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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)

INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

The board (the “**Board**”) of directors (the “**Director(s)**”) of Novacon Technology Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) is pleased to announce the unaudited condensed consolidated results of the Group for the six months ended 30 September 2020 (the “**Interim Results**”). This announcement, containing the full text of the interim report of the Company for the six months ended 30 September 2020 (the “**2020 Interim Report**”), complies with the relevant requirements of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) in relation to information to accompany preliminary announcement of the Interim Results. The 2020 Interim Report shall be dispatched to the Company’s shareholders and available for viewing on the GEM website at www.hkgem.com and the Company’s website at www.novacontechgroup.com, respectively, in due course.

By Order of the Board
Novacon Technology Group Limited
Wei Ming
Chairman and non-executive Director

Hong Kong, 2 November 2020

As at the date of this announcement, the Board comprises Mr. Chung Chau Kan as an executive Director and the chief executive officer and Mr. Wong Wing Hoi as an executive Director; Mr. Wei Ming as the chairman of the Board and a non-executive Director; and Mr. Moo Kai Pong, Mr. Lo Chi Wang and Mr. Wu Kin San Alfred as the independent non-executive Directors.

This announcement, 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 Group. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement 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 announcement misleading.

This announcement will remain on the “Latest Listed Company Information” page of the GEM website at www.hkgem.com for a minimum period of 7 days from the date of its publication and will also be published on the Company’s website at www.novacontechgroup.com.

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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. Chu Mei Po (*CPA*)

COMPLIANCE OFFICER

Mr. Chung Chau Kan

AUTHORISED REPRESENTATIVES

Mr. Chung Chau Kan
Ms. Chu Mei Po

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

COMPLIANCE ADVISER

Dongxing Securities (Hong Kong) Company Limited
6805-6806A, 68/F,
International Commerce Centre,
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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
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REGISTERED OFFICE

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HONG KONG LEGAL ADVISERS

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Ruttonjee Centre, 11 Duddell Street,
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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
Level 54, Hopewell Centre, 183 Queen's Road East,
Hong Kong

STOCK CODE

8635

WEBSITE OF THE COMPANY

www.novacontechgroup.com

Unaudited Interim Results

The Board is pleased to announce the unaudited condensed consolidated results of the Group for the three months and six months ended 30 September 2020 together with the unaudited comparative figures for the corresponding period in 2019, as follows:

Unaudited Condensed Consolidated Statement of Comprehensive Income

FOR THE THREE MONTHS AND SIX MONTHS ENDED 30 SEPTEMBER 2020

	Note	Three months ended 30 September		Six months ended 30 September	
		2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Revenue	4	10,204	10,629	20,413	21,068
Other income	5	1,163	54	1,295	389
Expenses					
License and subscription cost		(442)	(497)	(952)	(904)
Internet services cost		(626)	(646)	(1,237)	(1,148)
Employee benefit expenses		(3,186)	(3,140)	(6,338)	(5,822)
Depreciation of property and equipment		(657)	(554)	(1,313)	(1,089)
Amortisation of intangible assets		(1,212)	(864)	(2,355)	(1,678)
Net fair value gain on financial assets at fair value through profit or loss		77	–	77	–
Listing expenses		–	–	–	(4,528)
Other expenses	6	(971)	(1,475)	(1,834)	(2,829)
Finance costs	7	(40)	(60)	(103)	(120)
Profit before income tax		4,310	3,447	7,653	3,339
Income tax expense	8	(942)	(805)	(1,556)	(1,749)
Profit and total comprehensive income attributable to owners of the Company for the period		3,368	2,642	6,097	1,590
Earnings per share attributable to owners of the Company for the period					
– Basic and diluted (express in HK cents per share)	9	0.84	0.66	1.52	0.42

Unaudited Condensed Consolidated Statement of Financial Position

AS AT 30 SEPTEMBER 2020

	Note	As at 30 September 2020 HK\$'000 (Unaudited)	As at 31 March 2020 HK\$'000 (Audited)
ASSETS			
Non-current assets			
Property and equipment	11	35,759	36,914
Intangible assets		18,238	17,678
Deposits	12	19	19
Deferred income tax asset		216	225
		54,232	54,836
Current assets			
Trade receivables	12	2,191	3,025
Deposits, prepayments and other receivables	12	1,497	1,144
Contract assets	4	229	336
Financial assets at fair value through profit and loss		3,892	–
Cash and cash equivalents		60,238	57,666
		68,047	62,171
Total assets		122,279	117,007
EQUITY			
Equity attributable to owners of the Company			
Share capital	14	4,000	4,000
Retained earnings		58,342	43,538
Other reserves	15	44,365	53,045
Total equity		106,707	100,583
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		741	728
		741	728
Current liabilities			
Bank borrowing		11,236	11,497
Accruals and other payables	13	1,717	3,149
Income tax payable		1,621	767
Contract liabilities	4	257	283
		14,831	15,696
Total liabilities		15,572	16,424
Total equity and liabilities		122,279	117,007

Unaudited Condensed Consolidated Statement of Changes in Equity

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

	Share capital HK\$'000 (Note 14)	Share Premium HK\$'000 (Note 15)	Other reserves HK\$'000 (Note 15)	Retained earnings HK\$'000	Total HK\$'000
At 1 April 2019 (audited)	*	–	7,500	46,286	53,786
Total comprehensive income					
Profit and other comprehensive income for the period	–	–	–	1,590	1,590
Transaction with owners in their capacity as owners					
Capitalisation issue of Shares	3,000	(3,000)	–	–	–
Issuance of Shares upon listing	1,000	52,000	–	–	53,000
Listing expenses charged to share premium	–	(14,008)	–	–	(14,008)
Share-based payment expenses	–	–	198	–	198
At 30 September 2019 (unaudited)	4,000	34,992	7,698	47,876	94,566
At 1 April 2020 (audited)	4,000	34,992	8,546	53,045	100,583
Total comprehensive income					
Profit and other comprehensive income for the period	–	–	–	6,097	6,097
Transaction with owners in their capacity as owners					
Dividend paid (Note 10)	–	–	–	(800)	(800)
Share-based payment expenses	–	–	827	–	827
At 30 September 2020 (unaudited)	4,000	34,992	9,373	58,342	106,707

* Less than HK\$1,000

Unaudited Condensed Consolidated Statement of Cash Flows

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

	Six months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Net cash generated from operating activities	10,448	4,071
Net cash used in investing activities	(6,712)	(4,151)
Net cash (used in)/generated from financing activities	(1,164)	42,922
Net increase in cash and cash equivalents	2,572	42,842
Cash and cash equivalents at beginning of the period	57,666	10,405
Cash and cash equivalents at end of the period	60,238	53,247

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

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements for the six months ended 30 September 2020 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 2020 should be read in conjunction with the audited consolidated financial statements for the year ended 31 March 2020 and the notes thereto (the "**2020 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 2020 Audited Consolidated Financial Statements except for the new and revised standards, amendments and interpretations issued by the 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 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 HKFRSs have been issued. The Directors considered that the adoption of those new HKFRSs which are effective for the accounting periods beginning on 1 April 2020 will not have any material impact on the preparation and presentation of the results and financial conditions of the current period and previous periods. For the HKFRSs that are not yet effective nor have not been early adopted, the Group is in the process of making an assessment of the potential impact of the newly issued HKFRSs.

