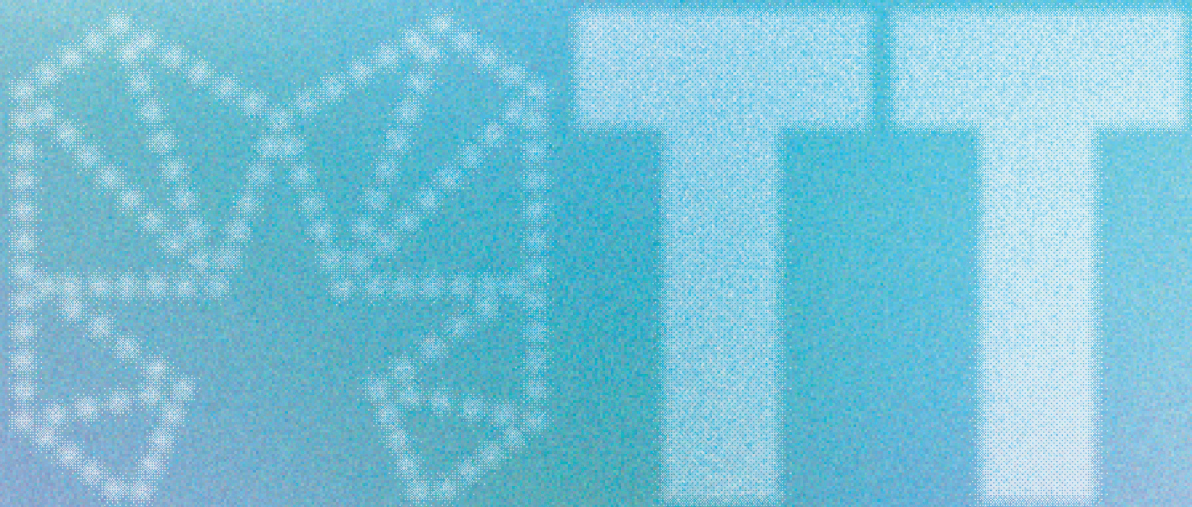


*(Incorporated in the Cayman Islands with limited liability)*

# INTERIM REPORT

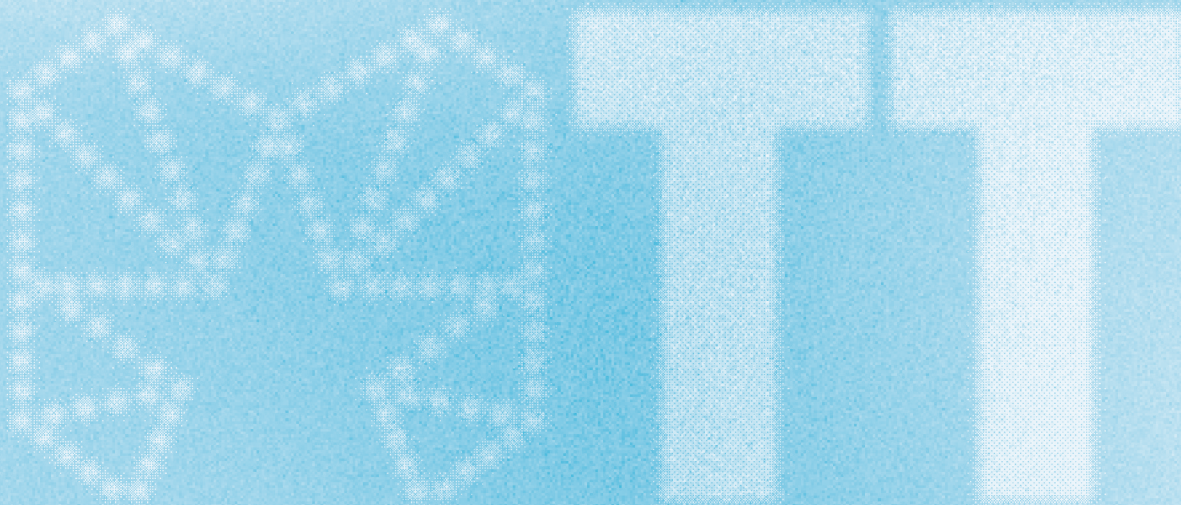
2023/24





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# Corporate Information

## EXECUTIVE DIRECTORS

Mr. Ip Ka Wai Charlie (*Chairman and Chief Executive Officer*)  
Mr. Chan Tim Cheung

## NON-EXECUTIVE DIRECTOR

Mr. Ho Wang Shun (appointed with effect from 10 July 2023)

## INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lam Chi Wing  
Ms. Chung Anita Mei Yiu  
Ms. Wu Ching Tung Grace  
Mr. Lo Kwok Loong Sammy  
(appointed with effect from 10 July 2023)

## AUDIT COMMITTEE

Ms. Wu Ching Tung Grace (*Chairlady*)  
Ms. Chung Anita Mei Yiu  
Mr. Lam Chi Wing

## REMUNERATION COMMITTEE

Mr. Lam Chi Wing (*Chairman*)  
Mr. Ip Ka Wai Charlie  
Ms. Chung Anita Mei Yiu

## NOMINATION COMMITTEE

Mr. Ip Ka Wai Charlie (*Chairman*)  
Mr. Lam Chi Wing  
Ms. Wu Ching Tung Grace

## COMPANY SECRETARY

Ms. Yiu Suk Han (*ACG, HKACG*) (resigned with effect from 6 October 2023)  
Ms. Lai Ho Yan (*ACG, HKACG*) (appointed with effect from 6 October 2023)

## AUTHORISED REPRESENTATIVES

Mr. Ip Ka Wai Charlie  
Ms. Yiu Suk Han (*ACG, HKACG*) (resigned with effect from 6 October 2023)  
Ms. Lai Ho Yan (*ACG, HKACG*) (appointed with effect from 6 October 2023)

## AUDITOR

Deloitte Touche Tohmatsu  
*Certified Public Accountants*  
*Registered Public Interest Entity Auditors*

## HONG KONG LEGAL ADVISER

Bird & Bird

## COMPLIANCE ADVISER

Innovax Capital Limited

## PRINCIPAL BANKER

Standard Chartered (Hong Kong)  
Shanghai Commercial Bank  
Hang Seng Bank

## REGISTERED OFFICE

4/F., Harbour Place  
103 South Church Street  
P.O. Box 10240  
Grand Cayman KY1-1002  
Cayman Islands

## HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

8/F Kwok Kee Group Centre  
107 How Ming Street  
Kwun Tong, Kowloon  
Hong Kong

### **PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS**

Harneys Fiduciary (Cayman) Limited  
4/F., Harbour Place  
103 South Church Street  
P.O. Box 10240  
Grand Cayman KY1-1002  
Cayman Islands

