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NEXION TECHNOLOGIES LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8420)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024

The board of directors of Nexion Technologies Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated financial results of the Company and its subsidiaries for the six months ended 30 June 2024. This announcement, containing the full text of the 2024 interim report of the Company (the “**Interim Report**”), complies with the relevant requirements of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “**GEM Listing Rules**”) in relation to information to accompany preliminary announcement of interim results. Printed version of the Interim Report will be delivered to the shareholders of the Company and available for viewing on the websites of the Stock Exchange at www.hkexnews.hk and of the Company at <http://nexion.com.hk> in due course.

By order of the Board
Nexion Technologies Limited
Ong Gim Hai
Chairman and Executive Director

Hong Kong, 16 August 2024

As at the date of this announcement, the Board comprises one executive Director, namely Mr. Ong Gim Hai; one non-executive Director, namely Mr. Roy Ho Yew Kee; and three independent non-executive Directors, namely Ms. Lim Joo Seng, Mr. Tang Chak Lam Gilbert and Mr. Yeung Chun Yue David.

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 Company. 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 website of the Stock Exchange at www.hkexnews.hk on the “Latest Listed Company Information” page for at least 7 days from the date of its publication. This announcement will also be published on the Company’s website at <http://nexion.com.hk>.



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Interim Report 2024



CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (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 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 (the “Directors”) of Nexion Technologies Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company and its subsidiaries (collectively referred to as the “Group”). The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this 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.

RESULTS

The board of directors (the "Board") of the Company hereby announces the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2024, together with the comparative unaudited figures of the corresponding period in 2023, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024

		(Unaudited)	
		For the six months ended 30 June	
		2024	2023
	Notes	HK\$'000	HK\$'000
			(Re-presented) (Restated)
Continuing operations			
Revenue	4	6,946	6,039
Other income	5	154	92
Cost of inventories sold		(3,547)	(1,064)
Subcontracting fee		(451)	(590)
Staff costs and related expenses		(3,398)	(2,730)
Sales and marketing expenses		(845)	(86)
Depreciation and amortisation		(331)	(1,421)
General and administrative expenses		(1,958)	(2,195)
Finance costs	6	(1)	(4)
<hr/>			
Loss before income tax from continuing operations	7	(3,431)	(1,959)
Income tax (expenses) credit	8	(54)	22
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CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Continued)

For the six months ended 30 June 2024

		(Unaudited)	
		For the six months	
		ended 30 June	
		2024	2023
	Notes	HK\$'000	HK\$'000
			<i>(Re-presented)</i>
			<i>(Restated)</i>
Loss for the period from continuing operations		(3,485)	(1,937)
Discontinued operation			
Loss for the period from discontinued operation	17	(300)	(1,775)
Loss for the period		(3,785)	(3,712)
Other comprehensive loss for the period			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange difference arising on translation of foreign operations		(554)	(686)
Total comprehensive loss for the period		(4,339)	(4,398)
(Loss) Profit for the period attributable to:			
Equity holders of the Company		(3,569)	(3,902)
Non-controlling interests		(216)	190
		(3,785)	(3,712)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Continued)

For the six months ended 30 June 2024

	(Unaudited)	
	For the six months ended 30 June	
Notes	2024 HK\$'000	2023 HK\$'000 (Re-presented) (Restated)
Total comprehensive (loss) income attributable to:		
Equity holders of the Company	(4,057)	(4,468)
Non-controlling interests	(282)	70
	(4,339)	(4,398)
<u>From continuing and discontinued operations</u>		
Loss per share for loss attributable to equity holders of the Company, basic and diluted (HK cents)		
9	(0.40)	(0.53)
<u>From continuing operations</u>		
Loss per share for loss attributable to equity holders of the Company, basic and diluted (HK cents)		
9	(0.37)	(0.29)
<u>From discontinued operation</u>		
Loss per share for loss attributable to equity holders of the Company, basic and diluted (HK cents)		
9	(0.03)	(0.24)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

		(Unaudited) 30 June 2024 HK\$'000	(Audited) 31 December 2023 HK\$'000 (Restated)	(Audited) 1 January 2023 HK\$'000 (Restated)
Non-current assets				
Plant and equipment	11	51	27	37
Right-of-use assets	12	25	43	420
Intangible assets	13	5,421	5,048	8,056
Goodwill	14	2,695	2,770	5,451
		8,192	7,888	13,964
Current assets				
Inventories		2,517	2,523	233
Trade and other receivables	15	12,191	9,527	15,044
Income tax recoverable		61	117	46
Bank balances and cash		13,539	17,597	26,597
		28,308	29,764	41,920
Assets classified as held for sale	16	–	3,162	–
		28,308	32,926	41,920
Current liabilities				
Trade and other payables	17	8,428	7,399	12,974
Lease liabilities	12	25	37	420
		8,453	7,436	13,394
Liabilities associated with assets classified as held for sale	16	–	986	–
		8,453	8,422	13,394
Net current assets		19,855	24,504	28,526
Total assets less current liabilities		28,047	32,392	42,490

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

As at 30 June 2024

		(Unaudited) 30 June 2024 <i>HK\$'000</i>	(Audited) 31 December 2023 <i>HK\$'000</i> <i>(Restated)</i>	(Audited) 1 January 2023 <i>HK\$'000</i> <i>(Restated)</i>
	<i>Notes</i>			
Non-current liability				
Lease liabilities	12	–	6	–
NET ASSETS		28,047	32,386	42,490
Capital and reserves				
Share capital	18	8,878	8,878	7,398
Reserves		19,026	23,083	34,938
Equity attributable to equity holders of the Company		27,904	31,961	42,336
Non-controlling interests		143	425	154
TOTAL EQUITY		28,047	32,386	42,490

