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i-CONTROL HOLDINGS LIMITED

超智能控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1402)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

The board (the “**Board**”) of directors (the “**Directors**”) of i-Control Holdings Limited (the “**Company**”) is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 September 2024, together with the comparative unaudited figures for the corresponding period in 2023 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2024

		Six months ended	
		30 September	
	<i>Notes</i>	2024	2023
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited and restated)
Continuing operations			
Revenue	3	63,144	69,802
Cost of sales		(41,798)	(46,992)
Staff cost		(17,422)	(16,876)
Depreciation		(1,587)	(1,559)
Other income and net gain (loss)	3	291	(827)
Impairment loss on loan to an investee		(6,933)	–
Other operating expenses		(5,519)	(3,652)
Finance costs	5	(396)	(487)
Loss before taxation from continuing operations		(10,220)	(591)
Income tax expenses	6	(243)	(405)
Loss for the period from continuing operations		(10,463)	(996)
Discontinued operation			
Loss for the period from discontinued operation, net of taxation	9	(3,288)	(2,027)
Loss on disposal of subsidiaries	18	(3,332)	–
		(6,620)	(2,027)
Loss for the period		(17,083)	(3,023)

	Note	Six months ended	
		2024	2023
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited and restated)
Other comprehensive expenses for the period attributable to owners of the Company:			
– from continuing operations		(6,478)	(268)
– from discontinued operation		901	(427)
		<u>(5,577)</u>	<u>(695)</u>
Other comprehensive expenses for the period attributable to non-controlling interest:			
– from continuing operations		2	–
– from discontinued operation		(11)	(79)
		<u>(9)</u>	<u>(79)</u>
		<u>(5,586)</u>	<u>(774)</u>
Total comprehensive expenses for the period attributable to owners of the Company:			
– from continuing operations		(16,940)	(1,264)
– from discontinued operation		(5,225)	(2,150)
		<u>(22,165)</u>	<u>(3,414)</u>
Total comprehensive expenses for the period attributable to non-controlling interest:			
– from continuing operations		1	–
– from discontinued operation		(505)	(383)
		<u>(504)</u>	<u>(383)</u>
		<u>(22,669)</u>	<u>(3,797)</u>
Loss per share			
From continuing and discontinued operations	8		
Basic and diluted (<i>in Hong Kong cents</i>)		<u>(1.58)</u>	<u>(0.26)</u>
From continuing operations			
Basic and diluted (<i>in Hong Kong cents</i>)		<u>(1.00)</u>	<u>(0.09)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2024

	<i>Notes</i>	30 September 2024 HK\$'000 (Unaudited)	31 March 2024 HK\$'000 (Audited)
Non-current assets			
Property and equipment	<i>10</i>	76,114	78,916
Intangible assets	<i>10</i>	–	6,562
Financial assets at FVTOCI		–	6,634
Deferred tax assets		802	955
		<hr/> 76,916	<hr/> 93,067
Current assets			
Inventories		6,310	9,960
Trade receivables and contract assets	<i>11</i>	27,333	39,496
Prepayments, deposits and other receivables		4,762	4,099
Loan to an investee		–	6,801
Tax recoverable		1,359	905
Bank balances and cash		41,427	35,819
		<hr/> 81,191	<hr/> 97,080
Current liabilities			
Trade payables	<i>12</i>	12,160	12,237
Other payables and accruals		12,906	19,352
Amount due to a related company		–	540
Lease liabilities	<i>13</i>	–	602
Bank borrowings	<i>14</i>	12,287	14,335
		<hr/> 37,353	<hr/> 47,066
Net current assets		<hr/> 43,838	<hr/> 50,014
Total assets less current liabilities		<hr/> 120,754	<hr/> 143,081

	<i>Notes</i>	30 September 2024 HK\$'000 (Unaudited)	31 March 2024 HK\$'000 (Audited)
Non-current liabilities			
Deferred tax liabilities		1,673	1,616
Lease liabilities	<i>13</i>	<u>–</u>	<u>691</u>
		<u>1,673</u>	<u>2,307</u>
Net assets		<u>119,081</u>	<u>140,774</u>
Capital and reserves			
Share capital	<i>16</i>	10,505	10,505
Reserves		<u>108,576</u>	<u>130,729</u>
Total equity attributable to equity shareholders of the Company		119,081	141,234
Non-controlling interests		<u>–</u>	<u>(460)</u>
Total equity		<u>119,081</u>	<u>140,774</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2024

