

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

The background features several large, overlapping spheres composed of a grid of small dots. The spheres are rendered in a variety of colors including purple, blue, green, yellow, and red, creating a vibrant, futuristic aesthetic. The dots are arranged in a perspective that makes the spheres appear three-dimensional and floating in space.

2024

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.

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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 six months ended 30 September 2024 together with the unaudited comparative figures for the corresponding period in 2023, as follows:

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

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

	Note	Six months ended 30 September	
		2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Revenue	4	9,209	14,223
Other net income	5	1,382	563
Expenses			
License and subscription cost		(536)	(734)
Internet services cost		(617)	(1,365)
Employee benefit expenses		(8,859)	(18,643)
Depreciation of property and equipment		(894)	(934)
Depreciation of right-of-use assets		–	(216)
Amortisation of intangible assets		(3,061)	(3,036)
Impairment losses on financial and contract assets		–	(1,758)
Other expenses	6	(3,117)	(2,647)
Finance costs		–	(6)
Loss before income tax		(6,493)	(14,553)
Income tax (expense)/credit	7	(247)	1,624
Loss for the period		(6,740)	(12,929)
Other comprehensive income/(loss) for the period, net of tax			
Item that may be reclassified to profit or loss			
– Exchange differences on translation of a foreign operation		(1)	(15)
– Fair value gain on cryptocurrencies through other comprehensive income		55	–
Total comprehensive loss attributable to owners of the Company for the period		(6,686)	(12,944)
Loss per share attributable to owners of the Company for the period			
– Basic (express in HK cents per share)	8a	(1.69)	(3.23)
– Diluted (express in HK cents per share)	8b	(1.69)	(3.22)

Unaudited Condensed Consolidated Statement of Financial Position

AS AT 30 SEPTEMBER 2024

	Note	As at 30 September 2024 HK\$'000 (unaudited)	As at 31 March 2024 HK\$'000 (audited)
ASSETS			
Non-current assets			
Property and equipment	10	28,232	29,119
Intangible assets		19,565	21,005
Deposits	11	1,132	1,132
Financial assets at fair value through profit or loss		9,216	8,840
Deferred income tax assets		70	317
		58,215	60,413
Current assets			
Trade receivables	11	1,643	2,160
Deposits, prepayment and other receivables	11	664	1,092
Contract assets	4	1,573	1,469
Cryptocurrencies		101	165
Derivative financial instruments	13	214	2,984
Amount due from a director		4	–
Balances due from agents	14	1,490	1,885
Cash and cash equivalents		39,038	44,254
Income tax recoverable		1,189	963
		45,916	54,972
Total assets		104,131	115,385
EQUITY			
Equity attributable to owners of the Company			
Share capital	15	4,000	4,000
Other reserves	16	42,534	42,480
Retained earnings		52,312	59,852
Total equity		98,846	106,332
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		356	357
Provision for long service payments		405	405
		761	762
Current liabilities			
Accruals and other payables	12	2,537	2,812
Contract liabilities	4	176	338
Deposits received from clients		1,811	5,141
		4,524	8,291
Total liabilities		5,285	9,053
Total equity and liabilities		104,131	115,385



Unaudited Condensed Consolidated Statement of Changes in Equity

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

	Attributable to owners of the Company				
	Share capital	Share premium	Other reserves	Retained earnings	Total equity
	HK\$'000 (Note 15)	HK\$'000 (Note 16)	HK\$'000 (Note 16)	HK\$'000	HK\$'000
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)
Other comprehensive loss for the period	–	–	(15)	–	(15)
	–	–	(15)	(12,929)	(12,944)
Transaction with owners in their capacity as owners					
Dividend paid (Note 9)	–	–	–	(400)	(400)
Share option cancelled	–	–	(2,141)	2,141	–
Balance at 30 September 2023 (unaudited)	4,000	34,992	7,484	69,899	116,375
Balance at 1 April 2024 (audited)	4,000	34,992	7,488	59,852	106,332
Total comprehensive loss					
Loss for the period	–	–	–	(6,740)	(6,740)
Other comprehensive income for the period	–	–	54	–	54
	–	–	54	(6,740)	(6,686)
Transaction with owners in their capacity as owners					
Dividend paid (Note 9)	–	–	–	(800)	(800)
Balance at 30 September 2024 (unaudited)	4,000	34,992	7,542	52,312	98,846



Unaudited Condensed Consolidated Statement of Cash Flows

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

	Six months ended 30 September	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Net cash used in operating activities	(3,499)	(11,446)
Net cash (used in)/generated from investing activities	(927)	6,118
Net cash used in financing activities	(800)	(623)
Net decrease in cash and cash equivalents	(5,226)	(5,951)
Cash and cash equivalents at beginning of the period	44,254	61,415
Effect of foreign exchange rate changes on cash and cash equivalents	10	(22)
Cash and cash equivalents at end of the period	39,038	55,442



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 (i) development and provision of financial trading solutions; (ii) development and supply of resource allocation, planning, scheduling and management of software and services; and (iii) provision of bullion trading services.