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Attributable to equity holders of the Company						Non- controlling interests	Total
	Share capital	Share premium	Capital reserve	Exchange reserve	Accumulated losses	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Restated)	(Restated)	(Restated)	(Restated)	(Restated)	(Restated)	(Restated)	(Restated)
	(Note 18)							
At 1 January 2023 (Audited)	7,398	80,774	5,072	(807)	(50,101)	42,336	154	42,490
(Loss) profit for the period	-	-	-	-	(3,902)	(3,902)	190	(3,712)
Other comprehensive loss:								
<i>Item that may be subsequently reclassified to profit or loss</i>								
Exchange difference arising on translation of foreign operations	-	-	-	(566)	-	(566)	(120)	(686)
Total comprehensive (loss) income for the period	-	-	-	(566)	(3,902)	(4,468)	70	(4,398)
At 30 June 2023 (Unaudited)	7,398	80,774	5,072	(1,373)	(54,003)	37,868	224	38,092
At 1 January 2024 (Audited)	8,878	82,728	5,072	(872)	(63,845)	31,961	425	32,386
Loss for the period	-	-	-	-	(3,569)	(3,569)	(216)	(3,785)
Other comprehensive loss:								
<i>Item that may be subsequently reclassified to profit or loss</i>								
Exchange difference arising on translation of foreign operations	-	-	-	(488)	-	(488)	(66)	(554)
Total comprehensive loss for the period	-	-	-	(488)	(3,569)	(4,057)	(282)	(4,339)
At 30 June 2024 (Unaudited)	8,878	82,728	5,072	(1,360)	(67,414)	27,904	143	28,047

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	(Unaudited)	
	For the six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Restated)	(Restated)
OPERATING ACTIVITIES		
Cash used in operations	(3,698)	(374)
Income tax paid	-	-
Net cash used in operating activities	(3,698)	(374)
INVESTING ACTIVITIES		
Interest received	10	39
Acquisition of plant and equipment	(25)	(608)
Additions of intangible assets	(806)	-
Net cash inflow on disposal of subsidiaries	858	-
Net cash from (used in) investing activities	37	(569)
FINANCING ACTIVITIES		
Repayment of lease liabilities	(19)	(257)
Interest paid	(1)	(8)
Net cash used in financing activities	(20)	(265)
Net decrease in cash and cash equivalents	(3,681)	(1,208)
Cash and cash equivalents at the beginning of the reporting period	17,597	26,597
Effect of foreign exchange rate changes, net	(377)	(749)
Cash and cash equivalents at the end of the reporting period, represented by bank balances and cash	13,539	24,640

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2024

1. CORPORATE INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 22 June 2016, and its shares were listed on GEM of the Stock Exchange. The address of the Company's registered office is PO Box 309, Uglund House, Grand Cayman, KY1-1104, Cayman Islands. On 1 March 2024, the principal place of business of the Company in Singapore was ceased and moved to Malaysia and situated at A-2-3, Block A, Jalan Pju 1A/3J, Taipan 1, Ara Damansara, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

The principal activity of the Company is investment holding. The Group is principally engaged in the provision of cyber infrastructure solutions services (discontinued), cyber security solutions services and Software-as-a-Service ("SaaS"). Upon completion of the Disposal (*defined in Note 16*), on 29 February 2024, the Group is no longer engaged in the cyber infrastructure solutions services.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2024 (the "Interim Consolidated Financial Statements") are prepared in accordance with the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules.

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

The Interim Consolidated Financial Statements include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since 31 December 2023, and therefore, do not include all of the information required for full set of financial statements prepared in accordance with the International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB"), which collective term includes all applicable individual IFRSs, International Accounting Standards and Interpretations issued by the IASB. They shall be read in conjunction with the audited consolidated financial statements of the Group for the year ended 31 December 2023 (the "2023 Consolidated Financial Statements").

The Interim Consolidated Financial Statements have been prepared on the historical costs basis.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

(Continued)

The accounting policies and methods of computation applied in the preparation of the Interim Consolidated Financial Statements are consistent with those applied in the preparation of the 2023 Consolidated Financial Statements.

Adoption of new/revised IFRSs

The adoption of the new/revised IFRSs that are relevant to the Group and effective from the current period had no significant effects on the results and financial position of the Group for the current period and prior period.

At the date of authorisation of the Interim Consolidated Financial Statements, the Group has not early adopted the new/revised IFRSs that have been issued but are not yet effective.

Change of presentation currency

Prior to 1 January 2024, United States Dollars ("US\$") was regarded as the presentation currency of the Company and the consolidated financial statements were also presented in US\$. Having considered that the Company's shares (the "Shares") are listed on the Stock Exchange and its stock is traded in Hong Kong Dollars ("HK\$"), the Board believes that it is more appropriate to use HK\$ as the presentation currency as it enables the shareholders (the "Shareholders") and potential investors of the Company to have a more accurate picture of the Group's financial performance. The change in presentation currencies was accounted for in accordance with IAS 21 The Effects of Changes in Foreign Exchange Rates. Comparative figures have been re-stated to reflect the change in the Group's presentation currency.

For the purpose of re-presentation of the consolidated financial statements of the Group from US\$ to HK\$, the assets and liabilities are translated into HK\$ at the closing rate as of the respective reporting dates. Income and expenses are translated at the average exchange rates for the respective periods/years. Share capital, share premium and reserves are translated at the exchange rate at the date when the respective amounts were determined (i.e. historical exchange rates).

3. SEGMENT INFORMATION

The executive Directors have been identified as the chief operating decision-makers. The executive Directors review the Group's internal reports in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

Based on the products, solutions and services offered by the Group to the customers, the executive Directors consider that the operating segments of the Group comprise (i) cyber infrastructure solutions including maintenance and support service income (discontinued); (ii) cyber security solutions; and (iii) SaaS.

The measure used for reporting segment results is adjusted earnings before interest, taxes, depreciation and amortisation ("Adjusted EBITDA"). To arrive at the Adjusted EBITDA, the Group's earnings before interest, taxes, depreciation and amortisation are further adjusted for items not specifically attributed to individual segments, such as Directors' and auditors' remuneration and other head office or corporate administrative costs.

No analysis of the Group's assets and liabilities by operating segments is presented as it is not regularly provided to the chief operating decision-makers for review.

In addition, the Group's place of domicile is Malaysia, where the central management and control is located.