	Attributable to the owners of the Company											
	Share capital	Shares held under share award scheme	Share premium	Merger reserve	Employee share-based compensation reserve	Translation reserve	Statutory surplus reserve	Investment revaluation reserve	Retained profits	Total	Non-controlling interests	Total Equity
	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>
At 1 April 2023 (audited)	10,505	(43)	42,528	10,817	678	(536)	208	5,124	110,162	179,443	1,052	180,495
Loss for the period	-	-	-	-	-	-	-	-	(2,719)	(2,719)	(304)	(3,023)
Other comprehensive expenses for the period:												
Exchange differences arising on translating foreign operations	-	-	-	-	-	(695)	-	-	-	(695)	(79)	(774)
Total comprehensive expenses for the period	-	-	-	-	-	(695)	-	-	(2,719)	(3,414)	(383)	(3,797)
Equity-settled share-based payment transactions (note 15)	-	20	-	-	61	-	-	-	-	81	-	81
2023 final dividend and special dividend paid (note 7)	-	-	(17,859)	-	-	-	-	-	-	(17,859)	-	(17,859)
At 30 September 2023 (unaudited)	<u>10,505</u>	<u>(23)</u>	<u>24,669</u>	<u>10,817</u>	<u>739</u>	<u>(1,231)</u>	<u>208</u>	<u>5,124</u>	<u>107,443</u>	<u>158,251</u>	<u>669</u>	<u>158,920</u>
At 1 April 2024 (audited)	10,505	(3)	24,669	10,817	799	(1,089)	208	(1,952)	97,280	141,234	(460)	140,774
Loss for the period	-	-	-	-	-	-	-	-	(16,588)	(16,588)	(495)	(17,083)
Other comprehensive expenses for the period:												
Net change in fair value of financial assets at FVTOCI	-	-	-	-	-	-	-	(6,634)	-	(6,634)	-	(6,634)
Exchange differences arising on translating foreign operations	-	-	-	-	-	91	-	-	-	91	(9)	82
Reclassification adjustments relating to foreign operations disposed during the period	-	-	-	-	-	966	-	-	-	966	-	966
Total comprehensive expenses for the period	-	-	-	-	-	1,057	-	(6,634)	(16,588)	(22,165)	(504)	(22,669)
Equity-settled share-based payment transactions (note 15)	-	3	-	-	9	-	-	-	-	12	-	12
Deregistration of a subsidiary	-	-	-	-	-	3	-	-	(3)	-	36	36
Disposal of subsidiaries (note 18)	-	-	-	-	-	-	(208)	8,586	(8,378)	-	928	928
At 30 September 2024 (unaudited)	<u>10,505</u>	<u>-</u>	<u>24,669</u>	<u>10,817</u>	<u>808</u>	<u>(29)</u>	<u>-</u>	<u>-</u>	<u>72,311</u>	<u>119,081</u>	<u>-</u>	<u>119,081</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2024

	Six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash generated from operating activities	8,324	3,114
Investing activities		
Acquisition of property and equipment	(125)	(364)
Bank interest received	89	20
Disposal of subsidiaries	58	–
Net cash from (used in) investing activities	22	(344)
Financing activities		
Dividend paid	–	(17,859)
Repayment of bank borrowings	(2,048)	(2,048)
Interest paid	(396)	(487)
Capital element of repayment of lease liabilities	(236)	(232)
Interest element of repayment of lease liabilities	(10)	(20)
Net cash used in financing activities	(2,690)	(20,646)
Net increase (decrease) in cash and cash equivalents	5,656	(17,876)
Cash and cash equivalents at the beginning of the period	35,819	49,437
Effect of foreign exchange rate changes	(48)	(403)
Cash and cash equivalents at the end of the period, represented by bank balances and cash	41,427	31,158

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2024

1. CORPORATE INFORMATION AND BASIS OF PREPARATION OF FINANCIAL INFORMATION

The Company was incorporated in the Cayman Islands on 21 August 2014 as an exempted company with limited liability under the Companies Act of the Cayman Islands. The registered office of the Company is Ocorian Trust (Cayman) Limited, Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands and its headquarters and principal place of business in Hong Kong is Units A&B, 12/F, MG Tower, 133 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong. The Company's shares ("**Shares**") are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). On 2 July 2024, the immediate holding company has been changed from Phoenix Time Holdings Limited, which is incorporated in the British Virgin Islands, to Luxurious Bay Capital Limited, which is incorporated in the British Virgin Islands and the ultimate holding companies changed from Phoenix Time Holdings Limited to Knight Sky Holdings Limited and Newmark Group Limited, both are incorporated in the British Virgin Islands. Its ultimate controlling parties are Mr. Cheng Kai Ming Charles, Dr. Wong King Keung, Mr. Chan Wing Yiu, Mr. Tong Sai Wong and Mr. Chan Wing Lun.