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements for the six months ended 30 September 2024 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 2024 should be read in conjunction with the audited consolidated financial statements for the year ended 31 March 2024 and the notes thereto (the "**2024 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 2024 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 2024 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 2024 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

	Six months ended 30 September	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
<i>Revenue from contracts with customers:</i>		
Licensing and maintenance services	5,092	6,723
Initial set up and customisation services	495	6,954
Commission income from bullion trading	–	53
	5,587	13,730
<i>Revenue from other sources:</i>		
Dealing income from bullion trading	3,622	493
	9,209	14,223

(a) Disaggregation of revenue from contracts with customers

During the six months ended 30 September 2024 and 30 September 2023, except for commission income from bullion trading which was recognised at a point in time, all sources of revenue were recognised over time.

(b) Assets and liabilities related to contracts with customers

	Note	As at 30 September 2024 HK\$'000 (unaudited)	As at 31 March 2024 HK\$'000 (audited)
Contract assets, net of loss allowance	(i)	1,573	1,469
Contract liabilities	(ii)-(iii)	176	338

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 increased by approximately HK\$0.1 million during the six months ended 30 September 2024 and such increase was primarily derived from initial set up and customisation services provided to a new customer during the period. No impairment loss (during the year ended 31 March 2024: a reversal of impairment loss of HK\$146,000) was recognised on contract assets during the six months ended 30 September 2024.
- (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 2024, contract liabilities decreased by approximately HK\$0.2 million and such decrease was due to decrease in advance payments received from customers for provision of initial set up and customisation 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 2024, approximately HK\$332,000 of carried-forward contract liabilities at the beginning of financial period were recognised as revenue and the remaining amount of approximately HK\$6,000 was not yet recognised as revenue, which is mainly due to the fact that services have not yet been provided to the customers.
- (iv) As at 30 September 2024, the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) was approximately HK\$3,697,000 (31 March 2024: approximately HK\$4,624,000). 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 year (31 March 2024: 2 years) for the six months ended 30 September 2024.

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 (“**CODM**”) 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 2024, the Directors considered that the Group’s operations and determines that the Group has two (2023: one) reportable operating segments as follows:

Financial trading solutions and other IT services

The provision of financial trading solutions and other IT services segment 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.

Bullion trading services

The bullion trading services engaged in provision in bullion trading and its related services together with the margin dealing arrangement.



Notes to the Unaudited Condensed Consolidated Financial Statements

4. REVENUE AND SEGMENT INFORMATION (continued)

(c) Segment information (continued)

The CODM assesses the performance of the operating segments based on a measure of revenue and results before income tax. The segment information provided to the CODM for the reportable segments is as follows:

	Six months ended 30 September 2024		
	Financial trading solutions and other IT services HK\$'000 (unaudited)	Bullion trading services HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Revenue	5,587	3,622	9,209
Segment (loss)/profit before income tax	(5,215)	1,934	(3,281)
Unallocated depreciation			(611)
Unallocated expenses			(2,601)
Loss before tax			(6,493)
Other information:			
Depreciation of property and equipment	261	22	283
Amortisation expenses	2,889	172	3,061
Interest income	577	10	587

	Six months ended 30 September 2023		
	Financial trading solutions and other IT services HK\$'000 (unaudited)	Bullion trading services HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Revenue	13,677	546	14,223
Segment (loss)/profit before income tax	(9,717)	244	(9,473)
Unallocated depreciation			(610)
Unallocated expenses			(4,470)
Loss before tax			(14,553)
Other information:			
Depreciation of property and equipment	324	–	324
Depreciation of right-of-use assets	216	–	216
Amortisation expenses	3,036	–	3,036
Finance costs related to leases liabilities	6	–	6
Interest income	699	1	700
Impairment losses on financial and contract assets	1,758	–	1,758

Notes to the Unaudited Condensed Consolidated Financial Statements

4. REVENUE AND SEGMENT INFORMATION (continued)

(c) Segment information (continued)