Notes to the Unaudited Condensed Consolidated Financial Statements

4. REVENUE AND SEGMENT INFORMATION

	Three months ended 30 September		Six months ended 30 September	
	2020	2019	2020	2019
	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Licensing and maintenance services	10,152	10,552	20,037	20,866
Initial set up and customisation services	52	77	376	202
	10,204	10,629	20,413	21,068

(a) Disaggregation of revenue from contracts with customers

During the six months ended 30 September 2020, all sources of revenue were recognised over time (2019: same).

(b) Assets and liabilities related to contracts with customers

	Note	As at 30 September 2020 HK\$'000 (unaudited)	As at 31 March 2020 HK\$'000 (audited)
Contract assets	(i)	229	336
Contract liabilities	(ii)-(iii)	257	283

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 date. Contract assets decreased by approximately HK\$107,000 during the six months ended 30 September 2020 and such decrease was primarily due to fewer initial set up and customisation service in progress during the period. There was no impairment loss recognised on contract assets during the six months ended 30 September 2020.
- (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 2020, contract liabilities decreased by approximately HK\$26,000 and such decrease was due to a decrease in advance payments of HK\$109,000 received from customers for provision of initial set up and customisation services of financial trading solutions. It was partially offset by an increase in advance payments of HK\$83,000 received from customers for provision of licensing and maintenance services.
- (iii) During the six months ended 30 September 2020, approximately HK\$252,000 of carried-forward contract liabilities at the beginning of financial year were recognised as revenue and the remaining approximately HK\$31,000 was not yet recognised as revenue, which is mainly because the relevant services had not yet been provided to the customers.

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)

- (iv) As at 30 September 2020, the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) was approximately HK\$8,948,000 (31 March 2020: HK\$3,764,000). 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 initial set up and customisation services and provision of maintenance services, are provided over the next 6 years (31 March 2020: 6 years).

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

(c) Segment information

The executive Directors have been identified as the chief operating decision-makers of the Group who review the Group's internal reporting in order to assess performance and allocate resources. For the six months ended 30 September 2020, the Directors considered that the Group's operations were operated and managed as a single segment and no separate segment information was presented for the financial period (2019: same).

The Group domiciles and operates in Hong Kong. All revenue of the Group was generated in Hong Kong during the six months ended 30 September 2020 (2019: same).

(d) Information about major customers

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

	Three months ended 30 September		Six months ended 30 September	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Customer A	1,951	1,954	3,934	3,912
Customer B	1,046	N/A	2,093	2,115
Customer C	1,135	N/A	2,261	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 INCOME

	Note	Three months ended 30 September		Six months ended 30 September	
		2020	2019	2020	2019
		HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Dividends	(i)	3	–	3	–
Other income		33	4	35	7
Interest income on bank deposits		–	–	1	332
Interest income on time deposits		56	50	185	50
Government subsidies	(ii)	1,071	–	1,071	–
		1,163	54	1,295	389

Notes:

- (i) Dividends are received from financial assets measured at fair value through profit or loss.
- (ii) The government subsidies are granted from the Employment Support Scheme of the Government of Hong Kong, which aim to retain employment and combat Coronavirus Disease 2019 ("COVID-19"). As a condition of receiving the subsidies from the Employment Support Scheme, the Group undertakes not to make redundancies during the subsidy period.

6. OTHER EXPENSES

	Three months ended 30 September		Six months ended 30 September	
	2020	2019	2020	2019
	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Advertising expenses	38	56	48	75
Auditor's remuneration				
– Audit services	200	210	325	420
– Non-audit services	17	14	34	28
Building management fees	16	21	35	42
Entertainment expenses	27	45	46	91
Exchange loss/(gain), net	29	(9)	28	2
Insurance expenses	58	37	100	79
Loss on write-off of property and equipment	–	–	2	–
Legal and professional fee	349	828	760	1,531
Telephone and utilities	27	41	52	79
Others	210	232	404	482
Total other expenses	971	1,475	1,834	2,829

Notes to the Unaudited Condensed Consolidated Financial Statements

7. FINANCE COSTS

	Three months ended 30 September		Six months ended 30 September	
	2020	2019	2020	2019
	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Finance costs on				
– Bank borrowing	53	109	136	210
Amounts capitalised (<i>Note</i>)	(13)	(49)	(33)	(90)
Finance costs	40	60	103	120

Note: The amounts represent borrowing costs capitalised as development costs of intangible assets. The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the Group's general borrowings. During the six months ended 30 September 2020, the capitalisation rate was 2.39% (2019: 3.52%).

8. INCOME TAX EXPENSE

Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of qualifying group entity in Hong Kong will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. Accordingly, the Hong Kong profits tax is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits for the Group's qualifying entity and at 16.5% on the estimated assessable profits above HK\$2 million for the six months ended 30 September 2020 (2019: 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% (2019: same). The amount of tax charged to the unaudited condensed consolidated statement of comprehensive income represents:

	Three months ended 30 September		Six months ended 30 September	
	2020	2019	2020	2019
	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Hong Kong profits tax				
– Current period	928	798	1,534	1,509
Deferred income tax	14	7	22	240
Income tax expense	942	805	1,556	1,749

Notes to the Unaudited Condensed Consolidated Financial Statements

9. EARNINGS PER SHARE

(a) Basic

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

	Three months ended 30 September		Six months ended 30 September	
	2020 (unaudited)	2019 (unaudited)	2020 (unaudited)	2019 (unaudited)
Profit attributable to owners of the Company (HK\$'000)	3,368	2,642	6,097	1,590
Weighted average number of ordinary shares in issue (thousands) (Note)	400,000	400,000	400,000	383,060
Basic earnings per share (HK cents)	0.84	0.66	1.52	0.42

Note: The weighted average number of Shares in issue for the six months ended 30 September 2019 for the purpose of earnings per share computation has been retrospectively adjusted for the effect of the 10 Shares and 90 Shares issued on 7 February 2018 and 21 March 2019, respectively pursuant to the Reorganisation, and 299,999,900 Shares issued under the capitalisation issue which took place on the Listing Date.