3. SEGMENT INFORMATION (Continued)

The segment information provided to the executive Directors for the reportable segments for the six months ended 30 June 2024 and 2023 is as follows:

	Continuing operation		Discontinued operation	Total HK\$'000
	Cyber security solutions HK\$'000	SaaS HK\$'000	Cyber infrastructure solutions HK\$'000	
Six months ended 30 June 2024				
(Unaudited)				
Revenue from external customers and reportable segment revenue	5,808	1,138	94	7,040
Reportable segment results (Adjusted EBITDA)	(74)	(593)	(254)	(921)
Other information:				
Depreciation and amortisation	310	18	46	374
Impairment loss on trade receivables	55	-	-	55
Six months ended 30 June 2023				
(Unaudited) (Re-presented)				
(Restated)				
Revenue from external customers and reportable segment revenue	4,333	1,706	2,978	9,017
Reportable segment results (Adjusted EBITDA)	875	364	95	1,334
Other information:				
Depreciation and amortisation	1,309	110	1,178	2,597
Impairment loss on trade receivables	239	-	-	239

3. SEGMENT INFORMATION (Continued) Reconciliation of reportable segment results

	(Unaudited)	
	For the six months	
	ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
		<i>(Re-presented)</i>
		<i>(Restated)</i>
Continuing operations		
Reportable segment results (Adjusted EBITDA)	(667)	1,239
Interest income	10	40
Depreciation and amortisation	(331)	(1,421)
Unallocated expenses	(2,443)	(1,817)
<hr/>		
Loss before income tax	(3,431)	(1,959)
Income tax (expenses) credit	(54)	22
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Loss for the period	(3,485)	(1,937)
<hr/>		
Discontinued operation		
Reportable segment results (Adjusted EBITDA)	(254)	95
Depreciation and amortisation	(46)	(1,178)
Unallocated expenses	-	(692)
<hr/>		
Loss before income tax	(300)	(1,775)
Income tax expenses	-	-
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Loss for the period	(300)	(1,775)
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3. SEGMENT INFORMATION (Continued)

Information about geographical areas

The following table sets out information about the geographical location of (i) the Group's revenue from external customers; and (ii) the Group's plant and equipment, right-of-use assets, intangible assets and goodwill ("Specified Non-current Assets"). The geographical location of revenue is based on the location of end users. The geographical location of the Specified Non-current Assets is based on the physical location of the assets (in the case of plant and equipment and right-of-use assets; the location of operation to which they are located; in the case of intangible assets and goodwill, the location of operations).

(a) Revenue from external customers

	(Unaudited)	
	For the six months	
	ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
		<i>(Re-presented)</i>
		<i>(Restated)</i>
Continuing operations		
Malaysia	3,936	1,654
The PRC	1,138	1,706
Singapore	1,872	2,679
	6,946	6,039
Discontinued operation		
Cyprus	-	1,852
Hungary	-	87
Myanmar	8	660
The PRC	8	14
Philippines	62	286
Singapore	16	79
	94	2,978
	7,040	9,017

3. SEGMENT INFORMATION (Continued)
(b) Specified Non-current Assets (Excluded non-current assets classified as held for sales)

	(Unaudited)	
	For the six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
		<i>(Restated)</i>
Hong Kong	15	8
Malaysia	14	16
Singapore	4,321	3,908
The PRC	3,842	3,956
	8,192	7,888

4. REVENUE

	(Unaudited)	
	For the six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
		<i>(Re-presented)</i>
		<i>(Restated)</i>
<i>Revenue from contracts with customers within IFRS 15</i>		
– at a point in time		
Cyber security solutions	5,808	4,333
SaaS	1,138	1,706
	6,946	6,039

5. OTHER INCOME

	(Unaudited)	
	For the six months	
	ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
		<i>(Re-presented)</i>
		<i>(Restated)</i>
Interest income	10	40
Gain on disposal of subsidiaries <i>(Note 19)</i>	74	–
Government grants	70	–
Rent concession	–	52
	154	92

6. FINANCE COSTS

	(Unaudited)	
	For the six months	
	ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
		<i>(Re-presented)</i>
		<i>(Restated)</i>
Finance charges on lease liabilities	1	4

7. LOSS BEFORE INCOME TAX FROM CONTINUING OPERATIONS

This is stated after charging:

	(Unaudited)	
	For the six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
		<i>(Re-presented)</i>
		<i>(Restated)</i>
Amortisation of intangible assets	302	1,105
Depreciation of plant and equipment	11	85
Depreciation of right-of-use assets	18	231
Exchange loss, net	12	16
Impairment loss on trade receivables	55	239

8. INCOME TAX EXPENSES (CREDIT)

	(Unaudited)	
	For the six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
		<i>(Re-presented)</i>
		<i>(Restated)</i>
Current tax		
PRC enterprise income tax		
Current period	22	–
Malaysia corporate income tax (“Malaysia CIT”)		
Over provision in prior year	–	(22)
Singapore corporate income tax (“Singapore CIT”)		
Under provision in prior year	32	–
	54	(22)
Deferred tax	–	–
	54	(22)

8. INCOME TAX EXPENSES (CREDIT) (Continued)

The Group entities established in the Cayman Islands and the British Virgin Islands (the "BVI") are exempted from income tax. No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in or derived from Hong Kong during the six months ended 30 June 2024 and 2023.

Hong Kong profits tax is calculated at 16.5% (*Six months ended 30 June 2023: 16.5%*) of the estimated assessable profits arising in or derived from Hong Kong. The Group's subsidiaries established in the PRC are subject to enterprise income tax of the PRC at 25% (*Six months ended 30 June 2023: 25%*) of the estimated assessable profits for the six months ended 30 June 2024 based on the existing legislation, interpretations and practices in respect thereof.

Malaysia CIT is calculated at 24% of the estimated assessable profits for the six months ended 30 June 2024 and 2023. Malaysia incorporated entities with paid-up capital of Malaysian Ringgit ("RM") 2.5 million or less enjoy tax rate of 15% on the first RM150,000, 17% from RM150,001 to RM600,000 and remaining balance of the estimated assessable profits at tax rate of 24% for the six months ended 30 June 2024 and 2023.

Singapore CIT is calculated at 17% of the estimated assessable profits with no CIT rebate for the six months ended 30 June 2023 and 2022. Singapore incorporated companies can also enjoy 75% tax exemption on the first Singapore Dollars ("SG\$") \$10,000 of normal chargeable income and a further 50% tax exemption on the next SG\$190,000 of normal chargeable income during the six months ended 30 June 2024 and 2023.