### **HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE**

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

### **COMPANY'S WEBSITE ADDRESS**

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

### **STOCK CODE**

2350

### **LISTING DATE**

26 September 2022

# Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 September 2023

	NOTES	Six months ended	
		30.9.2023 HK\$'000 (Unaudited)	30.9.2022 HK\$'000 (Unaudited)
Revenue	3	360,063	406,141
Cost of sales and services		(321,616)	(332,072)
Gross profit		38,447	74,069
Other income	6	855	3,442
Other gains and losses	6	(267)	200
Net impairment losses under expected credit loss model	12	(2,178)	(1,701)
Selling and distribution expenses		(16,612)	(15,910)
Administrative expenses		(17,067)	(15,688)
Finance costs		(1,688)	(1,390)
Listing expenses		—	(4,892)
Profit before taxation		1,490	38,130
Taxation	5	(122)	(7,020)
Profit for the period	6	1,368	31,110
<b>Other comprehensive (expense) income:</b>			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		(399)	(495)
Total comprehensive income for the period		969	30,615
Earnings per share	8		
Basic (HK cents)		0.22	6.18

# Condensed Consolidated Statement of Financial Position

At 30 September 2023

	NOTES	<b>30.9.2023</b> <b>HK\$'000</b> <b>(Unaudited)</b>	31.3.2023 HK\$'000 (Audited)
<b>Non-current assets</b>			
Property and equipment	9	<b>13,545</b>	14,519
Financial assets at fair value through profit or loss ("FVTPL")	10	<b>11,246</b>	11,194
Deposits	11	<b>934</b>	878
Deposits paid for acquisition of property and equipment		<b>1,777</b>	1,777
Deferred tax assets		<b>924</b>	576
		<b>28,426</b>	28,944
<b>Current assets</b>			
Inventories		<b>18,354</b>	19,811
Trade and other receivables, deposits and prepayments	11	<b>394,673</b>	272,061
Contract assets		<b>2,302</b>	1,163
Pledged bank deposits		<b>50,806</b>	37,243
Bank balances and cash		<b>12,765</b>	28,512
		<b>478,900</b>	358,790
<b>Current liabilities</b>			
Trade and other payables and accrued charges	13	<b>200,312</b>	76,834
Contract liabilities		<b>23,562</b>	20,177
Tax payables		<b>228</b>	9,874
Lease liabilities		<b>2,587</b>	2,231
Bank borrowings	14	<b>62,806</b>	61,035
		<b>289,495</b>	170,151
Net current assets		<b>189,405</b>	188,639
Total assets less current liabilities		<b>217,831</b>	217,583
<b>Non-current liabilities</b>			
Lease liabilities		<b>6,875</b>	7,297
Contract liabilities		<b>828</b>	1,127
		<b>7,703</b>	8,424
Net assets		<b>210,128</b>	209,159
<b>Capital and reserves</b>			
Share capital	15	<b>6,250</b>	6,250
Reserves		<b>203,878</b>	202,909
Total equity		<b>210,128</b>	209,159

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2023

	Share capital HK\$'000	Share premium HK\$'000	Other reserves HK\$'000	Translation reserves HK\$'000	Accumulated profits HK\$'000	Total HK\$'000
At 31 March 2023 (audited)	6,250	102,230	(17,402)	(40)	118,121	209,159
Profit for the period	-	-	-	-	1,368	1,368
Other comprehensive expense for the period	-	-	-	(399)	-	(399)
Total comprehensive (expense) income for the period	-	-	-	(399)	1,368	969
At 30 September 2023 (unaudited)	6,250	102,230	(17,402)	(439)	119,489	210,128
At 31 March 2022 (audited)	-*	15,061	(16,798)	311	78,384	76,958
Profit for the period	-	-	-	-	31,110	31,110
Other comprehensive expense for the period	-	-	-	(495)	-	(495)
Total comprehensive (expense) income for the period	-	-	-	(495)	31,110	30,615
Dividends declared (note 7)	-	-	-	-	(4,000)	(4,000)
Deemed distribution to the owner of the Company (note)	-	-	(604)	-	-	(604)
Capitalisation issue (note 15)	5,000	(5,000)	-	-	-	-
Issue of new shares of the Company (note 15)	1,250	105,000	-	-	-	106,250
Transaction costs attributable to issue of shares	-	(12,831)	-	-	-	(12,831)
At 30 September 2022 (unaudited)	6,250	102,230	(17,402)	(184)	105,494	196,388

\* Amounts less than HK\$1,000.

Note: Deemed distribution of approximately HK\$604,000 represent the listing expense incurred by Mr. Ip Ka Wai Charlie ("Mr. Charlie Ip"), the ultimate shareholder of the Group as the owner of the Company during the six months ended 30 September 2022.



# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2023

	Six months ended	
	30.9.2023 HK\$'000 (Unaudited)	30.9.2022 HK\$'000 (Unaudited)
Net cash used in operating activities:		
Operating cash flows before movements in working capital	7,463	43,251
Decrease (increase) in inventories	997	(6,228)
Increase in trade and other receivables, deposits and prepayments	(124,996)	(39,235)
Increase in contract assets	(1,177)	(313)
Increase in trade and other payables and accrued charges	123,478	1,376
Increase (decrease) in contract liabilities	3,086	(434)
Tax paid	(10,116)	(6,359)
	<b>(1,265)</b>	(7,942)
Net cash used in investing activities:		
Bank interest received	567	1,167
Purchases of property and equipment	(114)	(1,309)
Deposits paid for acquisition of property and equipment	-	(1,777)
Repayment from a director	-	1,328
Repayments from related companies	-	149
Placement of pledged bank deposits	(13,563)	-
Withdrawal of pledged bank deposits	-	432
	<b>(13,110)</b>	(10)
Net cash (used in) from financing activities:		
Proceeds from issuance of shares	-	106,250
Share issue costs paid	-	(10,078)
Dividend paid	-	(4,000)
Interest paid	(1,688)	(1,390)
Repayment to a director	-	(2,419)
Repayment to a related party	-	(593)
Bank borrowings raised	37,290	81,518
Repayments of bank borrowings	(35,519)	(72,773)
Repayments of lease liabilities	(1,275)	(2,148)
	<b>(1,192)</b>	94,367
Net (decrease) increase in cash and cash equivalents	<b>(15,567)</b>	86,415
Cash and cash equivalents at the beginning of the period	<b>28,512</b>	17,166
Effect of foreign exchange differences	<b>(180)</b>	(14)
Cash and cash equivalents at the end of the period represented by bank balances and cash	<b>12,765</b>	103,567



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2023

## 1. BASIS OF PREPARATION

The condensed consolidated financial statements of MTT Group Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 September 2023 have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The shares of the Company have been listed on the Main Board of the Stock Exchange since 26 September 2022.

## 2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

Other than change in accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2023 are the same as those presented in the Group’s annual financial statements for the year ended 31 March 2023.

### Application of amendments to HKFRSs

In the current interim period, the Group has applied the following new and amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group’s annual period beginning on or after 1 April 2023 for the preparation of the Group’s condensed consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	Income Taxes International Tax Reform – Pillar Two model Rules

Except as described below, the application of the new and amendments to HKFRSs in the current interim period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

## 2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

### 2.1 Impacts and changes in accounting policies on application of Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

#### 2.1.1 Accounting policies

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to the lease liabilities and the related assets separately. The Group recognizes a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

#### 2.1.2 Transition and summary of effects

As disclosed in the Group's annual financial statements for the year ended 31 March 2023, the Group previously applied the HKAS 12 requirements to assets and liabilities arising from a single transaction as a whole and temporary differences relating to the relevant assets and liabilities were assessed on a net basis. Upon the application of the amendments, the Group assessed the relevant assets and liabilities separately.