(b) Diluted

During the six months ended 30 September 2020, assumed conversion of the share options granted by the Company has anti-dilutive effect (2019: same). For the six months ended 30 September 2020, diluted earnings per share equalled to basic earnings per share (2019: same).

10. DIVIDEND

	Three months ended 30 September		Six months ended 30 September	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
2020 Final, paid – HK\$0.002 per ordinary share (2019: nil)	800	–	800	–

The Directors do not recommend the payment of interim dividend for the six months ended 30 September 2020 (2019: nil).

Notes to the Unaudited Condensed Consolidated Financial Statements

11. PROPERTY AND EQUIPMENT

During the six months ended 30 September 2020, the Group acquired items of property and equipment with cost of approximately HK\$160,000 (2019: approximately HK\$1,889,000). Items of property and equipment with cost of approximately HK\$204,000 were written off during the six months ended 30 September 2020 (2019: nil), resulting in a loss on write-off of property and equipment of HK\$2,000 (2019: nil).

The land and building which amounted to approximately HK\$32,650,000 and HK\$33,259,000 as at 30 September 2020 and 31 March 2020 respectively was pledged as security against the bank borrowing.

12. TRADE RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	30 September 2020 HK\$'000 (unaudited)	31 March 2020 HK\$'000 (audited)
Trade receivables	2,191	3,025
Deposits	424	405
Prepayments	821	503
Other receivables	271	255
	3,707	4,188
Less: non-current portion of deposits	(19)	(19)
Trade receivables, deposits, prepayments and other receivables – current	3,688	4,169

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

Credit period ranging from 0 days to 30 days were granted to the customers. As at the end of each reporting period, the ageing analysis of trade receivables by the invoice date was as follows:

	30 September 2020 HK\$'000 (unaudited)	31 March 2020 HK\$'000 (audited)
Less than 30 days	1,379	1,520
31 days to 90 days	678	905
Over 90 days	134	600
	2,191	3,025

Notes to the Unaudited Condensed Consolidated Financial Statements

12. TRADE RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES (continued)

The Group's trade receivables were denominated in the following currencies:

	30 September 2020 HK\$'000 (unaudited)	31 March 2020 HK\$'000 (audited)
US\$	2,097	2,457
HK\$	94	568
	2,191	3,025

No impairment loss was recognised during the six months ended 30 September 2020 (2019: same). Information about the impairment of trade receivables can be found in note 3.1(b) to the 2020 Audited Consolidated Financial Statements.

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

13. ACCRUALS AND OTHER PAYABLES

	30 September 2020 HK\$'000 (unaudited)	31 March 2020 HK\$'000 (audited)
Accrued payroll and employee benefits	1,119	1,745
Accrued expenses and other payables	598	1,404
Accruals and other payables	1,717	3,149

The carrying amounts of the accruals and other payables were denominated in HK\$.

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

Notes to the Unaudited Condensed Consolidated Financial Statements

14. SHARE CAPITAL

	Number of Shares	Nominal value HK\$'000 (unaudited)
Authorised:		
At 1 April 2019, 31 March 2020, 1 April 2020 (audited) and 30 September 2020 (unaudited)	10,000,000,000	100,000
Issued and fully paid:		
Ordinary Shares of HK\$0.01 each		
At 1 April 2019 (audited)	100	*
Capitalisation issue of Shares (<i>Note</i>)	299,999,900	3,000
Issuance of Shares upon Listing (<i>Note</i>)	100,000,000	1,000
At 31 March 2020, 1 April 2020 (audited) and 30 September 2020 (unaudited)	400,000,000	4,000

* Less than HK\$1,000

Note: On the Listing Date, pursuant to the capitalisation issue approved on 29 March 2019, the Company issued a total number of additional 299,999,900 Shares to Essential Strategy and Expert Wisdom, credited as fully paid, by way of capitalisation of HK\$2,999,999 standing to the credit of the Company's share premium account. On the same date, the Company issued a total of 100,000,000 Shares by way of public offer and placing at a price of HK\$0.53 each for a total consideration of HK\$38,992,000, net of expenses in connection with the issue of Shares, and successfully listed its Shares on GEM of the Stock Exchange.

Notes to the Unaudited Condensed Consolidated Financial Statements

15. OTHER RESERVES

	Share Premium HK\$'000	Capital Reserve HK\$'000 (Note)	Share-based payment Reserve HK\$'000 (Note 16)	Total HK\$'000
At 1 April 2019 (audited)	–	7,500	–	7,500
Transaction with owners in their capacity as owners				
Capitalisation issue of Shares	(3,000)	–	–	(3,000)
Issuance of Shares upon Listing	52,000	–	–	52,000
Listing expenses charged to share premium	(14,008)	–	–	(14,008)
Share-based payment expenses	–	–	198	198
At 30 September 2019 (unaudited)	34,992	7,500	198	42,690
At 1 April 2020 (audited)	34,992	7,500	1,046	43,538
Transaction with owners in their capacity as owners				
Share-based payment expenses	–	–	827	827
At 30 September 2020 (unaudited)	34,992	7,500	1,873	44,365

Note: 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.

Notes to the Unaudited Condensed Consolidated Financial Statements

16. SHARE OPTION SCHEME

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.

