six months ended 30 September 2023 (2022: Nil).

For deposits and other receivables, management makes periodic collective assessments as well as individual assessments on the recoverability of deposits and other receivables based on historical settlement records and past experience. The Directors believe there is no material credit risk inherent in the Group's outstanding balances of deposits and other receivables and the expected credit loss was insignificant for the six months ended 30 September 2023 (2022: same). Please refer to note 3.1(b) to the 2023 Audited Consolidated Financial Statements for more details.

Management Discussion and Analysis

EXPOSURE TO LIQUIDITY RISK

The Group adopts a prudent liquidity risk management by maintaining sufficient cash and bank balances and ensuring the availability of bank facilities to meet its liquidity requirements in the short and long term.

Due to the dynamic nature of the business environment, the Group aims to maintain flexibility in funding by keeping sufficient banking facilities if necessary. The liquidity risk of the Group is primarily attributable to trade payables, accruals and other payables and lease liabilities.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting period end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying values as the impact of discounting is not significant.

	On demand HK\$'000	Within 1 year HK\$'000	Between 1 and 2 years HK\$'000	Between 2 and 5 years HK\$'000	Total HK\$'000
At 30 September 2023					
(unaudited)					
Trade payables	4,214	–	–	–	4,214
Accruals and other payables (excluding accrued payroll and employee benefits)	–	5,233	–	–	5,233
Lease liabilities	–	305	–	–	305
	4,214	5,538	–	–	9,752
At 31 March 2023 (audited)					
Accruals and other payables (excluding accrued payroll and employee benefits)	–	1,390	–	–	1,390
Lease liabilities	–	446	66	–	512
	–	1,836	66	–	1,902

EXPOSURE TO INTEREST RATE RISK

The Group's exposure to interest rate risk arises from its bank deposits. These deposits bear interests at variable rates which varied with the then prevailing market condition. Except as stated above, the Group has no other interest-bearing assets and liabilities as at 30 September 2023 (31 March 2023: same), while its income and operating cash flows are substantially independent of changes in variable interest rates.

CAPITAL STRUCTURE

The Shares were listed on GEM of the Stock Exchange on the Listing Date. There has been no change in the capital structure of the Company since then. As at 30 September 2023, the capital structure of the Company comprised mainly of issued share capital and reserves.

MATERIAL ACQUISITIONS AND DISPOSALS

On 25 September 2023, the Group completed the acquisition of GMO-Z.com Bullion (HK) Limited (currently known as Max Online Limited) (the "GZBHK Acquisition"), which has become an indirect wholly-owned subsidiary of the Company and its financial results are consolidated into the financial statements of the Group. For details, please refer to the announcements of the Company dated 20 September 2023 and 25 September 2023.

Management Discussion and Analysis

The Group determined that substantially all of the fair value of the gross assets (excluding cash and cash equivalents) acquired is concentrated in a group of similar identifiable assets and concluded that the acquired business will generate profit in the future.

Assets and Liabilities Recognised at the Date of Acquisition

	HK\$'000
Property and equipment	110
Right-of-use asset	9
Trade receivables, deposit and other receivables	3,477
Cash and Cash equivalents	8,254
Trade payable, accruals and other payables	(12,152)
	(302)

Net Cash (Outflows)/Inflows arising on Acquisition of GZBHK

	HK\$'000
Total consideration	125
Less: Cash and cash equivalents acquired	(8,254)
	(8,129)

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 30 September 2023, the Group had contingent liabilities of approximately HK\$1.5 million, representing the remaining consideration payable to the Vendor in respect of the GZBHK Acquisition once the updated software license record of GZBHK is obtained.