9. LOSS PER SHARE

The calculation of basic and diluted loss per share attributable to owners of the Company is based on the following information:

	(Unaudited)	
	For the six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
		<i>(Re-presented)</i>
		<i>(Restated)</i>
Loss for the period attributable to the owners of the Company, used in basic and diluted loss per share calculation:		
From continuing operations	(3,269)	(2,127)
From discontinued operation	(300)	(1,775)
Loss for the period attributable to the owners of the Company	(3,569)	(3,902)
	Number of shares ('000)	
Weighted average number of ordinary shares for basic and diluted loss per share calculation	887,760	739,800

9. LOSS PER SHARE (Continued)

Diluted loss per share was the same as the basic loss per share for the six months ended 30 June 2024 and 2023 as there were no dilutive potential ordinary shares.

10. DIVIDENDS

The Directors did not recommend a payment of an interim dividend for the six months ended 30 June 2024 (*Six months ended 30 June 2023: Nil*).

11. PLANT AND EQUIPMENT

During the six months ended 30 June 2024, the Group incurred approximately HK\$25,000 on additions to plant and equipment (*Six months ended 30 June 2023: approximately HK\$608,000*).

The Group did not dispose or write off plant and equipment during the six months ended 30 June 2024 and 2023.

12. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Right-of-use assets

	Office premises	
	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited) (Restated)
Reconciliation of carrying amount		
At the beginning of the reporting period	43	420
Addition	–	627
Depreciation	(18)	(442)
Exchange alignment	–	(9)
Reclassification to assets classified as held for sale (<i>Note 16</i>)	–	553
At the end of the reporting period	25	43
At the end of the reporting period		
Cost	1,024	1,024
Accumulated depreciation	(999)	(981)
Net carrying amount	25	43

12. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (Continued)

Lease liabilities

	30 June 2024	31 December 2023
	HK\$'000	HK\$'000
	(Unaudited)	(Audited) (Restated)
Current portion	25	37
Non-current portion	-	6
	25	43

The Group leases office premises for its operation and the lease terms of two years. The total cash outflow for lease was approximately HK\$19,000 for the six months ended 30 June 2024 (*Six months ended 30 June 2023: approximately HK\$257,000*).

At 30 June 2024, the weighted average effective interest rate for the lease liabilities of the Group was approximately 3.5% per annum (*31 December 2023: approximately 3.3% per annum*).

13. INTANGIBLE ASSETS

During the six months ended 30 June 2024, the Group incurred approximately HK\$806,000 on addition to intangible assets (*Six months ended 30 June 2023: Nil*). The Group did not dispose and write off intangible assets during the six months ended 30 June 2024 and 2023. All intangible assets are available for use at 30 June 2024 and 31 December 2023.

14. GOODWILL

	30 June 2024	31 December 2023
	HK\$'000	HK\$'000
	(Unaudited)	(Audited) (Restated)
Reconciliation of carrying amount		
At the beginning of the reporting period	2,770	5,451
Impairment loss	-	(2,770)
Exchange alignment	(75)	89
At the end of the reporting period	2,695	2,770
Cost	5,390	5,540
Accumulated impairment losses	(2,695)	(2,770)
	2,695	2,770

15. TRADE AND OTHER RECEIVABLES

	Notes	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited) (Restated)
Trade receivables from third parties		3,878	4,358
<i>Less: Loss allowance</i>	<i>(a)</i>	(1,827)	(1,771)
	<i>(a)</i>	2,051	2,587
Other receivables			
Prepayments		2,079	2,485
Deposits and other receivables	<i>(b)</i>	8,061	4,455
		10,140	6,940
		12,191	9,527

- (a) The Group normally grants credit terms up to 90 days, from the date of issuance of invoices, to its customers and specific progress billing arrangement with the last instalment paid up to 6 months after delivery may be agreed with individual customers as approved by the management on a case by case basis. The ageing analysis of trade receivables based on invoice date (net of allowance) at the end of each reporting period is as follows:

	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited) (Restated)
Within 30 days	1,778	1,510
31 to 60 days	195	74
61 to 90 days	47	299
91 to 180 days	23	558
181 to 365 days	8	146
	2,051	2,587

15. TRADE AND OTHER RECEIVABLES (Continued)

(a) (Continued)

At the end of each reporting period, the ageing analysis of the trade receivables (net of allowance) by due date is as follows:

	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited) (Restated)
Not yet due	858	629
Past due:		
Within 30 days	1,123	1,198
31 to 60 days	39	51
61 to 90 days	23	27
91 to 180 days	–	536
181 to 365 days	8	146
	1,193	1,958
	2,051	2,587

The Group's customer base consists of a wide range of customers and the trade receivables are categorised by common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The Group applies a simplified approach in calculating expected credit losses ("ECL") for trade receivables and recognises a loss allowance based on lifetime ECL at each reporting date and specifically estimated the ECL for each debtor by reference to its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. There was no change in the estimation techniques or significant assumptions made during the six months ended 30 June 2024. The information about the exposure to credit risk and ECL for trade receivables using a provision matrix at 30 June 2024 and 31 December 2023 are summarised below.

15. TRADE AND OTHER RECEIVABLES (Continued)

(a) (Continued)

At 30 June 2024 (Unaudited)

	Expected loss rate %	Gross carrying amount HK\$'000	Loss allowance HK\$'000	Net carrying amount HK\$'000	Credit- impaired
Not past due	–	858	–	858	No
1 – 365 days past due	–	1,193	–	1,193	No
Over 1 year past due	100%	1,827	(1,827)	–	No
		3,878	(1,827)	2,051	

At 31 December 2023 (Audited) (Restated)

	Expected loss rate %	Gross carrying amount HK\$'000	Loss allowance HK\$'000	Net carrying amount HK\$'000	Credit- impaired
Not past due	–	629	–	629	No
1 – 365 days past due	–	1,958	–	1,958	No
Over 1 year past due	100%	1,771	(1,771)	–	No
		4,358	(1,771)	2,587	

15. TRADE AND OTHER RECEIVABLES (Continued)

(a) (Continued)

At 30 June 2024, the Group recognised loss allowance of approximately HK\$1,827,000 (31 December 2023: approximately HK\$1,771,000) on the trade receivables. The movement in the loss allowance for trade receivables is summarised below.