In accordance with the transition provision:

- (i) the Group has applied the new accounting policy retrospectively to leasing transactions that occurred on or after 1 April 2022;
- (ii) the Group also, as at 1 April 2022, recognised a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary difference associated with right-of-use-assets and lease liabilities.

The application of the amendments has had no material impact on the Group's financial position and performance, except that the Group recognised the related deferred tax assets and deferred tax liabilities with same amount of approximately HK\$525,000 as at 1 April 2022 on a gross basis but it has no impact on the retained earnings at the earliest period presented and the condensed consolidated statement of financial position of the Group.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2023

## 2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

### 2.2 Impacts on application of Amendments to HKAS 12 Income Taxes International Tax Reform-Pillar Two model Rules

HKAS 12 is amended to add the exception to recognising and disclosing information about deferred tax assets and liabilities that are related to tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (the “**Pillar Two legislation**”). The amendments require that entities shall apply the amendments immediately upon issuance. The amendments also require that entities shall disclose separately its current tax expense/income related to Pillar Two income taxes, and the qualitative and quantitative information about its exposure to Pillar Two income taxes in periods in which the Pillar Two legislation is enacted or substantially enacted but not yet in effect in annual reporting periods beginning on or after 1 April 2023.

The Group is yet to apply the temporary exception during the current interim period because the Group’s entities are operating in jurisdictions which the Pillar Two legislation has not yet been enacted or substantially enacted. The Group will disclose known or reasonably estimable information that helps users of financial statements to understand the Group’s exposure to Pillar Two income taxes in the Group’s annual consolidated financial statements in which the Pillar Two legislation has been enacted or substantially enacted and will disclose separately current tax expense/income related to Pillar Two income taxes when it is in effect.

### 2.3 Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

In addition, the Group will apply Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies which are mandatorily effective for the Group’s annual period beginning on 1 April 2023 for the preparation of the Group’s consolidated financial statements for the year ending 31 March 2024.

HKAS 1 is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 Making Materiality Judgements (the “**Practice Statement**”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments in the current period had no material impact on the condensed consolidated financial statements but is expected to affect the disclosures of the Group’s accounting policies in the Group’s annual consolidated financial statements for the year ending 31 March 2024.



## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2023

### 3. REVENUE

An analysis of the Group's revenue from goods and services by segment for the periods is as follows:

	<b>Six months ended</b>	
	<b>30.9.2023</b>	30.9.2022
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Types of goods or services:		
Distribution Business*		
– distribution of IT products	<b>245,881</b>	279,040
– provision of IT implementation services	<b>17,232</b>	10,543
	<b>263,113</b>	289,583
System Integration Solutions Business*		
– procurement of IT products	<b>81,958</b>	97,393
– provision of IT infrastructure solutions services	<b>9,564</b>	11,916
– provision of IT maintenance and support services	<b>5,428</b>	7,249
	<b>96,950</b>	116,558
	<b>360,063</b>	406,141

\* The segment names are defined in the section "Segment information" in note 4.

	<b>Six months ended</b>	
	<b>30.9.2023</b>	30.9.2022
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Geographical markets:		
Hong Kong	<b>356,460</b>	401,002
The People's Republic of China ("PRC") (excluding Hong Kong and Macau)	<b>3,603</b>	3,976
Macau	<b>–</b>	1,163
	<b>360,063</b>	406,141

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2023

### 3. REVENUE *(Continued)*

The Group's operations are located in Hong Kong, the PRC (excluding Hong Kong and Macau) and Macau.

Information about the Group's revenue from external customers is presented based on the locations of the shipments of goods or the services provided.

	Six months ended	
	30.9.2023	30.9.2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Timing of revenue recognition:		
Over time	32,224	29,708
A point in time	327,839	376,433
	<b>360,063</b>	406,141

### 4. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision makers ("CODM"), for the purposes of resources allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

The Group's reportable and operating segments are therefore as follows:

- (1) Distribution Business refers to distribution of IT products of which the Group obtained the authorised distributorship from the suppliers and related provision of IT implementation services by the Group; and
- (2) System Integration Solutions Business refers to procurement of IT products and related provision of IT infrastructure solutions services and IT maintenance and support services by the Group.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2023

### 4. SEGMENT INFORMATION *(Continued)*

The following is an analysis of the Group's revenue and results by operating and reportable segment:

#### For the six months ended 30 September 2023

	<b>Distribution Business HK\$'000 (unaudited)</b>	<b>System Integration Solutions Business HK\$'000 (unaudited)</b>	<b>Elimination HK\$'000 (unaudited)</b>	<b>Total HK\$'000 (unaudited)</b>
Segment revenue	263,113	96,950	–	360,063
Inter-segment sales	4,265	2,296	(6,561)	–
Total	<b>267,378</b>	<b>99,246</b>	<b>(6,561)</b>	<b>360,063</b>
Segment results	<b>21,685</b>	<b>16,762</b>		<b>38,447</b>
Other income				855
Other gains and losses				(267)
Net impairment losses under expected credit loss model				(2,178)
Selling and distribution expenses				(16,612)
Administrative expenses				(17,067)
Finance costs				(1,688)
Profit before taxation				<b>1,490</b>



## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2023

### 4. SEGMENT INFORMATION *(Continued)*

For the six months ended 30 September 2022

	Distribution Business HK\$'000 (unaudited)	System Integration Solutions Business HK\$'000 (unaudited)	Elimination HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Segment revenue	289,583	116,558	–	406,141
Inter-segment sales	5,413	56	(5,469)	–
Total	294,996	116,614	(5,469)	406,141
Segment results	50,766	23,303		74,069
Other income				3,442
Other gains and losses				200
Net impairment losses under expected credit loss model				(1,701)
Selling and distribution expenses				(15,910)
Administrative expenses				(15,688)
Finance costs				(1,390)
Listing expenses				(4,892)
Profit before taxation				38,130

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies. Segment result represents the profit earned by each segment without allocation of other income, other gains and losses, net impairment losses under expected credit loss model, selling and distribution expenses, administrative expenses, finance costs, listing expenses and taxation.

No analysis of the Group's assets and liabilities by operating and reportable segments is disclosed as it is not regularly provided to the CODM for review.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2023

## 5. TAXATION

	Six months ended	
	30.9.2023	30.9.2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax:		
– Hong Kong Profits Tax	446	7,123
– PRC Enterprise Income Tax (“EIT”)	24	1
Deferred tax credit	(348)	(104)
	<b>122</b>	7,020

Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of taxable profits of qualifying group entity will be taxed at 8.25%, and taxable profits above HK\$2,000,000 will be taxed at 16.5%. The profits of corporations not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulations of the EIT Law, the tax rate of the PRC subsidiaries is 25% for the six months ended 30 September 2023 and 2022. A PRC subsidiary of the Group is qualified as small-scale entity under EIT Law and entitled the relevant EIT tax reduction. Effective from 1 January 2021 to 31 December 2022, a qualified small-scale entity is subject to 2.5% effective EIT rate for the first RMB1,000,000 taxable income and 10% effective EIT for the next RMB2,000,000 taxation income. Effective from 1 January 2022 to 31 December 2024, a qualified small-scale entity is subject to 2.5% effective EIT rate for the first RMB1,000,000 taxable income and 5% effective EIT for the next RMB2,000,000 taxation income.