HUMAN RESOURCES AND REMUNERATION POLICIES

As at 30 September 2023, the Group had a workforce of 49 (31 March 2023: 56) full-time employees. The remuneration of the Group's employees is determined depending on a number of factors, including their qualifications, function, experience, work performance and local market conditions. The Group regularly reviews its remuneration and benefit policies to ensure that the remuneration package offered remains competitive and in line with the relevant labour laws and regulations. For the six months ended 30 September 2023, the total employee benefit expenses of the Group (including salaries, bonuses, allowances, pension costs (defined contribution plans), staff welfare and benefits and share-based payment expenses) before deduction of capitalised staff costs as development costs of computer software system was approximately HK\$21.2 million (30 September 2022: approximately HK\$13.0 million). The Company has adopted a Share Option Scheme on 29 March 2019 to enable the Company to grant options to, amongst others, the employees and directors of the Group. For details, please refer to note 15 to the unaudited condensed consolidated financial statements and the paragraph headed "Share Option Scheme" under this section.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2023 (2022: Nil).

Management Discussion and Analysis

SIGNIFICANT INVESTMENTS AND PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Company did not have any significant investments as at 30 September 2023. Save as disclosed in the Prospectus and the Company's announcement titled "Second Change in Use of Proceeds" dated 11 May 2022 (the "**Announcement**"), the Company did not have other plans for material investments or capital assets.

EVENTS AFTER THE REPORTING DATE

Save as disclosed elsewhere in this report, the Group has no significant events subsequent to 30 September 2023 and up to the date of this report.

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

An analysis comparing the business objectives as set out in the Prospectus with the Group's actual business progress for the period from the Listing Date to 30 September 2023 is set out below:

Business Objectives	Actual Progress	
(i) Continue to commit in R&D of our financial trading solutions	R&D plans	Progress from the Listing Date to 30 September 2023
	A. Enhance and upgrade our financial trading solutions	
	(a) Develop the cloud-based versions of GES EX and GES IX	The Group entered into a hosting services subscription agreement with HKEX Hosting Services Limited (" HKEX Hosting ") for the co-location facilities, which provide us access to the trading and market data, trading and clearing systems of the Stock Exchange at a low latency connection. As a result, the Group has become one of the HKEX Hosting application service providers (" ASP ") ecosystem members to provide approved ASP services to our customers. In addition, the Group acquired servers, networking resources and third party software to power up the cloud native version of GES EX and GES IX in June 2019 and December 2019 respectively.
	(b) Enable the use of big data for AUTON	The Group acquired servers, networking resources and third party software to process the big data and additional space to host the big data server in July 2019. This allows AUTON users to extract information from our big data server for backtesting their algo-trading strategies.
	(c) Enhance AUTON's algo-trading capability with artificial intelligence	In September 2020, the Group successfully engaged consultants who have worked with our development team and provided technical advice on the relevant R&D activities. These consultants left the Group since June 2021.
	(d) Develop HTML5 version of AUTON	The Group was awarded a non-financial IT solutions project in April 2021. Although we initially targeted to commence the development of HTML5 version of AUTON in third quarter of 2020, management team has reallocated the resources from development of HTML5 version of AUTON to the non-financial IT solution project.

Management Discussion and Analysis

Business Objectives	Actual Progress
(i) Continue to commit in R&D of our financial trading solutions (continued)	<p>R&D plans</p> <p>Progress from the Listing Date to 30 September 2023</p> <hr/> <p>A. Enhance and upgrade our financial trading solutions (continued)</p> <p>(e) Unify and improve our financial trading solutions</p> <p>Unification of GES TX and GES EX has been completed in December 2021 while that of GES IX and Xenatrix has been completed in September 2022.</p> <p>B. Incorporate prevailing technologies to promote algo-trading and awareness of our trading terminal and trading systems</p> <p>By R&D of our development team and acquisition of servers and third party software, we have launched the terminal for simulation of algo-trading and the web portal for algo sharing. We will continue enhancing the terminal and the web portal for portfolio tracking and optimization. We have also made some marketing effort to promote the above-mentioned web portal.</p> <p>Overall, to implement the above R&D plans, the Group had used approximately HK\$4.1 million to subscribe for basic market information package and corporate action information package and purchase the abovementioned hosting and connectivity services, approximately HK\$1.5 million to subscribe for cloud-based server hosting services, approximately HK\$4.4 million to recruit 5 R&D staff and approximately HK\$1.5 million to acquire computer hardware and software.</p> <p>As disclosed in the Announcement, after the second revised allocation, a total amount of HK\$1.7 million unutilised in this category was re-allocated to category (iv) Performance of a Standing Offer Agreement ("SOA") and we will use internal resources to continue the R&D activities and marketing activities (if any).</p>
(ii) Pursue selective acquisition(s)	As disclosed in the Announcement, we will no longer pursue selective acquisition(s) and an amount of HK\$1.4 million unutilised in this category was re-allocated to category (iv) Performance of SOA after the second revised allocation.
(iii) Establish an R&D centre	The Group has established an R&D centre in May 2022. It was primarily because we did not have sufficient office space for the additional headcounts of R&D staff. As disclosed in the Announcement, the expected timeline for full use of the Net Proceeds for this item was changed to July 2023 and an amount of HK\$0.4 million unutilised in this category was re-allocated to category (iv) Performance of SOA after the second revised allocation.
(iv) Performance of SOA	As disclosed in the Announcement, the Board has re-allocated a total of HK\$3.5 million to recruitment of staff and/or engagement of consultant(s) and subscription of server hosting services by February 2023.