	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited) (Restated)
At the beginning of the reporting period	1,771	1,021
Increase in allowance	55	750
Exchange alignment	1	–
At the end of the reporting period	1,827	1,771

The Group does not hold any collateral over the trade receivables at 30 June 2024 (31 December 2023: Nil).

(b) Other receivables include deposits and other receivables and receivable on disposal of a subsidiary. Impairment on other receivables is measured on 12-month ECL and reflects the short maturities of the exposures.

In estimating the ECL, the Group has taken into account the financial position of the counterparties by reference to, among others, its management or audited accounts and available press information, adjusted for forward-looking factors that are specific to the counterparties and general economic conditions of the industry in which the counterparties operate, in estimating the probability of default of the financial asset, as well as the loss upon default. There was no change in the estimation techniques or significant assumptions made during the six months ended 30 June 2024.

At 30 June 2024, the Group recognised loss allowance of approximately HK\$12,527,000 (31 December 2023: approximately HK\$12,527,000) on other receivables. There is no movement in the loss allowance for the other receivables for the six months ended 30 June 2024 and the year ended 31 December 2023.

16. DISCONTINUED OPERATION

On 21 December 2023, Nexion Global Investments Limited ("Nexion Global"), the wholly-owned subsidiary of the Company entered into a sale and purchase agreement (the "Agreement") with an independent third party (the "Purchaser"), pursuant to which the Group agreed to sell, and the Purchaser agreed to purchase the entire issued share capital of Netsis Technology (BVI) Limited ("Netsis BVI") and its subsidiary, Netsis Technology (S) Pte. Ltd. (collectively, the "Netsis Group"), at a cash consideration of US\$250,000 (equivalent to approximately HK\$1,950,000) (the "Disposal"). The Netsis Group would cease to be subsidiaries of the Group upon the completion of the Disposal. The Disposal was completed on 29 February 2024.

Accordingly, the segment of cyber infrastructure solutions was classified as discontinued operation (the "Discontinued Operation") during the six months ended 30 June 2024. The results of the Discontinued Operation have been presented separately in the consolidated income statement with comparative figures restated to reflect a consistent presentation.

The results of the Discontinued Operation for the six months ended 30 June 2024 and 2023 are analysed as follows:

	(Unaudited)	
	For the six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
		(Restated)
Revenue	94	2,978
Other income	(3)	69
Cost of inventories sold	(22)	(2,097)
Staff costs and related expenses	(90)	(392)
Sales and marketing expenses	(28)	(41)
Depreciation and amortisation	(46)	(1,178)
General and administrative expenses	(198)	(1,111)
Finance costs	(7)	(3)
Loss before income tax	(300)	(1,775)
Income tax expense	-	-
Loss for the period	(300)	(1,775)

16. DISCONTINUED OPERATION (Continued)

The cash flow information of the Discontinued Operation is as follows:

	(Unaudited)	
	For the six months	
	ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
		<i>(Restated)</i>
Net cash from (used in) operating activities	475	(518)
Net cash used in financing activities	(5)	(77)

In accordance with IFRS 5, the Group has reclassified the following assets and liabilities of the Netsis Group at 31 December 2023 as assets of and liabilities associated with the Netsis Group classified as held for sales, which are measured at lower of carrying amount and fair value less costs to sell, in the Group's consolidated statement of financial position. The analysis is as follows:

	31 December 2023 HK\$'000 (Audited) <i>(Restated)</i>
Assets	
Right-of-use assets	553
Inventories	1,149
Trade and other receivables	838
Bank balances and cash	622
Assets classified as held for sales	3,162
Liabilities	
Trade and other payables	433
Lease liabilities	553
Liabilities associated with assets classified as held for sale	986

17. TRADE AND OTHER PAYABLES

	<i>Notes</i>	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited) (Restated)
Trade payables to third parties	<i>(a)</i>	1,040	949
Other payables			
Accruals and other payables		5,885	5,110
Receipt in advance	<i>(b)</i>	273	110
Payable on acquisition of intangible assets	<i>(c)</i>	1,230	1,230
		7,388	6,450
		8,428	7,399

- (a) The trade payables are non-interest bearing and the Group is normally granted with a credit term up to 90 days. At the end of each reporting period, the ageing analysis of the trade payables based on invoice date is as follows:

	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited) (Restated)
Within 30 days	543	326
31 to 60 days	46	93
61 to 90 days	423	2
Over 90 days	28	528
	1,040	949

17. TRADE AND OTHER PAYABLES (Continued)

- (b) The movements (excluding those arising from increases and decreases both occurred within the same periods) of receipt in advance from contracts with customer within IFRS 15 during the six months ended 30 June 2024 and year ended 31 December 2023 are as follows:

	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited) (Restated)
At the beginning of the reporting period	110	2,196
Recognised as revenue	(5)	(2,087)
Receipt of advances or recognition of receivables	171	198
Reclassified as liabilities associated with assets classified as held for sales (<i>Note 16</i>)	-	(194)
Exchange alignment	(3)	(3)
At the end of reporting period	273	110

Included in the amount of transaction price allocated to the remaining performance obligations that are unsatisfied (or partially unsatisfied) at 30 June 2024 is approximately HK\$273,000 (*31 December 2023: approximately HK\$110,000*), which is expected to be recognised as revenue within one year.

- (c) During the year ended 31 December 2020, the Group has acquired several software copyrights with a total consideration of HK\$13,175,000 which recognised as "Intangible assets". Up to 30 June 2024, consideration of HK\$1,230,000 (*31 December 2023: HK\$1,230,000*) is remained unsettled and repayable in demand (*31 December 2023: repayable on demand*).