On 15 August 2019, the Company has granted a total number of 36,400,000 share options (“**2019 Share Option**”) to certain eligible participants (the “**Grantees**”) 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	2019 Share Option	
		Vesting period	Exercise period
Tranche 1	50%	15 August 2019 to 14 August 2020	15 August 2020 to 14 August 2029
Tranche 2	50%	15 August 2019 to 14 August 2021	15 August 2021 to 14 August 2029

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

The movements of the share options outstanding under the 2019 Share Option during the six months ended 30 September 2020 and 2019 are as follows:

Name and position/ capacity of participant	Date of Grant	Exercise price (HK\$)	Number of Shares represented by share options outstanding as at 1 April 2020 (Audited)	Movements during the period			Number of Shares represented by share options outstanding as at 30 September 2020 (Unaudited)
				Number of share options granted during the period	Share options exercised during the period	Share options lapsed/ forfeited during the period	
Connected Grantees							
Mr. Wong Wing Hoi (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	27,600,000	-	-	-	27,600,000
Total number of share options			32,400,000	-	-	-	32,400,000

Notes to the Unaudited Condensed Consolidated Financial Statements

16. SHARE OPTION SCHEME (continued)

Name and position/ capacity of participant	Date of Grant	Exercise price (HK\$)	Number of Shares represented by share options outstanding as at 1 April 2019 (Audited)	Number of share options granted during the period	Share options exercised during the period	Share options lapsed/ forfeited during the period	Number of Shares represented by share options outstanding as at 30 September 2019 (Unaudited)
Connected Grantees							
Mr. Wong Wing Hoi (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	-	31,600,000	-	-	31,600,000
Total number of share options			-	36,400,000	-	-	36,400,000

	2019 Share Option	
	Tranche 1	Tranche 2
Fair value at Date of Grant (per share)	HK\$0.078	HK\$0.082

The 2019 Share Option was measured at fair value at Date of Grant using Black-Scholes model with the following key assumptions:

	2019 Share Option	
	Tranche 1	Tranche 2
Share price at Date of Grant (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 2020, the Group recognised share-based payment expenses amounting to approximately HK\$827,000 (2019: approximately HK\$198,000), which has been charged to the unaudited condensed consolidated statement of comprehensive income.

16,200,000 share options were exercisable as at 30 September 2020 (2019: nil).

Notes to the Unaudited Condensed Consolidated Financial Statements

17. RELATED PARTY TRANSACTION

As at 30 September 2020, 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 (2019: same).

(a) Significant related party transactions

The Group had the following related party transaction during the following periods.

Name of party	Nature of transaction	Three months ended 30 September		Six months ended 30 September	
		2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Mr. Wei Chun Pong, Benjamin (Note)	Employee benefits expenses	94	85	185	159

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

(b) Key management compensation

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

	Three months ended 30 September		Six months ended 30 September	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Salaries and allowances	1,000	1,374	1,963	2,527
Discretionary bonuses	–	–	–	81
Pension costs – defined contribution plans	14	21	27	41
Staff welfare and benefits	11	11	19	23
Share-based payment expenses	100	48	204	48
	1,125	1,454	2,213	2,720

Notes to the Unaudited Condensed Consolidated Financial Statements

18. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

This note provides an update of the judgements and estimates made by the Group in determining the fair values of the financial instruments since the last annual financial report for the year ended 31 March 2020.

(a) Fair value hierarchy

To provide an indication about the reliability of the inputs used in determining fair value, the Group classifies its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

The following table presents the Group's financial assets and financial liabilities measured and recognised at fair value at 30 September 2020 on a recurring basis:

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
At 30 September 2020				
Financial assets				
Financial assets at fair value through profit or loss				
United States exchange-traded funds	3,892	–	–	3,892

As at 31 March 2020, there was no financial assets or liability recognised and measured at fair value.

Level 1: The fair value of instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price used for instruments held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The Group's policy is to recognize transfers into and transfers out of fair value hierarchy levels as at the end of each reporting period.

There were no transfers between levels 1, 2 and 3 for recurring fair value measurements during the six months ended 30 September 2020.

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. 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 2020, the Group recorded a revenue of approximately HK\$20.4 million, representing a decrease of approximately 3% from approximately HK\$21.1 million recorded for the six months ended 30 September 2019. Profit attributable to owners of the Company for the six months ended 30 September 2020 amounted to approximately HK\$6.1 million, representing an increase of approximately 283% as compared with the profit of approximately HK\$1.6 million for the six months ended 30 September 2019. The significant increase in net profit is due to increase in other income by approximately HK\$0.9 million, increase in net fair value gain on financial assets at fair value through profit or loss by approximately HK\$0.1 million and decrease in some of the expenses by approximately HK\$5.7 million in total, including but not limited to no listing expenses being recorded for the six months ended 30 September 2020 (2019: listing expenses of approximately HK\$4.5 million), decrease in other expenses of approximately HK\$1.0 million and income tax expense of approximately HK\$0.2 million. It was partially offset by decrease in revenue by approximately HK\$0.7 million and increase in some of the expenses by approximately HK\$1.5 million in total, including but not limited to increase in internet service cost of approximately HK\$0.1 million, employee benefit expenses of approximately HK\$0.5 million, depreciation of property and equipment of approximately HK\$0.2 million and amortisation of intangible assets of approximately HK\$0.7 million. If the net fair value gain on financial assets at fair value through profit or loss and listing expenses were excluded, the profit attributable to owners of the Company would decrease by approximately 2% from approximately HK\$6.1 million for the six months ended 30 September 2019 to approximately HK\$6.0 million for the six months ended 30 September 2020.

Management Discussion and Analysis

OUTLOOK

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

Looking ahead, the Group believe that the coming year shall continue to be challenging. The outbreak of COVID-19 has been rapidly evolving globally and has significantly impacted the global economy and financial markets. The Board consider that such significant impact on the global economic and financial markets may adversely affect the financial performance of the Group for the coming financial year. In response to the unfavorable market conditions, the Group will continue focusing on research and development in innovative IT products and services and providing stable and reliable financial trading solutions. In addition, in order to broaden the sources of income of the Group and mitigate the risk that substantially all of our revenue was derived from our financial trading solutions, the Group submitted a tender to develop a non-financial IT solutions (resource planning and management software) in March 2020 and was awarded the project in May 2020. Our management believe that our staff will improve their skillset in developing non-financial IT solutions after completion of such project, thereby increasing our chance and experiences of securing other similar projects. Moreover, the Board resolved to change and reallocate the uses of part of its unutilised net proceeds from the share offer (the "**Net Proceeds**") on 22 July 2020. The Directors consider that the changes in the uses of the Net Proceeds are fair and reasonable, as they would allow the Company to deploy its financial resources more effectively to support the latest development of the business of the Group. Please refer to the Company's announcement "Change in Use of Proceeds" dated 22 July 2020 (the "**Announcement**") for more details.