Majority of the Group's activities are carried out in Hong Kong and majority of its assets and liabilities are located in Hong Kong. No analysis of segment assets and segment liabilities is presented as the CODM does not regularly review such information for the purposes of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

The total non-current assets other than deposits, financial assets at FVTPL and deferred income tax assets, broken down by location of the assets, is shown in the following:

	As at 30 September 2024 HK\$'000 (unaudited)	As at 31 March 2024 HK\$'000 (audited)
The PRC	31	35
Hong Kong	47,766	50,089
	47,797	50,124

(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:

	Six months ended 30 September	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Customer A	N/A	N/A
Customer B	2,290	7,329
Customer C	N/A	2,066
Customer D	1,115	1,713
Customer E	1,675	N/A
Customer F	1,078	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

	Six months ended 30 September	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Change in fair value of financial assets at fair value through profit or loss ("FVTPL")	435	10
Dividend from fund investments	58	53
Interest income on bank deposits	30	35
Interest income on time deposits	557	665
Other interest income/(expense), net	230	(200)
Other income	72	–
	1,382	563

6. OTHER EXPENSES

	Six months ended 30 September	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Advertising expenses	710	23
Cost of providing services	–	24
Auditor's remuneration		
– Audit services	294	249
– Non-audit services	–	–
Building management fees	76	71
Entertainment expenses	114	129
Exchange loss, net	47	57
Expense relating to short-term leases	29	27
Insurance expenses	100	142
Consultancy fees	886	804
Legal and professional fees	296	509
Telephone and utilities	120	113
Others	445	499
	3,117	2,647



Notes to the Unaudited Condensed Consolidated Financial Statements

7. INCOME TAX (EXPENSE)/CREDIT

No provision for Hong Kong Profits Tax and the PRC Enterprise Income Tax (“EIT”) for the six months ended 30 September 2024 has been made for the Company and the subsidiaries incorporated in Hong Kong and the PRC as they have no assessable profits or sufficient tax losses brought forward to set off estimated assessable profits for the current period.

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 2024 (2023: 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% (2023: same).

The PRC subsidiary of the Group was eligible for small low-profit enterprise, which is subject to a stated preferential income tax rate for the period ended 30 September 2024 (2023: same). Under the relevant regulations of the EIT Law, for eligible enterprise which met the criteria of small low-profit enterprise, the annual taxable income that was not more than RMB1,000,000 shall be recognised at 12.5% of income and be subject to a EIT rate of 20%; the annual taxable income that was more than RMB1,000,000 but less than RMB3,000,000 shall be recognised at 25% of income and be subject to a EIT rate of 20%.

The amount of tax (charged)/credited to the unaudited condensed consolidated statement of profit or loss and other comprehensive income represents:

	Six months ended	
	30 September	
	2024	2023
	HK\$’000	HK\$’000
	(unaudited)	(unaudited)
Hong Kong Profits Tax		
– Current period	–	(1,084)
PRC EIT		
– Current period	–	–*
Total current tax	–	(1,084)
Deferred income tax	(247)	2,708
	(247)	1,624

* Below HK\$1,000.

Notes to the Unaudited Condensed Consolidated Financial Statements

8. LOSS PER SHARE

(a) Basic

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

	Six months ended 30 September	
	2024 (unaudited)	2023 (unaudited)
Loss attributable to owners of the Company (HK\$'000)	(6,740)	(12,929)
Weighted average number of ordinary Shares in issue (thousands)	400,000	400,000
Basic loss per share (HK cents)	(1.69)	(3.23)

(b) Diluted

In calculating the diluted loss per share, the weighted average number of shares is adjusted to assume conversion of all dilutive potential shares. For the six months ended 30 September 2024, diluted loss per share equals to basic loss per share as the potential ordinary shares are not included in the calculation of diluted loss per share because they are anti-dilutive. For the six months ended 30 September 2023, adjustment was 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.

	Six months ended 30 September	
	2024 (unaudited)	2023 (unaudited)
Loss attributable to owners of the Company (HK\$'000)	(6,740)	(12,929)
Weighted average number of ordinary shares in issue (thousands) (Note)	400,000	400,900
Diluted loss per share (HK cents)	(1.69)	(3.22)

Note:

	Six months ended 30 September	
	2024 '000 (unaudited)	2023 '000 (unaudited)
Weighted average number of ordinary shares used as the denominator in calculating basic loss per share	400,000	400,000
Adjustments for calculation of diluted loss per share: Share options	-	900
Weighted average number of ordinary shares used as the denominator in calculating diluted loss per share	400,000	400,900



Notes to the Unaudited Condensed Consolidated Financial Statements

9. DIVIDEND

	Six months ended 30 September	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
2024 Final, paid – HK\$0.002 per ordinary share (2023: HK\$0.001)	800	400

The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2024 (2023: Nil).