Macau Complementary Tax is calculated at the maximum progressive rate of 12% on the estimated assessable profit for both periods. No provision for Macau Complementary Tax was made for both periods as the subsidiary in Macau does not have assessable profit for both periods.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2023

### 6. PROFIT FOR THE PERIOD

	Six months ended	
	30.9.2023 HK\$'000 (Unaudited)	30.9.2022 HK\$'000 (Unaudited)
<b>Profit for the period has been arrived at after charging (crediting):</b>		
Staff costs (including directors remuneration)	30,213	29,621
Cost of inventories recognised as an expense (note 1)	294,089	313,162
Depreciation of right-of-use assets	1,516	2,122
Depreciation of other property and equipment	773	303
	<b>2,289</b>	2,425
<b>Included in other income:</b>		
Bank interest income	(567)	(1,167)
Interest income on rental deposits	(23)	(19)
Sponsorship income	–	(12)
Government grant (note 2)	–	(2,099)
Others	(265)	(145)
	<b>(855)</b>	(3,442)
<b>Included in other gains and losses:</b>		
Loss on disposals and written-off of property and equipment	–	249
Net foreign exchange loss (gain)	319	(397)
Fair value gain on financial assets at FVTPL	(52)	(52)
	<b>267</b>	(200)

Notes:

- (1) The amount included the write-down of inventories of HK\$460,000 for the six months ended 30 September 2023 (six months ended 30 September 2022: HK\$594,000).
- (2) The government grant received of approximately HK\$2,099,000 during the six months ended 30 September 2022 represented the government subsidy received under Employment Support Scheme launched by the Government of the Hong Kong Special Administrative Region.





## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2023

### 10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Life insurance contracts for a director are measured under Level 3 fair value hierarchy. The fair value is measured with reference to the information provided by counterparties, which includes the cash value of the life insurance policies, the premium paid to the life insurance policies and net yield with reference to the average expected return rate of 2%. The significant unobservable input is the average expected return rate. Assuming other inputs were held consistent, an increase in average expected return rate would result in an increase in the fair value of the life insurance contracts and vice versa. In the opinion of the directors of the Company, the change of average expected return rate of the life insurance policies is insignificant based on the historical records and therefore no sensitivity analysis is provided. There is no transfer among the fair value hierarchy during the six months ended 30 September 2023 and 2022.

### 11. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

The Group normally allows credit period of 0 to 60 days to its customers. The following is an ageing analysis of trade receivables, net of allowance for credit losses, presented based on the invoice date at the end of each reporting period.

	<b>30.9.2023</b> <b>HK\$'000</b> <b>(Unaudited)</b>	31.3.2023 HK\$'000 (Audited)
0 - 30 days	<b>127,429</b>	81,260
31 - 60 days	<b>30,052</b>	66,528
61 - 90 days	<b>30,487</b>	16,603
91 - 180 days	<b>84,421</b>	60,123
Over 180 days	<b>105,800</b>	17,606
Total trade receivables	<b>378,189</b>	242,120
Rental and other deposits	<b>1,016</b>	952
Prepayments	<b>16,101</b>	29,746
Other receivables	<b>301</b>	121
Total	<b>395,607</b>	272,939
Presented as non-current assets	<b>934</b>	878
Presented as current assets	<b>394,673</b>	272,061
	<b>395,607</b>	272,939

As at 30 September 2023, lease liabilities of approximately HK\$9,462,000 (31 March 2023: approximately HK\$9,496,000) are secured by the rental deposits of approximately HK\$832,000 (31 March 2023: approximately HK\$774,000).

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2023

### 12. NET IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL

	Six months ended	
	30.9.2023	30.9.2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net impairment losses in respect of:		
– trade receivables	2,140	1,687
– contract assets	38	14
	<b>2,178</b>	1,701

The estimation techniques in respect of the expected credit losses (“ECL”) on financial assets and contract assets used in the condensed consolidated financial statements for the six months ended 30 September 2023 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2023. The estimated loss rates based on external credit ratings and/or internal credit ratings as grouping of various debtors with similar loss pattern and study of other corporates’ default and recovery data from international credit-rating agencies including Moody’s and Standard and Poor’s, and forward-looking information (for example, the current and forecasted economic growth rates in Hong Kong, the PRC and Macau, which reflect the general economic conditions of the industry in which the debtors operate) that is available without undue cost or effort.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2023

### 13. TRADE AND OTHER PAYABLES AND ACCRUED CHARGES

The credit period granted by suppliers is generally 0 to 60 days. The following is an ageing analysis of trade payables presented based on the invoice date at the end of each reporting period.

	<b>30.9.2023</b>	31.3.2023
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Audited)
0 - 30 days	<b>110,873</b>	21,440
31 - 60 days	<b>23,867</b>	15,184
61 - 90 days	<b>26,071</b>	9,382
91 - 180 days	<b>19,011</b>	12,575
Over 180 days	<b>13,224</b>	8,868
Total trade payables	<b>193,046</b>	67,449
Staff costs payables	<b>4,325</b>	5,388
Other payables and accrued charges	<b>2,941</b>	3,997
	<b>200,312</b>	76,834

### 14. BANK BORROWINGS

As at 30 September 2023, secured variable-rate bank borrowings of approximately HK\$2,024,000 (31 March 2023: HK\$2,024,000) are secured by life insurance contracts as disclosed in note 10. The remaining bank borrowings of approximately HK\$60,782,000 (31 March 2023: HK\$59,011,000) are secured by the pledged bank deposits of approximately HK\$50,806,000 (31 March 2023: HK\$37,243,000) and life insurance contracts as disclosed in note 10 and guaranteed by Multisoft Limited ("**Multisoft**"), TriTech Distribution Limited and the Company.

All bank borrowings contain a repayment on demand clause.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2023

## 15. SHARE CAPITAL

	Number of shares	Amount	
		HK\$	HK\$'000
Ordinary shares of HK\$0.01 each			
Authorised:			
At 1 April 2022	1,000,000	10,000	10
Increase in authorised share capital (note (i))	9,999,000,000	99,990,000	99,990
At 30 September 2022, 1 April 2023 and 30 September 2023	10,000,000,000	100,000,000	100,000
Issued and fully paid:			
At 1 April 2022	300	3	—*
Capitalisation issue (note (ii))	499,999,700	4,999,997	5,000
Share offer (note (ii))	125,000,000	1,250,000	1,250
At 30 September 2022, 1 April 2023 and 30 September 2023	625,000,000	6,250,000	6,250

\* Amount less than HK\$1,000.