18. SHARE CAPITAL

	Number of shares	HK\$'000
Ordinary share of HK\$0.01 each		
Authorised:		
At 1 January 2023, 31 December 2023 and 30 June 2024	6,000,000,000	60,000
Issued and fully paid:		
At 1 January 2024	739,800,000	7,398
Issue of shares upon completion of placing (<i>Note</i>)	147,960,000	1,480
At 31 December 2023 and 30 June 2024	887,760,000	8,878

Note: On 25 September 2023, the Company entered into the placing agreement with the placing agent, pursuant to which the Company has conditionally agreed to place, through the placing agent, on a best efforts basis, a maximum number of 147,960,000 placing shares at a placing price of HK\$0.024 per placing share to not less than six placees who and whose beneficial owners shall be independent third parties (the "Placing"). The Placing was completed on 13 October 2023, and net proceeds of approximately HK\$3,434,000 after deducting direct cost of approximately HK\$117,000 were credited to the "Share capital" and the "Share premium" of approximately HK\$1,480,000 and approximately HK\$1,954,000 respectively.

19. DISPOSAL OF SUBSIDIARIES

On 29 February 2024, the Group disposed of the entire equity interests in Netsis Group to the Purchaser at a consideration of US\$250,000 (equivalent to approximately HK\$1,950,000). The details of the disposal are as follows:

	Netsis Group <i>HK\$'000</i>
Net assets disposed of	
Right-of-use assets	506
Inventories	1,149
Trade and other receivables	710
Bank balances and cash	1,092
Trade and other payables	(1,075)
Lease liabilities	(506)
	1,876
Gain on disposal of subsidiaries	74
	1,950
Consideration	1,950

Analysis of net inflow of cash and cash equivalents in respect of disposal of subsidiaries during the six months ended 30 June 2024 is as follows:

	<i>HK\$'000</i>
Cash consideration	1,950
Cash and cash equivalents disposed of	(1,092)
Net inflow of cash and cash equivalents	858

MANAGEMENT DISCUSSION AND ANALYSIS BUSINESS REVIEW AND OUTLOOK

The Group is principally engaged in provision of cyber infrastructure solutions services (discontinued) and cyber security solutions services, which main markets are in Malaysia and Singapore; and the SaaS business in the PRC. The Group has expanded its presence and capabilities by working collaboratively with various technology vendors. Through these partnerships, the Group has acquired extensive experience and expertise, allowing it to not only offer established solutions but also to innovate and develop its own suite of cyber security solutions services.

In view of the considerable market opportunities of cyber security in Southeast Asia as Southeast Asia has leaped forward to a cyber-ready future, and the unstable demand on the cyber infrastructure solutions services business, the Group has reallocated internal resources and adjusted business strategy to develop our cyber security solutions services business as well as exploring markets into the enterprise digital transformation area and smart technology industry. On 21 December 2023, Nexion Global as the vendor, entered into the Agreement with the Purchaser, pursuant to which Nexion Global agreed to sell the entire issued share capital of Netsis BVI, together with Netsis Technology (S) Pte. Ltd, the sole subsidiary of Netsis BVI. Meanwhile, the Group discontinued the cyber infrastructure solutions services in another subsidiary of the Group during the year ended 31 December 2023. Upon completion of the Disposal on 29 February 2024, the Group has no longer engaged in the cyber infrastructure solutions services business. Details of the Disposal are set out in Note 19 to the Interim Consolidated Financial Statements and announcements of the Company dated 21 December 2023, 29 December 2023, 12 January 2024, 31 January 2024 and 29 February 2024.

CYBER SECURITY SOLUTIONS SEGMENT

For the six months ended 30 June 2024, the reportable segment results (adjusted earnings before interest, taxes, depreciation and amortisation (“Adjusted EBITDA”)) in the cyber security solutions segment were a loss of approximately HK\$74,000 (*Six months ended 30 June 2023: profit of approximately HK\$875,000*), the decrease in segment results was mainly attributable to the completion of projects with lower gross profit margin and employment of IT professionals with relatively higher remuneration package during the six months ended 30 June 2024.

The Group is a dynamic force at the forefront of technological innovation, dedicated to delivering cutting-edge cyber security solutions that empower businesses to thrive securely in the digital era. With the target to become one of the leading players in the local field of digital collaboration and workflow digitalisation platforms, the Group has continued to effect digital transformation and scalability for clients in Singapore through WerkDone Pte. Ltd. (“WerkDone”) and targets to expand its offices across the Asia-Pacific region. During the year ended 31 December 2023, WerkDone has developed its visitor management system (“VMS”) to comprehensive senior care management system (“SCMS”) and smart healthcare system, which provide a consolidated platform for managing the residents or participants of eldercare facilities ranging from senior activity centres to nursing homes. Furthermore, the SCMS is designed to assist senior care professionals in the management of eldercare centres. The Group expects that the clients base and market shares of the enterprise digital transformation area and smart technology industry, which are under the cyber security solutions segment, will be expanded upon the development of SCMS. Currently, the Group’s VMS product has since been deployed in leading hospitals and nursing homes in Singapore. The first SCMS project is expected to go live by the third quarter of 2024 and will continue to add new revenue stream over coming years.

In addition, to boost the successful rate of projects security and tendering, as well as boosting the Group’s awareness and lead generations, the Group has implemented strategic action plans below including but not limited to build up a team of capable IT professionals with the right skill sets which is core IT skill sets for the cyber security industry, participate in industry trade shows/events and continue its branding/marketing efforts to yield positive results to the Group.

SAAS SEGMENT

For the six months ended 30 June 2024, the reportable segment result (Adjusted EBITDA) in the SaaS segment was a loss of approximately HK\$593,000 (*Six months ended 30 June 2023: profit of approximately HK\$364,000*). The decrease in segment results was mainly due to decrease in service fee charged to adapt the increase in market competition and increase sales commission for introduction of new customers/projects to the Group.

In view of the continuously increasing in competition of the SaaS market, the Group is still in the process of reviewing the marketing strategy of the SaaS business and will prudently increase its investment in the SaaS business only when opportunities arise and the Group has a well-defined marketing strategy in place.

FINANCIAL REVIEW

REVENUE

The major revenue streams of the Group were derived from the provision of the cyber security solutions services business and the SaaS business. For the six months 30 June 2024, the Group recorded a total revenue of approximately HK\$6,946,000 (*Six months ended 30 June 2023: approximately HK\$6,039,000*), of which was generated from the cyber security solutions services business of approximately HK\$5,808,000 (*Six months ended 30 June 2023: approximately HK\$4,333,000*) and the SaaS business of approximately HK\$1,138,000 (*Six months ended 30 June 2023: approximately HK\$1,706,000*).