10. PROPERTY AND EQUIPMENT

During the six months ended 30 September 2024, the Group acquired items of property and equipment with cost of approximately HK\$7,000 (2023: approximately HK\$2,000). No property and equipment were written off during the six months ended 30 September 2024 (2023: same).

11. TRADE RECEIVABLES, DEPOSITS, PREPAYMENT AND OTHER RECEIVABLES

	30 September 2024 HK\$'000 (unaudited)	31 March 2024 HK\$'000 (audited)
Trade receivables, net of loss allowance	1,643	2,160
Deposits	1,366	1,372
Prepayment	301	485
Other receivables	129	367
	3,439	4,384
Less: non-current portion of deposits	(1,132)	(1,132)
Trade receivables, deposits, prepayment and other receivables classified as current assets	2,307	3,252

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



Notes to the Unaudited Condensed Consolidated Financial Statements

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

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 2024 HK\$'000 (unaudited)	31 March 2024 HK\$'000 (audited)
Up to 1 month	1,427	2,099
1 to 3 months	197	61
3 to 6 months	–	–
6 to 12 months	19	–
Over 12 months	–	–
	1,643	2,160

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

	30 September 2024 HK\$'000 (unaudited)	31 March 2024 HK\$'000 (audited)
US\$	433	1
HK\$	1,210	2,159
	1,643	2,160

No impairment loss were recognised during the six months ended 30 September 2024 (during the year ended 31 March 2024: reversal of impairment loss of HK\$276,000 and bad debts written off of HK\$4,964,000). Information about the impairment of trade receivables can be found in note 3.1(b) to the 2024 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.



Notes to the Unaudited Condensed Consolidated Financial Statements

12. ACCRUALS AND OTHER PAYABLES

	30 September 2024 HK\$'000 (unaudited)	31 March 2024 HK\$'000 (audited)
Accrued payroll and employee benefits	1,831	1,730
Accrued expenses and other payables	706	1,082
	2,537	2,812

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

	30 September 2024 HK\$'000 (unaudited)	31 March 2024 HK\$'000 (audited)
US\$	126	111
HK\$	2,304	2,614
RMB	107	87
	2,537	2,812

All accruals and other payables were expected to be settled within one year.

13. DERIVATIVE FINANCIAL INSTRUMENTS

As at 30 September 2024, the Group's derivative financial instruments amounted to HK\$214,000 (31 March 2024: HK\$ 2,984,000). The Group is exposed to price fluctuation in bullion products from client orders in its margin dealing business. In order to hedge these exposures, the Group enters into a number of derivative contracts with its hedging counterparties in the normal course of business. These derivative contracts usually have no expiry dates.

The net gain on bullion trading contracts during the period ended 30 September 2024 amounted to HK\$3,622,000 which was recognised in revenue (2023: HK\$493,000).

14. BALANCES DUE FROM AGENTS

As at 30 September 2024, the Group's balance due from agents amounted to HK\$1.49 million (31 March 2024: HK\$1.89 million). The balances represent margin deposits paid to hedging counterparties and the realised profit or loss from the Group's trading activities under normal course of business. The majority of the balances due from agents are repayable on demand except for certain balance represent margin deposits required for the Group's outstanding derivative contracts with the hedging counterparties. The balances are non-interest bearing. The carrying amounts of the Group's balances due from agents approximate to their fair values.



Notes to the Unaudited Condensed Consolidated Financial Statements

15. SHARE CAPITAL

	Number of shares '000	Nominal value HK\$'000
Authorised:		
Ordinary Shares of HK\$0.01 each		
At 1 April 2023, 31 March 2024, 1 April 2024 (audited) and 30 September 2024 (unaudited)	10,000,000	100,000
Issued and fully paid:		
Ordinary Shares of HK\$0.01 each		
At 1 April 2023, 31 March 2024, 1 April 2024 (audited) and 30 September 2024 (unaudited)	400,000	4,000

16. OTHER RESERVES

	Share premium HK\$'000	Capital reserve HK\$'000	Share-based payment reserve HK\$'000	Foreign currency translation HK\$'000	Revaluation surplus HK\$'000	Total HK\$'000
Balance at 1 April 2023 (audited)	34,992	7,500	2,141	(1)	–	44,632
Other comprehensive loss for the period						
Exchange differences on translation of a foreign operation	–	–	–	(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
Balance at 1 April 2024 (audited)	34,992	7,500	–	(12)	–	42,480
Other comprehensive income for the period						
Exchange differences on translation of a foreign operation	–	–	–	(1)	–	(1)
Fair value gain on cryptocurrencies through other comprehensive income	–	–	–	–	55	55
Balance at 30 September 2024 (unaudited)	34,992	7,500	–	(13)	55	42,534

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

17. 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 scheme

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 will entitle the Grantees to subscribe for a total number of 36,400,000 Shares. The details of 2019 Share Option are summarised as follows:

	% of the total share options	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)").