Management Discussion and Analysis

USE OF PROCEEDS FROM THE LISTING

The Shares of the Company were initially listed on GEM of the Stock Exchange by way of Share Offer of 100,000,000 Shares on the Listing Date, at HK\$0.53 per Share.

The Net Proceeds were approximately HK\$17.5 million, which was based on the gross proceeds from the Share Offer less the actual expenses relating to the Listing. The change in the amount of net proceeds as disclosed in the Prospectus is primarily due to the fact that the shares were issued at the low-end of the Offer Price Range (as defined in the Prospectus).

As disclosed in the Announcement, the Board resolved to further change and reallocate the uses of part of its unutilised Net Proceeds on 11 May 2022. An aggregate amount of approximately HK\$3.5 million (comprising HK\$1.0 million originally intended for recruitment of R&D Staff and engagement of consultant to provide technical support for R&D, HK\$0.7 million originally intended for marketing expenses, HK\$1.4 million originally intended for pursuing selective acquisition(s) and HK\$0.4 million originally intended for establishing an R&D centre) was re-allocated to recruitment of staff and/or engagement of consultant(s) and subscription of server hosting services for performance of SOA.

During the period from the Listing Date to 30 September 2023, the Group has applied the Net Proceeds as follows:

Description of intended use of the proceeds	Revised allocation of the Net Proceeds on 11 May 2022		Planned use of proceeds from the Listing Date to 30 September 2023	Actual use of proceeds from the Listing Date to 30 September 2023	Unutilised amount as at 30 September 2023	Expected timeline for full use of the unutilised proceeds
	HK\$ million	%	HK\$ million	HK\$ million	HK\$ million	
(i) Continue to commit in R&D of our financial trading solutions	11.6	66.3	11.6	11.6	-	N/A
(ii) Pursue selective acquisition(s)	-	N/A	-	-	N/A	N/A
(iii) Establish an R&D centre	1.4	8.0	1.4	1.4	-	N/A
(iv) Performance of SOA	3.5	20.0	3.5	3.5	-	N/A
(v) Working capital and other general corporate purpose	1.0	5.7	1.0	1.0	-	N/A
Total	17.5	100.0	17.5	17.5	-	

Management Discussion and Analysis

PURCHASE, SALE OR REDEMPTION OF THE SECURITIES BY THE COMPANY AND ITS SUBSIDIARIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities, and there was no exercise of any conversion or subscription rights under any convertible securities, options, warrants or similar rights issued or granted at any time by the Company or any of its subsidiaries, during the six months ended 30 September 2023 and up to the date of this report (the “**Relevant Period**”).

CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieving high standards of corporate governance. The Directors believe that sound and reasonable corporate governance practices are essential in providing a framework for the Company to safeguard the interests of Shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company has adopted the principles of good corporate governance and code provisions in Part 2 of the CG Code contained in Appendix 15 to the GEM Listing Rules as the basis of the Company's corporate governance practices.