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue

The Group derives its revenue primarily from the provision of financial trading solutions which can be classified into (i) licensing and maintenance services; (ii) initial set up and customisation services; and (iii) sales of computer hardware and software. For the six months ended 30 September 2020, the Group recorded revenue of approximately HK\$20.4 million, representing a decrease of approximately 3% as compared with the corresponding period in 2019 of approximately HK\$21.1 million. The following table sets forth the breakdown of our revenue by source of revenue:

	Three months ended 30 September				Six months ended 30 September			
	2020		2019		2020		2019	
	HK\$'000 (unaudited)	%	HK\$'000 (unaudited)	%	HK\$'000 (unaudited)	%	HK\$'000 (unaudited)	%
Licensing and maintenance services	10,152	99	10,552	99	20,037	98	20,866	99
Initial set up and customisation services	52	1	77	1	376	2	202	1
	10,204	100	10,629	100	20,413	100	21,068	100

The slight decrease was mainly attributable to the decrease in revenue from licensing and maintenance services and it was partially offset by increase in revenue from initial set up and customisation services. Revenue from licensing and maintenance services decreased by approximately 4% from approximately HK\$20.9 million for the six months ended 30 September 2019 to approximately HK\$20.0 million for the six months ended 30 September 2020. It was primarily because some customers terminated our services amounting to approximately HK\$1.8 million due to uncertainties of the global and local economic and political environment. It was partially offset by services provided to new customers and additional services acquired by existing customers amounting to approximately HK\$1.0 million. However, revenue from initial set up and customisation services increased by approximately 86% from approximately HK\$0.2 million for the six months ended 30 September 2019 to approximately HK\$0.4 million for the six months ended 30 September 2020. For both periods, the Group did not generate revenue from the sales of computer hardware and software. Both initial set up and customisation services and sales of computer hardware and software are generally provided on an on-demand basis, depending on our customers' business needs.

Other Income

The Group's other income were approximately HK\$1.3 million and HK\$0.4 million for the six months ended 30 September 2020 and 2019 respectively. It mainly consists of interest income on bank deposits and time deposits amounting to approximately HK\$0.2 million in total (2019: approximately HK\$0.4 million in total) and one-off government subsidies granted under the Employment Support Scheme of the Government of Hong Kong amounting to approximately HK\$1.1 million (2019: nil). The increase in other income by approximately 233% was mainly because of the government subsidies.

Management Discussion and Analysis

License and Subscription Cost

For the six months ended 30 September 2020, the Group's license and subscription cost was approximately HK\$1.0 million, representing an increase of approximately 5% over the cost of approximately HK\$0.9 million for the six months ended 30 September 2019. Such increase was mainly because more services was subscribed from suppliers for our business needs and implementation of our business plan as mentioned in the paragraph headed "Outlook" under this section, which slightly increased the cost by approximately HK\$0.2 million. It was partially offset by change of supplier with lower price, which saved cost by approximately HK\$0.1 million for the six months ended 30 September 2020.

Internet Services Cost

For the six months ended 30 September 2020 and 2019, the Group's internet services cost were approximately HK\$1.2 million and HK\$1.1 million, respectively. Such cost increased by approximately 8% mainly because the Group has changed the data centre service providers in order to meet our business needs and implemented our business plan as mentioned in the paragraph headed "Outlook" under this section.

Intangible Assets

For the six months ended 30 September 2020 and 2019, our research and development expenses (which were mostly included in employee benefit expenses) amounted to approximately HK\$4.9 million and HK\$3.4 million, respectively. Out of the total research and development costs, approximately HK\$2.9 million and HK\$2.6 million for the six months ended 30 September 2020 and 2019, respectively, were capitalised as intangible assets.

Employee Benefit Expenses

For the six months ended 30 September 2020, the Group's employee benefit expenses were approximately HK\$6.3 million, representing an increase of approximately 9% over the employee benefit expenses of approximately HK\$5.8 million for the six months ended 30 September 2019. The increase is primarily due to an increase in staff costs by approximately HK\$0.3 million in total for implementation of our business plan as mentioned in the paragraph headed "Outlook" under this section, and an increase in share-based payment by approximately HK\$0.6 million. It was partially offset by a decrease in allowance to management by approximately HK\$0.1 million and increase in capitalised staff cost as intangible assets by approximately HK\$0.3 million.

Depreciation of Property and Equipment

The Group's depreciation of property and equipment was approximately HK\$1.3 million for the six months ended 30 September 2020, representing an increase of approximately 21% from approximately HK\$1.1 million for the six months ended 30 September 2019. The increase was primarily due to the additions of certain items of computers during the year ended 31 March 2020.

Amortisation of Intangible Assets

The Group's amortisation of intangible assets was approximately HK\$2.4 million for the six months ended 30 September 2020, representing an increase of approximately 40% from approximately HK\$1.7 million for the six months ended 30 September 2019. The increase was primarily due to additions of computer software systems mainly contributed from staff costs capitalised during the year ended 31 March 2020.

Management Discussion and Analysis

Net fair value gain on financial assets at fair value through profit or loss

For the six months ended 30 September 2020, the Group acquired certain financial assets at an aggregate consideration (exclusive of transaction costs) of approximately HK\$3.8 million and recorded net fair value gain of approximately HK\$0.1 million. The Group did not dispose of any of the financial assets during the period.

Listing Expenses

Listing expenses comprise professional and other expenses in relation to our Listing. They were recognised based on percentage of completion of the Listing by various professional parties. No listing expenses was recognised during the six months ended 30 September 2020 (2019: approximately HK\$4.5 million).

Other Expenses

The Group's other expenses mainly include (i) legal and professional fees, (ii) auditors' remuneration, (iii) advertising expenses and (iv) insurance expenses. The Group's other expenses for the six months ended 30 September 2020 were approximately HK\$1.8 million, representing a decrease of approximately 35% over the other expenses of approximately HK\$2.8 million for the six months ended 30 September 2019. The decrease was primarily attributable to the decrease in legal and professional fees.

Finance Costs

Finance costs remain stable at approximately HK\$0.1 million for the six months ended 30 September 2020 and 2019. It was primarily due to a decrease in variable interest rate which resulted in the decrease in finance costs by approximately 35% from approximately HK\$210,000 for the six months ended 30 September 2019 to approximately HK\$136,000 for the six months ended 30 September 2020, offset by borrowing costs capitalized as development cost of intangible assets, which decreased by approximately 63% from approximately HK\$90,000 for the six months ended 30 September 2019 to approximately HK\$33,000 for the six months ended 30 September 2020.