There were no share option outstanding under the 2019 Share Option at the beginning of the six months ended 30 September 2024. 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 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 forfeited during the period	Number of share options cancelled during the period	Number of 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

17. SHARE OPTIONS (continued)

(a) 2019 share option scheme (continued)

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 2024 and 2023, no share-based payment expenses were charged to the unaudited condensed consolidated statement of profit or loss and other comprehensive income.

(b) 2020 share option scheme

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 will entitle the Grantees to subscribe for a total number of 1,600,000 shares. The details of 2020 Share Option are summarised as follows:

	% of the total share options	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.



Notes to the Unaudited Condensed Consolidated Financial Statements

17. SHARE OPTIONS (continued)

(b) 2020 share option scheme (continued)

There were no share option outstanding under the 2020 Share Option at the beginning of the six months ended 30 September 2024. 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 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 forfeited during the period	Number of share options cancelled during the period	Number of share options outstanding as at 30 September 2023 (unaudited)
Connected Grantees								
Mr. Wong	3 November 2020	0.095	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 2024 and 2023, no share-based payment expenses was charged to the unaudited condensed consolidated statement of profit or loss and other comprehensive income.

No share options were exercisable as at 30 September 2024 and 30 September 2023.



Notes to the Unaudited Condensed Consolidated Financial Statements

18. RELATED PARTY TRANSACTION

As at 30 September 2024, the directors considered Mr. Wei Ming (“**Mr. Wei**”) and Essential Strategy, which was incorporated in the British Virgin Islands, as the ultimate controlling shareholder and immediate holding company of the Company, respectively (2023: same).

(a) Significant related party transactions

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

Name of party	Nature of transaction	Six months ended 30 September	
		2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Mr. Wei Chun Pong, Benjamin	Employee benefits expenses	193	448

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:

	Six months ended 30 September	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Salaries and allowances	1,422	1,574
Discretionary bonuses	–	1,612
Pension costs – defined contribution plans	18	18
Staff welfare and benefits	212	70
	1,652	3,274



Notes to the Unaudited Condensed Consolidated Financial Statements

19. 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).

The following table represents the carrying value of financial instruments measured at fair value at the end of reporting period across the three levels of the fair value hierarchy defined in HKFRS 13, Fair Value Measurement, with the fair value of each financial instrument categorised in its entirety based on the lowest level of input that is significant to that fair value measurement.

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
At 30 September 2024				
Assets				
Intangible assets	358	–	–	358
Financial assets at FVTPL	9,216	–	–	9,216
Derivative financial instruments	–	214	–	214
	9,574	214	–	9,788
At 31 March 2024				
Assets				
Financial assets at FVTPL	8,840	–	–	8,840
Derivative financial instruments	–	2,984	–	2,984
	8,840	2,984	–	11,824

There were no transfers of financial assets between levels 1, 2 and 3 during the six months ended 30 September 2024 (the year ended 31 March 2024: same).

The carrying amounts of the Group's other financial assets, including cash and cash equivalents, trade receivables, deposits and other receivables and balances due from agents; and the Group's financial liabilities including accruals and other payables and deposits received from clients 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 2024, the Group recorded a revenue of approximately HK\$9.2 million, representing a decrease of approximately 35% from approximately HK\$14.2 million recorded for the six months ended 30 September 2023. Loss attributable to owners of the Company for the six months ended 30 September 2024 amounted to approximately HK\$6.7 million, representing a significant decrease of approximately 48% as compared to the loss of approximately HK\$12.9 million for the six months ended 30 September 2023.

Such decrease was mainly due to (i) the significant drop of employee benefit expenses of approximately HK\$9.8 million; (ii) no impairment losses on financial and contract assets (approximately HK\$1.8 million for the six months ended 30 September 2023); (iii) decrease in internet services cost of approximately HK\$0.8 million and (iv) increase in other net income of approximately HK\$0.8 million for the six months ended 30 September 2024. It was partially offset by (i) the significant drop in revenue of approximately HK\$5 million; and (ii) change from income tax credit of approximately HK\$1.6 million to income tax expenses of approximately HK\$0.2 million.