The Board is of the view that during the Relevant Period, save for deviation from code provision D.2.5 in relation to internal audit function as detailed in the “Corporate Governance Report” in the annual report of the Company dated 26 June 2023, the Company has complied with all applicable code provisions as set out in the CG Code. Code provision D.2.5 of the CG Code provides that the Company should have an internal audit function. The existing audit function of the Group is performed by the external auditor of the Group, Baker Tilly Hong Kong Limited. Having considered the size, nature and complexity of the Group's business, the Board and the Audit Committee are of the view that sufficient risk management and internal control of the Group can be maintained and there is no immediate need to set up an internal audit function within the Group. The Board and the Audit Committee will review the Group's need for an internal audit function from time to time.

AUDIT COMMITTEE

The Audit Committee consists of three independent non-executive Directors, being Mr. Lo Chi Wang, Mr. Wu Kin San Alfred and Mr. Moo Kai Pong. Mr. Lo Chi Wang is the chairman of the Audit Committee. The Group's unaudited interim results for the six months ended 30 September 2023 and the accounting policies and practices adopted by the Group have been reviewed by the Audit Committee in the meeting held on 31 October 2023.

SHARE OPTION SCHEME

The Company has adopted the Share Option Scheme on 29 March 2019. The principal terms of the Share Option Scheme were summarised in the paragraph headed “Statutory and General Information – D. Share Option Scheme” in Appendix VI to the Prospectus. The purpose of the Share Option Scheme is to enable the Group to grant options to the eligible participants as incentives or rewards for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group or any entity in which any member of the Group holds any equity interest.

No Share Options have been granted or exercised or lapsed pursuant to the Share Option Scheme during the six months ended 30 September 2023 (2022: same) and 27,200,000 options were cancelled during the six months ended 30 September 2023 (2022: 6,000,000 options were lapsed).

Management Discussion and Analysis

As at 1 April 2023 and 30 September 2023, the number of share options available for grant under the general scheme limit of the Share Option Scheme were 12,800,000. As at the date of this report, there was no outstanding share option and the total number of Shares available for future grant under the Share Option Scheme was 12,800,000 Shares (representing 3.2% of the total issued Shares on the same date).

For details of the grant of Share Options, please refer to note 15 to the unaudited condensed consolidated financial statements for the six months ended 30 September 2023.

The following table sets out details of the movements of share options granted by the Company pursuant to the Share Option Scheme for the six months ended 30 September 2023:

Category and name of grantee	Date of grant	Outstanding as at 1 April 2023	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	Outstanding as at 30 September 2023	Exercise price per Share	Closing price of Share before the date of grant of share options	Weighted average closing price of Share before date of exercise of options	Exercise period
Mr. Wong Wing Hoi (Executive Director)	15 August 2019	4,000,000	-	-	(4,000,000)	-	-	HK\$0.178	HK\$0.158	NA	50% from 15 August 2020 to 14 August 2029 50% from 15 August 2021 to 14 August 2029
	3 November 2020	800,000	-	-	(800,000)	-	-	HK\$0.095	HK\$0.091	NA	50% from 3 November 2021 to 2 November 2030 50% from 3 November 2022 to 2 November 2030
Mr. Wei Chun Pong Benjamin (Note 1)	15 August 2019	800,000	-	-	(800,000)	-	-	HK\$0.178	HK\$0.158	NA	50% from 15 August 2020 to 14 August 2029 50% from 15 August 2021 to 14 August 2029
Employees of the Group (Note 2)	15 August 2019	17,600,000	-	-	(17,600,000)	-	-	HK\$0.178	HK\$0.158	NA	50% from 15 August 2020 to 14 August 2029 50% from 15 August 2021 to 14 August 2029
Consultants of the Group	15 August 2019	4,000,000	-	-	(4,000,000)	-	-	HK\$0.178	HK\$0.158	NA	50% from 15 August 2020 to 14 August 2029 50% from 15 August 2021 to 14 August 2029

Notes:

- Mr. Wei Chun Pong Benjamin is the son of Mr. Wei Ming, the chairman of the Board and the non-executive Director.
- Share options granted to other employee of the Group on 3 November 2020 were lapsed prior to 1 April 2023.