Notes:

- (i) On 4 August 2022, the authorised share capital of the Company increased from HK\$10,000 divided into 1,000,000 Shares of HK\$0.01 each to HK\$100,000,000, divided into 10,000,000,000 Shares of HK\$0.01 each.
- (ii) The shares of the Company have been listed on the Stock Exchange on 26 September 2022. On the same date, 499,999,700 new shares of the Company of HK\$0.01 each were issued through capitalisation of HK\$4,999,997 standing to the credit of share premium account of the Company. Also, 125,000,000 new shares of the Company of par value HK\$0.01 each were issued at an offer price of HK\$0.85 per share. The difference of approximately HK\$105,000,000 between offer price and the par value of the shares have been credited to share premium.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2023

## 16. RELATED PARTY TRANSACTIONS

### Compensation of key management personnel

The remuneration of directors and other members of key management during the period was as follows:

	Six months ended	
	30.9.2023	30.9.2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Short-term benefits	3,220	2,862
Post-employment benefits	57	65
	<b>3,277</b>	2,927

## 17. CONTINGENT LIABILITIES

On 22 March 2023, the Group announced that Competition Commission (the "**Commission**") has commenced proceedings in the Competition Tribunal against the Company and Multisoft Limited ("**Multisoft**"), a wholly-owned subsidiary of the Company which relates to a contravention of the Competition Ordinance taking place between May 2020 and September 2021. The Commission alleged that (i) the Company and Multisoft had engaged in practices including cover bidding when providing quotations for IT solutions in applications for government subsidy under the Distance Business Programme ("**D-Biz**"); and (ii) the Commission has reasonable cause to believe that such conduct amounts to serious anti-competitive conduct in the form of price-fixing, market-sharing, bid-rigging and/or sharing competitively sensitive information, in contravention of the First Conduct Rule of the Competition Ordinance (the "**Allegations**"). The management of the Company is of the opinion that such allegations are caused by the quotations provided by a former employee of Multisoft for IT solutions in applications for government subsidy under D-Biz without proper authorisation.

Based on a legal opinion obtained from an external legal adviser, it is estimated that the Competition Tribunal will only deal with the issue of liability in the second half of 2025, after which there will be a hearing before the Competition Tribunal to deal with the issue of quantum of the pecuniary penalty in late 2025 or early 2026. On this basis, it is estimated that the Company will only know the exact amount of the pecuniary penalty imposed by the Competition Tribunal in quarter one or two of 2026. Based on the available information at this stage, it is estimated that the pecuniary penalty to be imposed by the Competition Tribunal on Multisoft would not exceed HK\$800,000. The board ("**Board**") of directors ("**Directors**") of the Company defends the Allegations vigorously. As at 30 September 2023, the management of the Company does not have sufficient information to predict the eventual pecuniary penalty. Accordingly, no provision has been made as at 30 September 2023 (31 March 2023: Nil).



# Management Discussion and Analysis

## BUSINESS REVIEW AND OUTLOOK

As an information technology (“IT”) solutions provider, the Group primarily engages in (i) the distribution of IT products in Hong Kong, Macau and the PRC; and (ii) provision of system integrated solutions for IT systems involving integration of system design, development and/or implementation of hardware and software, hardware and software coordination, system configuration and technical and maintenance support service (“SI solutions”) in Hong Kong, the PRC and Macau. The Group operates in (i) the distribution business as an authorised distributor sourcing IT products from IT product vendors and distributing to down-stream resellers; and (ii) SI solutions business as an SI solutions provider procuring IT products from authorised distributors, integrating them into customised solutions and selling them to end-users.

During the period under review, the total revenue decreased by approximately HK\$46.0 million or 11.3% from approximately HK\$406.1 million for the six months ended 30 September 2022 (“FP2022”) to approximately HK\$360.1 million for the six months ended 30 September 2023 (“FP2023”). The revenue from our distribution business amounted to approximately HK\$263.1 million in FP2023, representing a decrease of approximately HK\$26.5 million or 9.2% as compared to approximately HK\$289.6 million in FP2022. Such decrease in segment revenue was mainly attributable to the decrease in sales of content delivery network (“CDN”) licence by approximately HK\$89.7 million from approximately HK\$211.9 million in FP2022 to approximately HK\$122.2 million in FP2023. The revenue from our SI solutions business amounted to approximately HK\$97.0 million in FP2023, representing an decrease of approximately HK\$19.6 million or 16.8% as compared to approximately HK\$116.6 million in FP2022. Such decrease in segment revenue was mainly due to the decrease in total number of projects caused by decrease in demand under weak economic environment in FP2023 as compared to FP2022.

The shares of the Company were successfully listed on The Main Board of The Stock Exchange on 26 September 2022 (the “Listing”), marking an important milestone for the Company. Going forward, it is expected that the need for enterprises to undergo digital transformation will continue to drive up demand for IT products such as hyper-converged infrastructure (“HCI”) products and artificial intelligence (“AI”) servers, and SI solutions services.

## PROSPECTS

Despite the challenging macroeconomic and business environment in Hong Kong and the increase in market competition in the IT industry, the Group expects that the IT industry in Hong Kong will remain positive in the long run for the following reasons:

### Opportunities

- (a) To enhance operational efficiency, organizations (including government agencies) have continued to adopt online productivity and collaboration services, driving demand for cloud services. The need for remote access to data, applications and services has accelerated the adoption of cloud computing. It is expected that businesses will continue to adopt and invest in such automation services and migrate their infrastructure and operations to the cloud post pandemic. The increase in popularity of cloud services will increase the demand for cloud infrastructure building, data management and related cloud security products;
- (b) Growth in data centres in Hong Kong will continue, as aided by the increased internet usage for personal and business purposes by consumers through smartphones and high-speed broadband connectivity. As the adoption of HCI products is becoming increasingly popular in data centres, the demand for HCI products is expected to be driven up by the rise in investments related to data centre infrastructures in Hong Kong; and

## Management Discussion and Analysis

- (c) The need for AI servers for better computing power will continue as enterprises in Hong Kong adopt technology that utilises machine learning and deep learning, creating demand for AI infrastructure, such as AI servers and AI storage, to avoid bottleneck in processing time.

### Challenges

- (a) The post-pandemic Hong Kong economy has experienced a recovery that falls short of initial expectations. Despite being aware of the advantages of digital transformation, some consumers have become more conservative in their IT investments. This cautious approach towards technology adoption may stem from the uncertain economic climate and a desire to prioritize cost-cutting measures;
- (b) The shortage of IT technicians in Hong Kong adds further pressure to staff costs, thereby adversely impacting group profitability. With the increasing demand for skilled IT professionals, businesses are faced with the challenge of recruiting and retaining qualified individuals, which often comes with higher salary expectations. The limited pool of available talent drives up competition among companies, leading to increased remuneration packages;
- (c) As the interest rate remains at a relatively high level, compared to its level of the past 15 years, the enterprise environment is becoming wary, exhibiting caution towards this fiscal change. This prompts businesses to adopt a conservative approach regarding infrastructure investments due to the high funding rates involved, which in turn affects capital expenditure. In this demanding and challenging business environment, enterprises must elongate their decision-making cycles, taking more time to thoroughly assess the marginal benefit and value that each potential investment might bring. Therefore, this may slow down the sales flow of the Group; and
- (d) The persistent geopolitical tensions between the United States and the PRC and the Russian-Ukraine War have significant implications for the global business environment. Such tensions may lead to unexpected regulatory changes, trade disruptions, tariffs, and shifting alliances, thus creating a climate of uncertainty and potentially affecting the stability and profitability of international business operations.