OUTLOOK

In line with the Group's long term objective to strengthen our position as a financial technology solution provider and to maintain our competitiveness, the Group has reorganised company resources and allocated part of the resources to explore new business opportunities. The Group is re-establishing new customers in the Asia Pacific region (such as Indonesia) using our GES TX system together with tailored-made customer relationship management functions. The Group's revenue is expecting to recover, along the lines of interest rate cuts in the US and worldwide.

Apart from allocating part of the resources to develop a non-financial IT solution (a resource planning and management software), the Group acquired Max Online Limited (formerly known as GMO-Z.com Bullion HK Limited) in September 2023 to provide clients with bullion trading services, which has contributed to a considerable portion of our revenue for the six months ended 30 September 2024. Moreover, the Group established a Singapore subsidiary, Boltz Systems Pte. Ltd. in April 2024 to explore business opportunities in Asia market. This development would allow the Group to keep up with the rapid changes in both the financial and non-financial markets and meet the customers' demand to ensure our business is sustainable in the long run. Looking forward, the Group will enhance existing trading system with automatic dealing or risk management features.



Management Discussion and Analysis

FINANCIAL REVIEW

Revenue

The Group derives its revenue primarily from (i) the provision of financial trading solutions and other IT services which can be further classified into licensing and maintenance services and initial set up and customisation services; and (ii) commission income and dealing income from bullion trading services. For the six months ended 30 September 2024, the Group recorded revenue of approximately HK\$9.2 million, representing a decrease of approximately 35% as compared to the corresponding period in 2023 of approximately HK\$14.2 million. The following table sets forth the breakdown of our revenue by source of revenue:

	2024		2023	
	HK\$'000 (unaudited)	%	HK\$'000 (unaudited)	%
Financial trading solutions and other IT services				
Licensing and maintenance services	5,092	55	6,723	47
Initial set up and customisation services	495	5	6,954	49
Bullion trading services				
Commission income from bullion trading	–	–	53	*
Dealing income from bullion trading	3,622	40	493	4
Total	9,209	100	14,223	100

* Less than 1%

The decrease was mainly due to the significant drop in revenue from initial set up and customisation services by approximately 93% from approximately HK\$7.0 million for the six months ended 30 September 2023 to approximately HK\$0.5 million for the six months ended 30 September 2024. Such decrease was primarily due to the completion of a major project during the six months ended 30 September 2024 and other projects were still at initial stage. Furthermore, initial set up and customisation services are generally provided on an on-demand basis, depending on our customers' business needs. In addition, revenue from licensing and maintenance services decreased by approximately 24%, or approximately HK\$1.6 million, mainly attributable to the decrease in services provided to existing customers.

It is partially offset by an increase in revenue from dealing income from bullion trading of approximately HK\$3.1 million for the six months ended 30 September 2024, which was attributable to the newly acquired subsidiary engaging in bullion trading in September 2023, which was fully reflected during the six months ended 30 September 2024.

Other Net Income

The Group's other net income was approximately HK\$1.4 million and HK\$0.6 million for the six months ended 30 September 2024 and 2023 respectively. The increase in other net income by approximately HK\$0.8 million was mainly due to the increase in fair value of financial assets at FVTPL of approximately HK\$0.4 million and the increase in other interest income of approximately HK\$0.4 million for the six months ended 30 September 2024.

It has been partially offset by the decrease in interest income on time deposits by approximately HK\$0.1 million.



Management Discussion and Analysis

License and Subscription Cost

For the six months ended 30 September 2024, the Group's license and subscription cost was approximately HK\$0.5 million, representing a decrease of approximately 27% as compared to the license and subscription cost of approximately HK\$0.7 million for the six months ended 30 September 2023. Such decrease was driven by the decrease in revenue from licensing and maintenance services.

Internet Services Cost

For the six months ended 30 September 2024, the Group's internet services cost was approximately HK\$0.6 million, representing a significant drop of approximately 55% as compared to the internet services cost of approximately HK\$1.4 million for the six months ended 30 September 2023. Such decrease was primarily because of the reduced subscription of services by the Group as part of its cost control measures.

Intangible Assets

For the six months ended 30 September 2024 and 2023, our R&D expenses (which were mostly included in employee benefit expenses) amounted to approximately HK\$5.2 million and HK\$11.9 million, respectively. Out of the total R&D costs, approximately HK\$1.3 million and HK\$2.6 million for the six months ended 30 September 2024 and 2023, respectively, were capitalised as intangible assets. Apart from R&D expenses, the Group acquired cryptocurrencies of approximately HK\$0.3 million for the six months ended 30 September 2024.