The increase in revenue from the cyber security solutions services business was mainly rewarded from increase in successful rate of projects secured and widen customer portfolio. The decrease in revenue from the SaaS business was mainly due to (i) decrease in sales activities, which enterprises decrease in cooperation with freelancers, which lead to the decrease in amount of VAT invoice to be issued and the service fee charged from enterprises; and (ii) decrease in service fee charged to adapt the increase in market competition.

COST OF INVENTORIES SOLD

The Group's cost of inventories sold was increased from approximately HK\$1,064,000 for the six months ended 30 June 2023 to approximately HK\$3,547,000 for the six months ended 30 June 2024. The increase was mainly due to the increase in the number of purchases of hardware components and in line with the increase in revenue in the cyber security solutions services business.

SUBCONTRACTING FEE

For the six months ended 30 June 2024, the Group recorded subcontracting fee of approximately HK\$451,000 (*Six months ended 30 June 2023: approximately HK\$590,000*) for technology vendors and individual service providers to provide subcontracting services in the cyber security solutions services business.

STAFF COSTS AND RELATED EXPENSES

For the six months ended 30 June 2024, the Group recorded staff costs and related expenses of approximately HK\$3,398,000 (*Six months ended 30 June 2023: approximately HK\$2,730,000*). The increase was mainly due to newly employment of IT professionals with relatively higher remuneration package.

SALES AND MARKETING EXPENSES

For the six months ended 30 June 2024, the Group recorded sales and marketing expenses of approximately HK\$845,000 (*Six months ended 30 June 2023: approximately HK\$86,000*) for sales commission and marketing expenses. The increase was mainly due to increase in sales commission for introduction of new customers/projects to the Group.

GENERAL AND ADMINISTRATIVE EXPENSES

The amount of general and administrative expenses decreased from approximately HK\$2,195,000 for the six months ended 30 June 2023 to approximately HK\$1,958,000 for the six months ended 30 June 2024. The decrease was due to cost control during the six months ended 30 June 2024.

LOSS FOR THE PERIOD

The Group recorded an increase in loss for the year from approximately HK\$3,712,000 for the six months ended 30 June 2023 to approximately HK\$3,785,000 for the six months ended 30 June 2024. The increase in loss was mainly due to aggregate effect of decrease in reportable segment results (Adjusted EBITDA) in the cyber security solutions segment and the SaaS segment as analysed above and (ii) decrease in loss from discontinued operation of cyber infrastructure solutions business from loss of approximately HK\$1,775,000 for the six months ended 30 June 2023 to loss of approximately HK\$300,000 for the six months ended 30 June 2024.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2024, the Group had current assets of approximately HK\$28,308,000 (*31 December 2023: approximately HK\$32,926,000*) including bank balances and cash of approximately HK\$13,539,000 (*31 December 2023: approximately HK\$17,597,000*) which are principally denominated in HK\$, RM, Renminbi and SG\$, and the Group did not have any bank borrowings and debts. Total assets were approximately HK\$36,500,000 (*31 December 2023: approximately HK\$40,814,000*) and total liabilities were approximately HK\$8,453,000 (*31 December 2023: approximately HK\$8,428,000*). The gearing ratio is not available, since the Group had no bank borrowings and no debts as at 30 June 2024 and 31 December 2023.

SHARE CAPITAL

As at 30 June 2024 and 31 December 2023, the authorised share capital of the Company was HK\$60,000,000 divided into 6,000,000,000 shares of HK\$0.01 each.

As at 30 June 2024 and 31 December 2023, the issued share capital of the Company was approximately HK\$8,878,000 divided into 887,760,000 ordinary shares of HK\$0.01 each.

TREASURY POLICY

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

FOREIGN EXCHANGE EXPOSURE

The exposure of the Group's transactional currency to foreign currency risk was minimal as most of the financial assets and liabilities held by group entities of the Group are denominated in the respective functional currency of the respective group entities.

The Group currently has no foreign currency hedging policy and the management monitors the foreign exchange exposure by closely monitoring the movement of foreign currency rates. Nevertheless, the Group will consider hedging significant foreign currency exposure by using derivative contracts should the need arise.

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 30 June 2024 and 31 December 2023.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS AND DISPOSALS

Save as disclosed in Note 19 to the Interim Consolidated Financial Statements, the Group did not have significant investment, material acquisitions and disposal during the six months ended 30 June 2024 and 2023.

CHARGE ON THE GROUP'S ASSETS

There was no charge on the Group's assets as at 30 June 2024 and 31 December 2023.

DIVIDEND

The Directors did not recommend a payment of an interim dividend for the six months ended 30 June 2024 (*Six months ended 30 June 2023: Nil*).

EMPLOYEES INFORMATION

As at 30 June 2024, the Group had a total number of 19 employees (*30 June 2023: 22 employees*) (including executive Director). During the six months ended 30 June 2024, the total staff costs amount to approximately HK\$3,398,000 (*Six months ended 30 June 2023: approximately HK\$2,730,000*), representing an increase of approximately HK\$668,000 over the prior period.

The salaries and benefits of the Group's employees were kept at a market level and employees were rewarded on a performance-related basis within the general framework of the Group's salary and bonus system, which is reviewed annually.

A remuneration committee is set up for reviewing the Group's emolument policy and structure of all remuneration of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance and comparable market practices. Besides, the Company maintains a share option scheme to attract and retain individuals with experience and ability and/or to reward them for their past contributions. Please refer to the paragraphs headed "Share Option Scheme" in this report for details of such scheme.

The Group recognises the importance of good relationship with employees. The Directors believe that the working environment and benefits offered to the employees have contributed to building good staff relations and retention. The Group continues to provide training for new staff and existing staff to enhance their technical knowledge, which are believed to increase the productivity and efficiency.

USE OF PROCEEDS FROM THE PLACING

On 13 October 2023, the Company issued 147,960,000 Shares by way of placing, at a placing price of HK\$0.024 per new share of the Company. The net proceeds from the Placing after deducting related expenses were approximately HK\$3,434,000. Up to 30 June 2024, the net proceeds from the Placing had been applied as follows:

	Use of net proceeds	Actual use of net proceeds from the Completion Date and up to 30 June 2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
General working capital of the Group	3,434	1,420

For the unutilised net proceeds from the Placing up to 30 June 2024 amounting to approximately HK\$2,014,000, the Company intends to use them as general working capital of the Group and the Company is expected to make use of the unutilised amount by 30 June 2025.