## FINANCIAL REVIEW

### Revenue

Total revenue decreased by approximately HK\$46.0 million or 11.3% from approximately HK\$406.1 million in FP2022 to approximately HK\$360.1 million in FP2023. The decrease was due to the aggregate impact of the increase in market competition of CDN licenses in our distribution business and the decrease in the total number of projects in our SI solutions business caused by decrease in demand under weak economic environment. For explanations of such change in revenue, please refer to the section headed "Business Review and Outlook" in this report.

### Cost of sales

Cost of sales decreased by approximately HK\$10.5 million or 3.2% from approximately HK\$332.1 million in FP2022 to approximately HK\$321.6 million in FP2023, which was generally in line with the decrease in the revenue of the Group during the same period. There is no material change in the costs of sales mix during such periods.

### Gross profit and gross profit margin

Gross profit decreased by approximately HK\$35.6 million or 48.0% from approximately HK\$74.1 million in FP2022 to approximately HK\$38.4 million in FP2023. The decrease in the gross profit was attributable to the decrease in the revenue generated from the distribution business and SI solutions business of the Group. The Group's overall gross profit margin has decreased from 18.2% in FP2022 to 10.7% in FP2023. The decrease in overall gross profit margin was primarily due to (i) the decrease in gross profit margin in our SI solutions business due to lower selling prices as a result of decrease in demand under weak economic environment; and (ii) the decrease in gross profit margin in our distribution business as a result of decrease in the gross profit margins in sales of CDN licence due to increase in market competition.

### Other income and other net gains

Other income and other net gains decreased by approximately HK\$3.0 million or 83.3% from approximately HK\$3.6 million in FP2022 to approximately HK\$0.6 million in FP2023. The decrease in other income and other net gains in FP2023 as compared to FP2022 was mainly due to government subsidy received in FP2022 under the Employment Support Scheme launched by the Government of Hong Kong Special Administrative Region and no such subsidy was received in FP2023.

### Net impairment losses under expected credit loss model

Net impairment losses under expected credit loss model primarily represented the net impairment losses on trade receivables and contract assets in respect of impairment assessment in accordance with HKFRS 9 as at 30 September 2023. In FP2022 and FP2023, net impairment loss under expected credit loss model amounted to approximately HK\$1.7 million and HK\$2.2 million respectively. The increase was primarily attributable to the increase in trade receivables and contract assets.

### Selling and distribution expenses

Selling and distribution expenses increased by approximately HK\$0.7 million or 4.4% from approximately HK\$15.9 million in FP2022 to approximately HK\$16.6 million in FP2023. The increase was mainly attributable to an increase in marketing expenses in FP2023.

### Administrative expenses

Administrative expenses increased by approximately HK\$1.4 million or 8.9% from approximately HK\$15.7 million in FP2022 to approximately HK\$17.1 million in FP2023. The increase was mainly attributable to an increase in legal and professional fees in FP2023.

### Finance costs

Finance costs increased by approximately HK\$0.3 million or 21.4% from approximately HK\$1.4 million in FP2022 to approximately HK\$1.7 million in FP2023. The increase was mainly attributable to the increase in interest arising from bank borrowings.

## Management Discussion and Analysis

### Listing expenses

Listing expenses represented professional fees incurred in relation to the preparation of the Listing. Listing expenses amounted to approximately HK\$4.9 million and nil in FP2022 and FP2023, respectively.

The listing expenses, which are non-deductible items for computing assessable profit during FP2022, have led to the lower effective tax rate of approximately 8.2% and 18.4% in FP2023 and FP2022, respectively.

### Income tax expenses

Income tax expense decreased by approximately HK\$6.9 million or 98.6% from approximately HK\$7.0 million in FP2022 to approximately HK\$0.1 million in FP2023. The decrease was mainly attributable to the decrease in profit before income tax from FP2022 to FP2023.

### Profit for the period

As a result of the foregoing, profit decreased by approximately HK\$29.7 million or 95.5% from approximately HK\$31.1 million in FP2022 to approximately HK\$1.4 million in FP2023.

## LIQUIDITY AND FINANCIAL RESOURCES

The Group funded its liquidity and capital requirements primarily through a combination of internally generated funds from its operating activities and bank borrowings. As at 30 September 2023, the Group's bank borrowings were approximately HK\$62.8 million (31 March 2023: approximately HK\$61.0 million), representing a slight increase of approximately HK\$1.8 million or 3.0%.

The Group's total net debt/net cash is calculated as total bank borrowings and lease liabilities net of cash and cash equivalents. The Group's net debt position of approximately HK\$42.1 million as at 31 March 2023 increased to approximately HK\$59.5 million as at 30 September 2023. Such deterioration was primarily due to the significant decrease in cash and cash equivalents by approximately HK\$15.7 million or 55.1% from approximately HK\$28.5 million as at 31 March 2023 to approximately HK\$12.8 million as at 30 September 2023.

The Group's total equity increased from approximately HK\$209.2 million as at 31 March 2023 to approximately HK\$210.1 million as at 30 September 2023. As a result, the Group's net gearing ratio (which is calculated as total bank borrowings and lease liabilities net of cash and cash equivalents divided by total equity and multiplied by 100%) increased from approximately 20.1% as at 31 March 2023 to approximately 28.3% as at 30 September 2023.

As at 30 September 2023, total lease liabilities amounted to approximately HK\$9.5 million (31 March 2023: approximately HK\$9.5 million), of which current lease liabilities amounted to approximately HK\$2.6 million (31 March 2023: approximately HK\$2.2 million) and non-current lease liabilities amounted to approximately HK\$6.9 million (31 March 2023: approximately HK\$7.3 million).

The Group has adequate liquidity to meet its current and future working capital requirements.

### CAPITAL EXPENDITURES AND COMMITMENTS

For the six months ended 30 September 2023, the Group incurred HK\$0.1 million (FP2022: HK\$3.4 million) capital expenditures for additions of properties, plant and equipment and intangible assets. As at 30 September 2023, the Group did not have any capital commitments for the acquisition of property and equipment contracted but not provided for (31 March 2023: nil).

### CONTINGENT LIABILITIES

On 22 March 2023, the Group announced that Competition Commission (the “**Commission**”) has commenced proceedings in the Competition Tribunal against the Company and Multisoft, a wholly-owned subsidiary of the Company, which relates to a contravention of the Competition Ordinance taking place between May 2020 and September 2021. The Commission alleged that (i) the Company and Multisoft had engaged in practices including cover bidding when providing quotations for IT solutions in applications for government subsidy under the Distance Business Programme (“**D-Biz**”); and (ii) the Commission has reasonable cause to believe that such conduct amounts to serious anti-competitive conduct in the form of price-fixing, market-sharing, bid-rigging and/or sharing competitively sensitive information, in contravention of the First Conduct Rule of the Competition Ordinance (the “**Allegations**”). The management of the Company is of the opinion that the allegations are caused by the quotations provided by a former employee of Multisoft for IT solutions in applications for government subsidy under D-Biz without proper authorisation.