Management Discussion and Analysis

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

As at 30 September 2023, the interests and short positions of the Directors and the 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 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 and short positions in 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) to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

Name of Director	Company/name of associated corporation	Capacity and nature of interest	Number of shares of the Company/ associated corporation held <i>(Note 3)</i>	Approximate percentage of the issued shares of the Company/ associated corporation
Mr. Wei Ming ("Mr. Wei") <i>(Chairman and non-executive Director)</i>	Company	Interest in controlled corporation <i>(Note 1)</i>	210,000,000 (L)	52.5%
Mr. Chung Chau Kan ("Mr. Chung") <i>(Executive Director and Chief Executive Officer)</i>	Company	Interest in controlled corporation <i>(Note 2)</i>	90,000,000 (L)	22.5%
Mr. Wei	Essential Strategy Investments Limited (" Essential Strategy ")	Beneficial owner	1,000 (L)	100% <i>(Note 1)</i>

Notes:

- (1) The 210,000,000 Shares were held by Essential Strategy which is wholly owned by Mr. Wei. As such, Mr. Wei was deemed to be interested in all the Shares held by Essential Strategy pursuant to Part XV of the SFO.
- (2) The 90,000,000 Shares were held by Expert Wisdom Holdings Limited ("**Expert Wisdom**") which is wholly owned by Mr. Chung. As such, Mr. Chung was deemed to be interested in all the Shares held by Expert Wisdom pursuant to Part XV of the SFO.
- (3) The letter "L" denotes "long position" in such Shares or underlying Shares.

Management Discussion and Analysis

Saved as disclosed above, as at 30 September 2023, none of the Directors or chief executive of the Company had interest or short position in any Shares, underlying Shares and/or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have 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 in which they are taken or deemed to have under such provisions of the SFO) or that was required to be recorded in the register kept by the Company pursuant to section 352 of the SFO, or which are required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 September 2023, the following persons (other than the Directors or chief executive of the Company) had interests and short positions in the Shares or underlying Shares of the Company which were required to be notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO or as recorded in the register of interests required to be kept by the Company pursuant to section 336 of the SFO:

Name	Capacity and nature of interest	Number of Shares held <i>(Note 5)</i>	Approximate percentage of the issued Shares
Essential Strategy	Beneficial owner <i>(Note 1)</i>	210,000,000 (L)	52.5%
Ms. Wong Siu King ("Ms. Wong")	Interest of spouse <i>(Note 2)</i>	210,000,000 (L)	52.5%
Expert Wisdom	Beneficial owner <i>(Note 3)</i>	90,000,000 (L)	22.5%
Ms. Yip Kim Kam ("Ms. Yip")	Interest of spouse <i>(Note 4)</i>	90,000,000 (L)	22.5%

Notes:

- (1) Mr. Wei held 210,000,000 Shares through a company wholly-owned by him, Essential Strategy.
- (2) Ms. Wong is the spouse of Mr. Wei. Under the SFO, Ms. Wong is deemed to be interested in the same number of Shares in which Mr. Wei is interested.
- (3) Mr. Chung held 90,000,000 Shares through a company wholly-owned by him, Expert Wisdom.
- (4) Ms. Yip is the spouse of Mr. Chung. Under the SFO, Ms. Yip is deemed to be interested in the same number of Shares in which Mr. Chung is interested.
- (5) The letter "L" denotes "long position" in such Shares or underlying Shares.

Saved as disclosed above, as at 30 September 2023, the Company had not been notified by any persons (other than the Directors or chief executive of the Company) who had 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 recorded in the register referred to therein.

Management Discussion and Analysis

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the "**Securities Transactions Code**").

Specific enquiry has been made with all the Directors and each of the Directors has confirmed that they have complied with the Securities Transactions Code throughout the Relevant Period.

During the Relevant Period, the Company is not aware of any incident of non-compliance of the Securities Transactions Code by the Directors.

DIRECTORS' AND CHIEF EXECUTIVE'S RIGHTS TO ACQUIRE SHARES AND DEBENTURES

Save as disclosed in the paragraphs headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" and "Share Option Scheme" above, at no time during the Relevant Period were there any rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company granted to any Directors or chief executive of the Company or their respective associates or were there 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 arrangements to enable the Directors or chief executive of the Company or their respective associates to acquire such rights in any other body corporate.