Employee Benefit Expenses

For the six months ended 30 September 2024, the Group's employee benefit expenses were approximately HK\$8.9 million, representing a significant drop of approximately 52% as compared to the employee benefit expenses of approximately HK\$18.6 million for the six months ended 30 September 2023. Such decrease was mainly because no one-off staff bonus was incurred during the six months ended 30 September 2024 (2023: HK\$7.5 million) and a reduction in staff cost of approximately HK\$2.0 million due to restructuring as part of the Group's cost control measures.

Depreciation of Property and Equipment

The Group's depreciation of property and equipment was approximately HK\$0.89 million for the six months ended 30 September 2024, representing a decrease of approximately 4% from approximately HK\$0.93 million for the six months ended 30 September 2023. No material changes were noted.

Other Expenses

The Group's other expenses for the six months ended 30 September 2024 were approximately HK\$3.1 million, representing an increase of approximately 18% as compared to the other expenses of approximately HK\$2.6 million for the six months ended 30 September 2023. The increase was primarily attributable to the increase in advertising expenses of approximately HK\$0.7 million for promoting the bullion trading business. It has been partially offset by the decrease in legal and professional fees of approximately HK\$0.2 million.



Management Discussion and Analysis

Loss before Income Tax

Loss before income tax for the six months ended 30 September 2024 amounted to approximately HK\$6.5 million, representing a decrease of approximately 55% as compared to the loss before income tax of approximately HK\$14.6 million for the six months ended 30 September 2023. The decrease is mainly due to the increase in other net income, decrease in internet services cost and employee benefit expenses and no impairment losses on financial and contract assets. It has been partially offset by the decrease in revenue mentioned in the paragraph headed “Financial Review – Revenue” under this section.

Income Tax (Expense)/Credit

The Group’s income tax expense for the six months ended 30 September 2024 was approximately HK\$0.2 million, and income tax credit for the six months ended 30 September 2023 was approximately HK\$1.6 million. The substantial reversal was mainly due to no deferred income tax assets in respect of losses was recognised as at 30 September 2024 of approximately HK\$1.7 million. If the deferred income tax assets in respect of losses was recognised, no income tax expenses was paid.

Loss for the Period Attributable to Owners of the Company

Loss attributable to owners of the Company for the six months ended 30 September 2024 amounted to approximately HK\$6.7 million, representing a decrease of approximately 48% as compared to the loss of approximately HK\$12.9 million for the six months ended 30 September 2023. Such decrease was due to the above-mentioned reasons under “Loss before Income Tax” and partially offset by the effect from income tax expenses of approximately HK\$1.9 million.

LIQUIDITY AND FINANCIAL RESOURCES

The Group’s operations are financed mainly by cash generated from operations. The Group recorded net current assets of approximately HK\$41.4 million as at 30 September 2024 (31 March 2024: approximately HK\$46.7 million).

As at 30 September 2024, the Group’s current assets amounted to approximately HK\$45.9 million (31 March 2024: approximately HK\$55.0 million) of which approximately HK\$1.6 million (31 March 2024: approximately HK\$2.2 million) was trade receivables, approximately HK\$0.7 million (31 March 2024: approximately HK\$1.1 million) was deposits, prepayment and other receivables, approximately HK\$1.6 million (31 March 2024: approximately HK\$1.5 million) was contract assets, approximately HK\$0.2 million (31 March 2024: approximately HK\$3.0 million) was derivative financial instruments, approximately HK\$1.5 million (31 March 2024: approximately HK\$1.9 million) was balances due from agents, approximately HK\$39.0 million (31 March 2024: approximately HK\$44.3 million) was cash and cash equivalents, approximately HK\$1.2 million (31 March 2024: approximately HK\$1.0 million) was income tax recoverable and approximately HK\$0.1 million (31 March 2024: approximately HK\$0.2 million) was cryptocurrencies.

Given that there was no interest-bearing borrowing as at 30 September 2024, 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 2024 (31 March 2024: 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 2024 (31 March 2024: net cash position).



Management Discussion and Analysis

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 2024 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 FLUCTUATIONS IN EXCHANGE RATES

The Group's revenue and cost 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 against 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 and balances due from agents as set out in notes 4(b), 11 and 14 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 and balances due from agents, 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 in overall 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 2024 Audited Consolidated Financial Statements. No loss allowance provision for trade receivables and contract assets was made during the six months ended 30 September 2024 (2023: HK\$1.7 million).