Profit Before Income Tax

Profit before income tax for the six months ended 30 September 2020 amounted to approximately HK\$7.7 million (2019: approximately HK\$3.3 million). Such change is mainly due to the increase in other income by approximately HK\$0.9 million, increase in net fair value gain on financial assets at fair value through profit or loss by approximately HK\$0.1 million and decrease in listing expenses and other expenses by approximately HK\$4.5 million and HK\$1.0 million respectively. It was partially offset by decrease in revenue by approximately HK\$0.7 million and increase in some of the expenses by approximately HK\$1.5 million in total, including but not limited to increase in internet service cost of approximately HK\$0.1 million, employee benefit expenses of approximately HK\$0.5 million, depreciation of property and equipment of approximately HK\$0.2 million and amortisation of intangible assets of approximately HK\$0.7 million. If the net fair value gain on financial assets at fair value through profit or loss and listing expenses were excluded, the profit before income tax would decrease by approximately 4% from approximately HK\$7.9 million for the six months ended 30 September 2019 to approximately HK\$7.6 million for the six months ended 30 September 2020.

Management Discussion and Analysis

Income Tax Expense

The Group's income tax expense for the six months ended 30 September 2020 was approximately HK\$1.6 million, representing a decrease of approximately 11% from approximately HK\$1.7 million for the six months ended 30 September 2019. Such decrease was mainly due to decrease in profit before income tax (excluding listing expenses) by 3% and there was no recognition of deferred tax liability of accumulated fair value changes of investment property during the six months ended 30 September 2020 (2019: approximately HK\$0.2 million). Besides, the Company did not recognise deferred tax asset for unused tax losses in both periods. The effective income tax rates of the Group, which is calculated by the income tax expense divided by profit before tax, were approximately 52.4% and 20.3% for the six months ended 30 September 2019 and 2020, respectively. If the listing expenses, non-deductible corporate expenses after the Listing and above-mentioned deferred taxes were excluded, the effective income tax rates would be 17.3% and 19.1% for the six months ended 30 September 2020 and 2019, respectively.

Profit for the Period Attributable to Owners of the Company

Profit attributable to owners of the Company for the six months ended 30 September 2020 amounted to approximately HK\$6.1 million, representing an increase of approximately 283% as compared with the profit of approximately HK\$1.6 million for the six months ended 30 September 2019. Such significant change was due to the above-mentioned reasons and decrease in income tax expense by approximately HK\$0.2 million. If the net fair value gain on financial assets at fair value through profit or loss and listing expenses were excluded, the profit attributable to owners of the Company would decrease by approximately 2% from approximately HK\$6.1 million for the six months ended 30 September 2019 to approximately HK\$6.0 million for the six months ended 30 September 2020.

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\$53.2 million as at 30 September 2020 (31 March 2020: approximately HK\$46.5 million).

As at 30 September 2020, the Group's current assets amounted to approximately HK\$68.0 million (31 March 2020: approximately HK\$62.2 million) of which approximately HK\$2.2 million (31 March 2020: approximately HK\$3.0 million) was trade receivables, approximately HK\$1.5 million (31 March 2020: approximately HK\$1.1 million) was deposits, prepayments and other receivables, approximately HK\$0.2 million (31 March 2020: approximately HK\$0.3 million) was contract assets, approximately HK\$3.9 million (31 March 2020: nil) was financial assets at fair value through profit and loss and approximately HK\$60.2 million (31 March 2020: approximately HK\$57.7 million) was cash and cash equivalents.

As at 30 September 2020, the Group has interest-bearing bank borrowing of approximately HK\$11.2 million (31 March 2020: approximately HK\$11.5 million) at effective interest rate of 2.39% per annum (31 March 2020: 3.55%). The Group had unused banking facilities of approximately HK\$8.0 million. The banking facilities were secured by a corporate guarantee from the Company and the land and building with carrying amount of approximately HK\$32.7 million. As at 30 September 2020, none of the Group's borrowing bears interest at fixed rate.

Management Discussion and Analysis

The gearing ratio of the Group, which was defined as total debt divided by total equity, was 10.5% as at 30 September 2020 (31 March 2020: 11.4%). The decrease in gearing ratio was mainly due to the increase in retained earnings. 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 2020 (31 March 2020: net cash position).

The Group's financial position has been further enhanced by the net proceeds of approximately HK\$17.5 million received from the Listing in May 2019.

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: research and development 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 2020 annual report of the Company. In addition, the Group's activities are exposed to a variety of financial risks including exchange rate risk, credit risk, liquidity risk and interest rate risk.

EXPOSURE TO FLUCTUATION IN EXCHANGE RATES

The Group's 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 for foreign exchange risk.

EXPOSURE TO CREDIT RISK

Credit risk arises from cash and cash equivalents as well as credit exposures to customers, including outstanding receivables and contract assets, deposits and other receivables as set out in notes 4(b) and 12 to the unaudited condensed consolidated financial statements. Management 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 at banks, the Group only transacts with reputable banks which are all high-credit-quality financial institutions. The Group has a credit policy to monitor the level of credit risk in relation to customers. In general, 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 conditions. 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 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 including forward looking information, analysed the historical payment pattern and concluded that the expected loss rate of trade receivables and contract assets are assessed to be less than 1% for the six months ended 30 September 2020 (31 March 2020: less than 1%). The loss allowance provision for these balances was close to zero during the six months ended 30 September 2020 (31 March 2020: same). Please refer to note 3.1(b) to the 2020 Audited Consolidated Financial Statements for more details.

Management Discussion and Analysis

EXPOSURE TO LIQUIDITY RISK

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

Due to the dynamic nature of the businesses 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 a bank borrowing.

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. As at 30 September 2020, the bank borrowing with a repayment on demand clause, amounting to HK\$11,236,000 (31 March 2020: HK\$11,497,000), is included in the "on demand" time band in the maturity analysis below. Balances due within 12 months equal their carrying values as the impact of discounting is not significant.

	On demand HK\$'000	Within 1 year HK\$'000	Between 1 and 2 years HK\$'000	Between 2 and 5 years HK\$'000	Total HK\$'000
At 30 September 2020					
(unaudited)					
Bank borrowing	11,236	–	–	–	11,236
Accruals and other payables (excluding accrued payroll and employee benefits)	–	598	–	–	598
At 31 March 2020 (audited)					
Bank borrowing	11,497	–	–	–	11,497
Accruals and other payables (excluding accrued payroll and employee benefits)	–	1,404	–	–	1,404

Specifically, for a bank borrowing which contains a repayment on demand clause which can be exercised at the bank's sole discretion, the analysis shows the cash outflow based on the earliest date on which the Group can be required to pay, that is if the lender was to invoke their unconditional rights to call the loans with immediate effect.