COMPETING INTEREST

During the Relevant Period, none of the Directors or the Controlling Shareholders or their respective close associates had any business or interest which competed or might compete, either directly or indirectly, with the business of the Group nor did any such person have or may have any conflicts of interest with the Group.

REVIEW OF FINANCIAL STATEMENTS

The Company established the Audit Committee on 29 March 2019 in compliance with Rule 5.28 of the GEM Listing Rules. Written terms of reference in compliance with Rule 5.29 of the GEM Listing Rules and code provision D.3.3 of the CG Code have been adopted. The primary duties of the Audit Committee are to make recommendations to the Board on appointment, reappointment and removal of the external auditor, review and supervise the financial reporting process and the financial controls, internal control and risk management systems of the Company.

The Audit Committee consists of three independent non-executive Directors, being Mr. Lo Chi Wang, Mr. Moo Kai Pong and Mr. Wu Kin San Alfred. Mr. Lo Chi Wang is the chairman of the Audit Committee.

The Group's unaudited condensed consolidated financial statements for the six months ended 30 September 2023, the accounting policies and practices adopted by the Group, and this report have been reviewed by the Audit Committee.

By order of the Board

Wei Ming

Chairman and Non-executive Director

Hong Kong, 31 October 2023

Definitions

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

"associate(s)"	has the meaning ascribed to it under the GEM Listing Rules
"Audit Committee"	the audit committee of the Board
"AUTON"	a trading terminal targeted to be used by retail investors for trading both OTC-traded and stock exchange-traded financial instruments, one of the Group's internally-developed financial trading solutions
"Board"	the board of Directors
"CG Code"	Corporate Governance Code set out in Appendix 15 to the GEM Listing Rules
"Chairman"	the chairman of the Board, as appointed and designated from time to time
"close associate(s)"	has the meaning ascribed to it under the GEM Listing Rules
"Companies Act"	the Companies Act (as revised) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time
"Company"	Novacon Technology Group Limited (連成科技集團有限公司), a company incorporated as an exempted company with limited liability in the Cayman Islands on 7 February 2018
"Controlling Shareholder(s)"	has the meaning ascribed to it under the GEM Listing Rules
"Director(s)"	the director(s) of the Company
"GEM"	GEM operated by the Stock Exchange
"GEM Listing Rules"	Rules Governing the Listing of Securities on GEM of the Stock Exchange, as amended, supplemented or otherwise modified from time to time
"GES EX"	a trading system targeted to be used by brokers for trading stock exchange-traded financial instruments, one of the Group's internally-developed financial trading solutions
"GES IX"	a fund management system targeted to be used by wealth management companies and their clients (such as fund subscribers) to administer their funds and manage their clients' investment portfolios, one of the Group's internally-developed financial trading solutions
"GES TX"	a trading system targeted to be used by brokers, dealers, back office operators and accounting staff for trading OTC-traded financial instruments, one of the Group's internally-developed financial trading solutions

Definitions

“Group”	the Company and its subsidiaries, or any of them or, where the context so requires, in respect of the period before the Company became the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of the Company at that time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing”	the listing of the Shares on GEM of the Stock Exchange on 2 May 2019
“Listing Date”	2 May 2019, the date on which the Shares were listed on GEM of the Stock Exchange
“OTC-traded financial instruments”	over-the-counter-traded financial instruments, which are contracts that are traded (and privately negotiated) directly between two parties, without going through an exchange or other intermediary
“PRC”	the People’s Republic of China, which for the purpose of this report shall exclude Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
“Prospectus”	the prospectus of the Company published on 15 April 2019 in connection with the Listing
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) of nominal value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Share Option Scheme”	the share option scheme of the Company adopted by the Shareholders on 29 March 2019
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	the United States dollars, the lawful currency of the United States of America
“Xentrix”	a back office settlement system targeted to be used by back office operators, which facilitates the automation of back office operations for financial institutions, including settlement, clearing and reporting for stock exchange-traded financial instruments
“%”	per cent