Based on a legal opinion obtained from an external legal advisor, it is estimated that the Competition Tribunal will only deal with the issue of liability in the second half of 2025, after which there will be a hearing before the Competition Tribunal to deal with the issue of quantum of the pecuniary penalty in late 2025 or early 2026. On this basis, it is estimated that the Company will only know the exact amount of the pecuniary penalty imposed by the Competition Tribunal in the first or second quarter of 2026. Based on the available information at this stage, it is estimated that the pecuniary penalty to be imposed by the Competition Tribunal on Multisoft would not exceed HK\$800,000. The Board defends the Allegations vigorously. As at 30 September 2023, the management of the Company does not have sufficient information to predict or ascertain the eventual amount of the pecuniary penalty. Accordingly, no provision has been made as at 30 September 2023 (31 March 2023: Nil).

Save as set out above, to the best knowledge of the Board, (i) the Group was not involved in any legal proceeding pending or, threatened against the Group which could have a material adverse effect on the Group’s business or operations; and (ii) did not have any material contingent liabilities as at 30 September 2023.

### PLEDGE OF ASSETS

As at 30 September 2023, the Group had bank deposits of approximately HK\$50.8 million (31 March 2023: HK\$37.2 million) and life insurance contracts for a director classified as financial assets at FVTPL of approximately HK\$11.2 million (31 March 2023: HK\$11.2 million) pledged to secure certain of the Group’s banking facilities. As at 30 September 2023, lease liabilities of approximately HK\$9.5 million (31 March 2023: HK\$9.5 million) were secured by rental deposits of approximately HK\$0.8 million (31 March 2023: HK\$0.8 million).

## Management Discussion and Analysis

### FOREIGN EXCHANGE AND RISK MANAGEMENT

The Group operates in Hong Kong, Macau and the PRC and is exposed to foreign exchange risk arising with respect to the United States dollars (“**USD**”), Macau Pataca and Chinese Renminbi. Most of the Group’s sales proceeds are received in Hong Kong dollars and approximately 45.8% of the Group’s purchases are denominated in USD. The Group did not enter into any derivative instrument to hedge against its foreign exchange exposure during the six months ended 30 September 2023.

The Group closely monitors its overall foreign exchange exposure from time to time and will adopt a proactive but prudent approach to minimize the relevant exposures.

### INTERIM DIVIDEND

The Directors do not recommend to declare any interim dividend for the six months ended 30 September 2023 (for the six months ended 30 September 2022 subsequent to the Listing: Nil).

### CAPITAL STRUCTURE

The shares of the Company were listed on the Main Board of the Stock Exchange on 26 September 2022 (“**Listing Date**”). Since the issue of shares on the Listing Date, there has been no change in the issued share capital of the Company.

As at 30 September 2023, the Group’s capital structure consists of equity attributable to equity holders of the Company, comprising issued share capital and reserves.

### MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES AND PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group did not have any material acquisition and disposal of subsidiaries, associates and joint ventures during the six months ended 30 September 2023 and no future plan for material investments or capital assets as at 30 September 2023.

### SIGNIFICANT INVESTMENTS

As at 30 September 2023, there was no significant investment held by the Group.



### EMPLOYEES

As at 30 September 2023, the Group employed approximately 173 (31 March 2023: 137) employees. The Group adopts a remuneration policy which is commensurate with job nature, qualification and experience of employees. In addition to the provision of annual bonuses and employee related insurance benefits, discretionary bonuses are also rewarded to employees based on individual performance. The remuneration packages and policies are reviewed periodically. The Group also provides in-house and external training programs to its employees. The emoluments of the Directors are decided by the Board and the remuneration committee of the Company having regard to the Group's operating results, individual performance and comparable market statistics. The Group also provides a defined contribution to the Mandatory Provident Fund as required under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for eligible employees in Hong Kong and retirement contributions for staff in the PRC and Macau in accordance with the statutory requirements.

The Group has also adopted the share option scheme (the **"Share Option Scheme"**) which became effective on 29 December 2022. The purpose of the Share Option Scheme is to recognize and acknowledge the contributions the eligible participants (including any Directors, full-time or part-time employees of the Group, directors and employees of the holding companies, fellow subsidiaries or associated companies of the Company) (collectively, the **"Eligible Participants"**) who have had or may have made to the Group and will provide the Eligible Participants a personal stake in the Company with the view to (i) motivate the Eligible Participants to optimise their performance efficiency for the benefit of the Group; and (ii) attract and retain the Eligible Participants whose contributions are or will be beneficial to the long term growth of the Group. No option was granted during the FP2023 and, as at 30 September 2023, there was no outstanding option granted under the Share Option Scheme.

### SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

There has been no material event occurring after 30 September 2023.

### USE OF PROCEEDS

The shares of the Company were listed on the Main Board of the Stock Exchange on 26 September 2022. Reference is made to the prospectus of the Company dated 13 September 2022 (the **"Prospectus"**) and the announcement of the Company dated 23 September 2022 in relation to the announcement of offer price and allotment results (the **"Announcement"**). As disclosed in the Announcement, the estimated net proceeds from the Share Offer (as defined in the Prospectus) (the **"Share Offer"**) to be received by the Company after deducting underwriting fees and commissions and estimated expenses payable by the Company in connection with the Share Offer was approximately HK\$71.2 million. Upon taking into account certain expenses in connection with the Listing, the actual net proceeds (the **"Net Proceeds"**) from the Share Offer after deducting underwriting fees and commissions and other listing expenses borne by the Company amounted to approximately HK\$66.0 million.

As of the date of this report, the Company does not anticipate any change on its plan on the use of proceeds as stated in the section headed "Future Plans and Use of Proceeds" of the Prospectus.

## Management Discussion and Analysis

As at 30 September 2023, the details of the utilised and unutilised Net Proceeds were as follows:

<b>Intended use of Net Proceeds</b>	<b>Approximate planned use of Net Proceeds (HK\$'million)</b>	<b>Approximate amount of Net Proceeds utilised as at 30 September 2023 (HK\$'million)</b>	<b>Approximate amount of unutilised Net Proceeds as at 30 September 2023 (HK\$'million)</b>	<b>Expected timeline of utilizing the remaining Net Proceeds</b>
Expand the Group's IT distribution business segment	36.5	26.2	10.3	Expected to be fully utilised on or before 31 March 2024 (note (ii))
Expand the Group's SI solutions business segment	13.5	0.4	13.1	Expected to be fully utilised on or before 31 March 2024 (note (ii))
Establish a new centralised service unit for provision of IT maintenance and support services which provides 24/7 technical support and detection and response support services	5.1	3.9	1.2	Expected to be fully utilised on or before 31 March 2024 (note (i))
Strengthen marketing efforts and improving brand recognition	1.3	1.1	0.2	Expected to be fully utilised on or before 31 March 2024 (note (i))
Upgrade the Group's equipment, software, hardware and ERP systems	2.9	1.3	1.6	Expected to be fully utilised on or before 31 March 2024 (note (iii))
General working capital	6.7	6.7	–	–
	<b>66.0</b>	<b>39.6</b>	<b>26.4</b>	

Notes:

- (i) The expected timeline for utilising the unutilised funds is based on the best estimation of the future market condition made by the Group. It may be subject to change based on the current and future development of market conditions.
- (ii) The utilisation of proceeds for workforce expansion in IT distribution and SI solution business segments has fallen behind the schedule as disclosed in the Prospectus due to the insufficient supply of talent and labour in the market. The Group is in the process of identifying suitable candidates for the relevant positions and anticipates that the recruitment of the relevant workforce will take longer than originally planned as disclosed in the Prospectus.
- (iii) The delay of the utilisation of proceeds for the upgrade of systems is due to the fact that the development phase takes longer than originally planned as disclosed in the Prospectus.