The table below summarises the maturity analysis of the said bank borrowing (subjected to a repayment on demand clause) based on agreed scheduled repayments set out in the loan agreement. The amounts include interest payments computed using contractual rates. Taking into account the Group's financial position, the Directors do not consider that it is probable that the bank will exercise its discretion to demand immediate repayment. The Directors believe that such bank borrowing will be repaid in accordance with the scheduled repayment dates set out in the loan agreement.

Management Discussion and Analysis

	Less than 1 year HK\$'000	Between 1 and 2 years HK\$'000	Between 2 and 5 years HK\$'000	Over 5 years HK\$'000
At 30 September 2020 (unaudited)	760	760	2,278	9,369
At 31 March 2020 (audited)	844	844	2,530	10,828

EXPOSURE TO INTEREST RATE RISK

The Group's exposure to interest rate risk arises from its bank deposits and bank borrowing. These deposits and the borrowing bear interests at variable rates 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 2020 (31 March 2020: same), and its income and operating cash flows are substantially independent of changes in variable interest rates.

CAPITAL STRUCTURE

The Shares were listed on GEM of the Stock Exchange on the Listing Date. There has been no change in the capital structure of the Company since then. As at 30 September 2020, the capital structure of the Company comprised mainly of issued share capital and reserves.

PLEDGE OF ASSETS

As at 30 September 2020, the Group has pledged its land and building with carrying amount of approximately HK\$32.7 million (31 March 2020: approximately HK\$33.3 million) to secure banking facilities granted to the Group to the extent of approximately HK\$19.2 million (31 March 2020: approximately HK\$19.5 million).

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 2020.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 30 September 2020, the Group did not have any material capital commitments and contingent liabilities.

Management Discussion and Analysis

HUMAN RESOURCES AND REMUNERATION POLICIES

As at 30 September 2020, the Group had a workforce of 31 (31 March 2020: 32) full-time employees. The remuneration of the Group's employees is determined depending on a number of factors, including their qualifications, function, experience, work performance and local market conditions. The Group regularly reviews its compensation and benefit policies to ensure that the remuneration package offered remains competitive and in line with relevant labour laws and regulations. For the six months ended 30 September 2020, 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\$9.2 million (30 September 2019: approximately HK\$8.4 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 16 to the unaudited condensed consolidated financial statements and the paragraph headed "Share Option Scheme" under this section.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2020 (2019: nil).

SIGNIFICANT INVESTMENTS AND PLAN FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Company did not have any significant investments as at 30 September 2020. Save as disclosed in the Prospectus and the Announcement, the Company did not have other plans for material investments or capital assets.

EVENTS AFTER THE REPORTING DATE

Save as disclosed elsewhere in this report, the Group has no significant events subsequent to 30 September 2020 and up to the date of this report.

Management Discussion and Analysis

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

An analysis comparing the business objectives as set out in the Prospectus with the Group's actual business progress for the period from the Listing Date to 30 September 2020 is set out below:

Business Objectives	Actual Progress
(i) Continue to commit in research and development of our financial trading solutions	<p>Research and development plans</p> <hr/> <p>Progress from the Listing Date to 30 September 2020</p> <hr/> <p>A. Enhance and upgrade our financial trading solutions</p> <p>(a) Develop the cloud-based versions of GES EX and GES IX</p> <p>The Group entered into a hosting services subscription agreement with HKEX Hosting Services Limited ("HKEX Hosting") for the co-location facilities, which provide us access to the trading and market data, trading and clearing systems of the Stock Exchange at a low latency connection. As a result, the Group has become one of the HKEX Hosting application service providers ("ASP") ecosystem members to provide approved ASP services to our customers. In addition, the Group acquired servers, networking resources and third party software to power up the cloud native version of GES EX and GES IX in June 2019 and December 2019 respectively.</p> <p>(b) Enable the use of big data for AUTON</p> <p>The Group acquired servers, networking resources and third party software to process the big data and additional space to host the big data server in July 2019. This allows AUTON users to extract information from our big data server for backtesting their algo-trading strategies.</p> <p>(c) Enhance AUTON's algo-trading capability with artificial intelligence</p> <p>As mentioned in our 2020 annual report, there was a temporary postponement of research and development on artificial intelligence in AUTON. In September 2020, the Group successfully engaged a consultant who has since worked with our development team and provided technical advice on the relevant research and development.</p> <p>(d) Develop HTML5 version of AUTON</p> <p>We will commence development of HTML5 version of AUTON in late 2020 as planned.</p> <p>(e) Unify and improve our financial trading solutions</p> <p>As mentioned in our 2020 annual report, we have started the unification of (a) GES TX and GEX EX and (b) GES IX and Xenatrix earlier than scheduled in the first quarter of 2020 and the unification is still in progress during the six months ended 30 September 2020.</p>

Management Discussion and Analysis

Business Objectives	Actual Progress
(i) Continue to commit in research and development of our financial trading solutions (continued)	<p>Research and development plans</p> <hr/> <p>Progress from the Listing Date to 30 September 2020</p> <hr/> <p>B. Incorporate prevailing technologies to promote algo-trading and awareness of our trading terminal and trading systems</p> <p>By research and development of our development team and acquisition of servers and third party software, we have launched the terminal for simulation of algo-trading and the web portal for algo sharing. We will continue enhancing the terminal and the web portal for portfolio tracking and optimization. We have also made some marketing effort to promote the above-mentioned web portal.</p> <p>Overall, to implement the above research and development plans, the Group had used approximately HK\$1.8 million to subscribe for basic market information package and corporate action information package and purchase the abovementioned hosting and connectivity services, approximately HK\$0.1 million to subscribe for cloud-based server hosting services, approximately HK\$1.6 million to recruit 4 research and development staff and approximately HK\$1.5 million to acquire computer hardware and software.</p>
(ii) Pursue selective acquisition(s)	Our management is devoted to identifying suitable target (such as an IT solution vendor which specialises in financial and related IT systems, or other market players) for acquisition. We have not yet identified any suitable target for acquisition from the Listing Date up to 30 September 2020.
(iii) Establish a research and development centre	The expected timeline to commence the establishment of a research and development centre is further changed from November 2020 (as disclosed in the 2020 annual report) to September 2021. It is primarily because we currently have sufficient office space for the additional headcounts of research and development staff as a result of change in staff composition. The Board considers that the postponement will allow the Company to deploy its financial resources more effectively, which is in the best interest of the Company and the Shareholders as a whole.