As at the date of this interim report, the unutilised net proceeds from the Placing were placed in an authorised licensed bank in Hong Kong.

EVENT AFTER THE REPORTING PERIOD

There was no significant event of the Group after the reporting period and up to the date of this report.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 30 June 2024, none of the other Directors nor chief executives of the Company have registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations which were 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 which they were 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) pursuant to Rule 5.46 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

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

As at 30 June 2024, so far as known to any director, the following persons (other than the directors and chief executive of the Company) had interest or short positions in the shares and underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept under Section 336 of the SFO:

LONG POSITION IN SHARES OR UNDERLYING SHARES OF THE COMPANY

Name of Shareholders	Capacity/Nature	Number of Shares held/ interested in <i>(Note 1 and 2)</i>	Percentage of issued share capital
Alpha Sense Investments Limited ("Alpha Sense (BVI)") <i>(Note 3)</i>	Beneficial owner	154,838,000 (L) 154,838,000 (S)	17.44%
Foo Moo Feng ("Mr. Foo") <i>(Note 3)</i>	Interested in a controlled corporation	154,838,000 (L) 154,838,000 (S)	17.44%
XOX (Hong Kong) Limited ("XOX Hong Kong") <i>(Note 4)</i>	Beneficial owner	117,848,500 (L)	13.27%
XOX Bhd <i>(Note 4)</i>	Interested in a controlled corporation	117,848,500 (L)	13.27%

Notes:

1. The Letter "L" demonstrates long position.
2. The Letter "S" demonstrates short position.
3. Alpha Sense (BVI) is an investment holding company incorporated in the British Virgin Islands and is wholly-owned by Mr. Foo. Mr. Foo has resigned as the chairman of the Board, executive Director and chief executive officer of the Company with effect from 31 May 2022. By virtue of the SFO, Mr. Foo is deemed to be interested in the 154,838,000 Shares held by Alpha Sense (BVI).

4. XOX Hong Kong is an investment holding company incorporated in Hong Kong and is wholly-owned by XOX Bhd. XOX Bhd is a company incorporated in Malaysia, the shares of which are listed on Bursa Malaysia (stock code: 0165). By virtue of the SFO, XOX Bhd is deemed to be interested in the 117,848,500 Shares held by XOX Hong Kong.

Save as disclosed above, as at 30 June 2024, the Directors were not aware of any other persons (other than the Directors and chief executives of the Company) who had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept under Section 336 of the SFO.

CORPORATE GOVERNANCE CODE

The Corporate Governance Code (the "Code") in Appendix C1 to the GEM Listing Rules sets out the principles of good corporate governance, code provisions and recommended best practices. Issuers are expected to comply with the code provisions or devise their own code on corporate governance on the terms they consider appropriate provided that considered reasons are given.

For the six months ended 30 June 2024, the Company had complied with the applicable code provisions of the Code with the exception of the deviation from code provision C.2.1 as explained below:

Code provision C.2.1 of the Code requires that the roles of chairman and chief executive officer should be separate and not performed by the same individual. Given that Mr. Ong Gim Hai ("Mr. Ong") has in-depth knowledge and experience in the information technology and computer industry and familiarity with the operations of the Group, that all major decisions are made in consultation with members of the Board and relevant Board committees, and that there are three independent non-executive Directors in the Board offering independent perspectives, the Board is therefore of the view that there are adequate safeguards in place to ensure sufficient balance of powers and authorities between the Board and the management of the Company and that it is in the best interest of the Group to have Mr. Ong taking up both roles. Accordingly, the Company has not segregated the roles of its chairman and chief executive officer as required under code provision C.2.1 of the Code.

Save for the deviation from code provision C.2.1 of the Code, the Company's corporate governance practices had complied with the Code as set out in Appendix C1 to the GEM Listing Rules for the six months ended 30 June 2024.

INTERESTS IN COMPETING BUSINESS

During the six months ended 30 June 2024 and up to the date of this report, none of the Directors, substantial shareholders of the Company and their respective close associates (as defined in GEM Listing Rules) had any interest in any business that directly or indirectly competed or might compete with the business of the Group.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2024.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for securities transactions by the Directors in respect of the Shares (the "Code of Conduct"). The Company also made specific enquiry with all Directors, and the Company was not aware of any non-compliance with the required standard as set out in the Code of Conduct during the six months ended 30 June 2024.

SHARE OPTION SCHEME

The share option scheme of the Company (the "Scheme") has been adopted by way of shareholders' written resolution passed on 31 May 2017. The terms of the Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules.

During the six months ended 30 June 2024 and 2023, no share option had been granted, cancelled, exercised or lapsed pursuant to the Scheme. There was no share option outstanding as at 30 June 2024.

AUDIT COMMITTEE

The Company has established an audit committee of the Company (the "Audit Committee") with written terms of reference in compliance with Rules 5.28 to 5.29 of the GEM Listing Rules and the Corporate Governance Code in Appendix C1 to the GEM Listing Rules for the purpose of reviewing and supervising the Company's financial reporting and internal control procedures. As at 30 June 2024, the Audit Committee comprised three independent non-executive Directors, namely Ms. Lim Joo Seng, Mr. Tang Chak Lam Gilbert and Mr. Yeung Chun Yue David. Ms. Lim Joo Seng is the chairman of the Audit Committee.

The Interim Consolidated Financial Statements have been reviewed by the Audit Committee, which were of the opinion that such statements have complied with the applicable accounting standards and that adequate disclosures have been made.

By order of the Board
Nexion Technologies Limited
Ong Gim Hai
Chairman and Executive Director

Hong Kong, 16 August 2024

As at the date of this report, the Board comprises one executive Director, namely Mr. Ong Gim Hai; one non-executive Director, namely Mr. Roy Ho Yew Kee and three independent non-executive Directors, namely Ms. Lim Joo Seng, Mr. Tang Chak Lam Gilbert and Mr. Yeung Chun Yue David.

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.