Management Discussion and Analysis

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 2024 (2023: same). Please refer to note 3.1(b) to the 2024 Audited Consolidated Financial Statements for more details.

EXPOSURE TO LIQUIDITY RISK

The Group adopts a prudent liquidity risk management by maintaining sufficient cash and bank balances 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 accruals and other payables and deposits received from clients.

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	Total HK\$'000
At 30 September 2024 (unaudited)				
Accruals and other payables (excluding accrued payroll and employee benefits)	–	706	–	706
Deposits received from clients	1,811	–	–	1,811
	1,811	706	–	2,517
At 31 March 2024 (audited)				
Accruals and other payables (excluding accrued payroll and employee benefits)	–	1,082	–	1,082
Deposits received from clients	5,141	–	–	5,141
	5,141	1,082	–	6,223

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 2024 (31 March 2024: same), while its income and operating cash flows are substantially independent of changes in variable interest rates.

Management Discussion and Analysis

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 2024, the capital structure of the Company comprised mainly of issued share capital and reserves.

PLEDGE OF ASSETS

As at 30 September 2024, no assets of the Group were pledged.

MATERIAL ACQUISITIONS AND DISPOSALS

The Group has not made any significant investments or material acquisitions and disposals of subsidiaries, associates and joint ventures during the six months ended 30 September 2024.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 30 September 2024, the Group did not have any material capital commitments and contingent liabilities.

HUMAN RESOURCES AND REMUNERATION POLICIES

As at 30 September 2024, the Group had a workforce of 41 (31 March 2024: 40) full-time and part-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 2024, 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\$10.1 million (30 September 2023: approximately HK\$21.2 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 17 to the unaudited condensed consolidated financial statements and the paragraph headed "Share Option Scheme" under this section. The Group places great emphasis on the training and development of its employees by providing periodic trainings to equip them with the latest knowledge relating to their work duties and keep them abreast of the latest technological know-how and market news. The Group also subsidises eligible employees to participate in external professional courses.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2024 (2023: Nil).

SIGNIFICANT INVESTMENTS AND PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Company did not have any significant investments and plans for material investments or capital assets as at 30 September 2024.

EVENTS AFTER THE REPORTING DATE

The Group has no significant events subsequent to 30 September 2024 and up to the date of this report.



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 of the Company (including sale of treasury shares), 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 2024 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 applied the principles of the CG Code set out in Part 2 of Appendix C1 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 code provision D.2.5 in relation to internal audit function as detailed in the “Corporate Governance Report” in the 2024 Annual Report, the Company has complied with all applicable code provisions as set out in the CG Code. 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 with the arrangements as detailed in the “Corporate Governance Report” in the 2024 Annual Report 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 2024 and the accounting policies and practices adopted by the Group have been reviewed by the Audit Committee in the meeting held on 31 October 2024.

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. No Share Options have been granted or exercised or lapsed (2023: same) or cancelled (2023: 27,200,000 options were cancelled) pursuant to the Share Option Scheme during the six months ended 30 September 2024.

As at 1 April 2024 and 30 September 2024, there were no outstanding share options and 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 historical grant of Share Options, please refer to note 17 to the unaudited condensed consolidated financial statements for the six months ended 30 September 2024.



Management Discussion and Analysis

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

As at 30 September 2024, 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 2024, none of the Directors or chief executive of the Company had interest or short position in any Shares or 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 were 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 2024, 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 (Note 5)	Approximate percentage of the issued Shares
Essential Strategy	Beneficial owner (Note 1)	210,000,000 (L)	52.5%
Ms. Wong Siu King ("Ms. Wong")	Interest of spouse (Note 2)	210,000,000 (L)	52.5%
Expert Wisdom	Beneficial owner (Note 3)	90,000,000 (L)	22.5%
Ms. Yip Kim Kam ("Ms. Yip")	Interest of spouse (Note 4)	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 2024, 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 of the Company 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 2024, 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 2024



Definitions

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

"2024 Annual Report"	the annual report of the Company dated 20 June 2024
"associate(s)"	has the meaning ascribed to it under the GEM Listing Rules
"Audit Committee"	the audit committee of the Board
"Board"	the board of Directors
"CG Code"	Corporate Governance Code set out in Appendix C1 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 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
"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



Definitions

"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 Macau Special Administrative Region of the PRC and Taiwan
"Prospectus"	the prospectus of the Company published on 15 April 2019 in connection with the Listing
"R&D"	research and development
"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
"%"	per cent