Save as disclosed above, the Group has no other update on the use of Net Proceeds up to the date of this report. Further announcement will be published when there is any change to the use of Net Proceeds as disclosed in the Prospectus.

## Other Information

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 September 2023, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and/or any of its associated associations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong)(the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they are taken or deemed to have under such provisions of the SFO); or as recorded in the register required to be kept under Section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transaction by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules were as follows:

#### (1) Long position in the shares of the Company

Name of Director/ chief executive	Capacity/Nature of interest	Number of ordinary shares (Note 1)	Approximate percentage of shareholding in the Company
Mr. Charlie Ip (Note 2)	Interest of controlled corporations	418,750,000 (L)	67%

Note:

- (1) The letter "L" denotes the entity/person's long position in the shares of the Company.
- (2) 418,750,000 shares of the Company are registered in the name of Ip Group Holdings Limited ("Ip Group"), the entire share capital of which is wholly owned by Mr. Charlie Ip. Under the SFO, Mr. Charlie Ip is deemed to be interested in all the Shares held by Ip Group.

#### (2) Long position in the shares of the associated corporations of the Company

Name of Director/ chief executive	Name of associated corporation	Capacity/ Nature of interest	Class of interest	Number of share(s)	Approximately percentage of shareholding interest in the associated corporation
Mr. Charlie Ip	Ip Group	Beneficial owner	Ordinary	2	100%

Save as disclosed above, as at 30 September 2023, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they are taken or deemed to have under such provisions of the SFO); or as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSON'S INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as known to the Directors, as at 30 September 2023, the following persons (other than the Directors or chief executive of the Company) had interests in 5% or more of the shares and underlying shares as recorded in the register required to be kept by the Company under Section 336 of the SFO or 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:

Name of substantial Shareholder	Capacity/ Nature of interest	Number of ordinary shares (Note 1)	Approximate percentage of shareholding in the Company
Ip Group	Beneficial owner	418,750,000 (L)	67%
Ms. Wong Pui Man (Note 2)	Interest of spouse	418,750,000 (L)	67%
Mr. Liu Ka Shing Clement	Beneficial owner	50,650,000	8.01%

Note:

- (1) The letter "L" denotes the entity/person's long position in the Shares.
- (2) Ms. Wong Pui Man is the spouse of Mr. Charlie Ip and is therefore deemed to be interested in all the Shares that Mr. Charlie Ip is interested in via Ip Group under the SFO.

Save as disclosed above, as at 30 September 2023, no person (other than the Directors and chief executives of the Company) had interests in 5% or more of the Shares and underlying Shares as recorded in the register required to be kept by the Company under Section 336 of the SFO or 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.

## SHARE OPTION SCHEME

The Group has adopted the Share Option Scheme pursuant to the ordinary resolution of the shareholders of the Company passed at the extraordinary general meeting held on 19 December 2022, which became effective on 29 December 2022 (the "**Adoption Date**"). No share option has been granted by the Company under the Share Option Scheme since the Adoption Date and up to the date of this report.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2023.

## CORPORATE GOVERNANCE PRACTICES

The Directors recognise the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of the Group so as to achieve effective accountability. The Company has adopted the code provisions stated in the Corporate Governance Code as set out in Appendix 14 to the Listing Rules (the "**Corporate Governance Code**").

## Other Information

Except for the deviation from code provision C.2.1 of the Corporate Governance Code, the Company's corporate governance practices have complied with the Corporate Governance Code throughout the six months ended 30 September 2023. Under code provision C.2.1 of the Corporate Governance Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Charlie Ip is the chairman of the Board and the chief executive officer of the Company. In view of the fact that Mr. Charlie Ip has been responsible for the day-to-day management of the Group since 2013 and the steady development of the Group, the Board believes that with the support of Mr. Charlie Ip's extensive experience and knowledge in the business of the Group, vesting the roles of both chairman and chief executive officer in Mr. Charlie Ip provides the Company with strong and consistent leadership and allows for more efficient and effective planning and execution of long term business strategies, which is in the best interest of the Group and the shareholders of the Company as a whole.

The Directors consider that the deviation from code provision C.2.1 of the Corporate Governance Code is appropriate in such circumstances. Notwithstanding the above, the Board is of the view that the current management structure is effective for the operations, and sufficient checks and balances are in place. The Board will continue to review the effectiveness of the corporate governance structure of the Company in order to assess whether separation of the roles of chairman of the Board and chief executive officer is necessary.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own securities dealing code to regulate all dealings by the Directors in the securities of the Company and other matters covered by the Model Code.

Having made specific enquiry to all Directors, all Directors confirmed that they had complied with the required provisions set out in the Model Code throughout the six months ended 30 September 2023.

## CHANGE OF INFORMATION IN RESPECT OF DIRECTORS

Mr. Ho Wang Shun was appointed as a non-executive Director and Mr. Lo Kwok Loong Sammy was appointed as an independent non-executive Director with effect from 10 July 2023.

Mr. Lam Chi Wing, being our independent non-executive Director, has been appointed as (i) the independent non-executive director of RENHENG Enterprise Holdings Limited (Stock Code: 3628) with effect from 19 July 2023; (ii) the independent non-executive director of Aidigong Maternal & Child Health Limited (Stock Code: 286) with effective form 26 October 2023; and (iii) the non-executive director of DreamEast Group Limited (Stock Code: 593) with effect from 24 November 2023.

Save as disclosed above, as at the date of this report, there is no change to the information of the Directors and chief executives of the Company which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

## AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") comprises three independent non-executive Directors, namely Ms. Wu Ching Tung Grace (Chairlady of the Audit Committee), Ms. Chung Anita Mei Yiu and Mr. Lam Chi Wing. The Audit Committee has reviewed and agreed the accounting principles and practices adopted by the Group and discussed risk management, internal control and financial reporting matters with the management, including a review of the unaudited condensed consolidated financial statements and the interim results for the six months ended 30 September 2023.

By Order of the Board

**MTT Group Holdings Limited**

**Ip Ka Wai Charlie**

*Chairman*

Hong Kong, 27 November 2023