USE OF PROCEEDS FROM THE LISTING

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

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

As disclosed in the Announcement, the Board resolved to change and reallocate the uses of part of its unutilised Net Proceeds on 22 July 2020. An amount of HK\$1.5 million originally allocated for the acquisition of computer hardware and software (such as servers and network devices) is reallocated to the subscription of server hosting services. Details of the original allocation of the Net Proceeds, the revised allocation of the Net Proceeds, the utilisation of the Net Proceeds as at 22 July 2020 and the remaining balance after the revised allocation of the Net Proceeds were set out in the Announcement.

Management Discussion and Analysis

During the period from the Listing Date to 30 September 2020, the Group has applied the Net Proceeds as follows:

Description of intended use of the proceeds	Revised allocation of the Net Proceeds on 22 July 2020		Planned use of proceeds from Listing Date to 30 September 2020	Actual use of proceeds from Listing Date to 30 September 2020	Unutilised amount as at 30 September 2020	Expected timeline for full use of the unutilised proceeds
	HK\$ million	%	HK\$ million	HK\$ million	HK\$ million	
(i) Continue to commit in research and development of our financial trading solutions	13.3	75.8	5.2	5.0	8.3	May 2022
(ii) Pursue selective acquisition(s)	1.4	8.0	-	-	1.4	April 2022
(iii) Establish a research and development centre	1.8	10.1	0.5	-	1.8	May 2022
(iv) Working capital and other general corporate purpose	1.0	6.1	-	0.1	0.9	N/A
Total	17.5	100.0	5.7	5.1	12.4	

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 securities, convertible securities, options, warrants or similar rights of the Company during the six months ended 30 September 2020 and up to the date of this report.

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 interest of Shareholders, enhance corporate value, formulate its business strategies and policies and enhance its transparency and accountability.

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

The CG Code has been applicable to the Company with effect from the Listing Date. The Board is of the view that since the Listing Date and up to the date of this report, the Company has complied with all applicable code provisions as set out in the CG Code.

AUDIT COMMITTEE

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 interim results for the six months ended 30 September 2020 and the accounting policies and practices adopted by the Group have been reviewed by the Audit Committee.

Management Discussion and Analysis

SHARE OPTION SCHEME

The Company has adopted the Share Option Scheme on 29 March 2019. Details of the Share Option Scheme are set out in Appendix VI to the Prospectus. No Share Options have been granted pursuant to the Share Option Scheme during the six months ended 30 September 2020 (2019: 36,400,000). For details of the grant of Share Options, please refer to note 16 to the unaudited condensed consolidated financial statements for the six months ended 30 September 2020.

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

As at 30 September 2020, 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 and 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) have 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 (Note 4)	Approximate percentage of the issued Shares of the Company/ associated corporation
Mr. Wei (<i>Chairman and non-executive Director</i>)	Company	Interest in controlled corporation (Note 1)	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 (Note 2)	90,000,000 (L)	22.5%
Mr. Wong Wing Hoi (<i>Executive Director</i>)	Company	Beneficial owner	4,000,000 (L) (Note 3)	1%
Mr. Wei	Essential Strategy	Beneficial owner	1,000 (L)	100% (Note 1)

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 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) These Shares represent the 2019 Share Option granted by the Company on 15 August 2019 under the Share Option Scheme adopted by the Company on 29 March 2019.
- (4) The letter "L" denotes "long position" in such shares.

Management Discussion and Analysis

Saved as disclosed above, as at 30 September 2020, none of the Directors or chief executive of the Company had registered an 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 are required to be notified to the Company and the Stock Exchange, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

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

As at 30 September 2020, 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 were as follows:

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	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	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 Siu King ("**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 Kim Kam ("**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.

Saved as disclosed above, as at 30 September 2020, the Company has not been notified by any persons (other than the Directors or chief executive of the Company) who has 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 during the six months ended 30 September 2020 and up to the date of this report.

During the six months ended 30 September 2020 and up to the date of this report, 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 six months ended 30 September 2020 and up to the date of this report were 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 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 six months ended 30 September 2020 and up to the date of this report, none of the Directors or the Controlling Shareholders or their close associates are interested in any business which competes or may compete, either directly or indirectly, with the business of the Group nor did they have any conflicts of interest with the Group.

INTERESTS OF THE COMPLIANCE ADVISER

In accordance with Rule 6A.19 of the GEM Listing Rules, Dongxing Securities (Hong Kong) Company Limited has been appointed as the compliance adviser of the Company (the “**Compliance Adviser**”). Save for the compliance adviser agreement entered into between the Company and the Compliance Adviser dated 23 May 2018, none of the Compliance Adviser or its directors, employees or close associates has or may have any interest in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities), which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules as at the date of this report.

By order of the Board

Wei Ming

Chairman and Non-executive Director

Hong Kong, 2 November 2020

Definitions

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

"associate(s)"	has the meaning ascribed to it under the GEM Listing Rules
"Audit Committee"	the audit committee of the Board
"Board"	the board of Directors of the Company
"BVI"	the British Virgin Islands
"CG Code"	Corporate Governance Code and Corporate Governance Report set out in Appendix 15 of 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
"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
"Date of Grant"	15 August 2019, the date of which the 2019 Share Option was granted to the grantees
"Director(s)"	the director(s) of the Company, as appointed from time to time
"Essential Strategy"	ESSENTIAL STRATEGY INVESTMENTS LIMITED, a company incorporated in BVI with limited liability on 4 January 2016, which is wholly-owned by Mr. Wei Ming and is one of the Controlling Shareholders
"Expert Wisdom"	EXPERT WISDOM HOLDINGS LIMITED, a company incorporated in BVI with limited liability on 21 December 2017, which is wholly-owned by Mr. Chung Chau Kan
"GEM"	the 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
"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

Definitions

"HKAS"	Hong Kong Accounting Standards
"HKFRS(s)"	Hong Kong Financial Reporting Standards issued by the HKICPA
"HKICPA"	Hong Kong Institute of Certified Public Accountants
"HK\$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong" or "HK" or "HKSAR"	the Hong Kong Special Administrative Region of the People's Republic of China
"Listing"	the listing of the Shares on GEM of the Stock Exchange on 2 May 2019
"Listing Date"	2 May 2019, the date on which the Shares were initially 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
"Prospectus"	the prospectus of the Company published on 15 April 2019 in connection with the Listing
"Reorganisation"	the reorganisation of our Group in preparation for the Listing, details of which are set out in the section headed "History, Development and Reorganisation" in the Prospectus
"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
"substantial shareholder"	has the meaning ascribed to it under the GEM Listing Rules
US\$	the United States dollars, the lawful currency of the United States of America
"%"	per cent