The Company is engaged in investment holding while its principal subsidiaries are principally engaged in provision of video conferencing and multimedia audiovisual ("**VCMA**") solution and maintenance services. An operating segment regarding the provision of cloud-based Information Technology and Operational Technology ("**IT+OT**") managed services was discontinued during the six months ended 30 September 2024, details of which are further described in note 9.

The condensed consolidated financial statements are presented in Hong Kong dollars ("**HK\$**"), which is the Company's functional and presentation currency. Other than the subsidiaries established in the People's Republic of China (the "**PRC**") and Singapore whose functional currency is Renminbi and Singapore dollar respectively, the functional currency of the Company and other subsidiaries is HK\$.

2. MATERIAL ACCOUNTING POLICY INFORMATION

The condensed consolidated financial statements have been prepared on the historical cost basis, except for financial instruments that are measured at fair values at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the annual consolidated financial statements of the Group for the year ended 31 March 2024, except as described below.

Application of new and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”)

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants which are effective for the Group’s financial year beginning 1 April 2024:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and the related amendments to Hong Kong Interpretation 5 (2020) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

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

3. REVENUE AND OTHER INCOME AND NET GAIN (LOSS)

Revenue represents the amounts received and receivable for services rendered in the normal course of business, net of discounts and sales related taxes. Analysis of the Group’s revenue and other income and net gain (loss) is as follows:

	Six months ended 30 September	
	2024	2023
	<i>HK\$’000</i>	<i>HK\$’000</i>
	(Unaudited)	(Unaudited and restated)
Continuing operations:		
Revenue from contract customers within the scope of HKFRS 15		
Disaggregated by major products:		
– VCMA solution services	54,102	61,059
– VCMA maintenance services	9,042	8,743
	<u>63,144</u>	<u>69,802</u>

Disaggregation of revenue by timing of recognition

	Six months ended 30 September	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited and restated)
Continuing operations:		
Timing of revenue recognition		
At a point in time	54,102	61,059
Over time	9,042	8,743
	<hr/>	<hr/>
Total revenue from contracts with customers	63,144	69,802

	Six months ended 30 September	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited and restated)
Continuing operations:		
Other income and net gain (loss)		
Bank interest income	89	17
Net exchange gain (loss)	277	(844)
Others	(75)	–
	<hr/>	<hr/>
	291	(827)

4. SEGMENT INFORMATION

During the six months ended 30 September 2024, an operating segment regarding the provision of cloud-based IT+OT managed services was classified as discontinued operation, which are described in more details in note 9. Since then, the Directors consider that there is only one operating and reportable business segment for the Group, being the provision of video conferencing and multimedia audiovisual solutions, and maintenance services. This operating segment is reported in a manner consistent with the information reported to the Board of Directors, being the chief operating decision maker, for the purposes of resources allocation and performance assessment.

Geographical information

The Group's operations are located in Hong Kong (place of domicile), the PRC and Singapore. The Group's customers are mainly located in Hong Kong, the PRC and Macau.

An analysis of the Group's revenue from external customers under continuing operations is presented based on the location of customers as below:

	Six months ended 30 September	
	2024 <i>HK\$'000</i> (Unaudited)	2023 <i>HK\$'000</i> (Unaudited and restated)
Hong Kong (place of domicile)	62,497	67,027
The PRC (other than Hong Kong and Macau)	53	1,052
Macau	299	1,633
Singapore	295	90
	<u>63,144</u>	<u>69,802</u>

The Group's information about its non-current assets, other than those related to discontinued operation, is presented based on location of the assets as below:

	30 September 2024 <i>HK\$'000</i> (Unaudited)	31 March 2024 <i>HK\$'000</i> (Restated)
	Hong Kong (place of domicile)	<u>76,114</u>

Note: Non-current assets excluded deferred tax assets and financial assets at FVTOCI.

5. FINANCE COSTS

	Six months ended 30 September	
	2024 <i>HK\$'000</i> (Unaudited)	2023 <i>HK\$'000</i> (Unaudited and restated)
Continuing operations:		
Interest expenses on bank borrowings	<u>396</u>	<u>487</u>

6. INCOME TAX EXPENSES

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited and restated)
Continuing operations:		
Current tax:		
– Hong Kong Profits Tax	33	320
Deferred taxation	210	85
	<hr/>	<hr/>
Total income tax expenses for the period	243	405
	<hr/> <hr/>	<hr/> <hr/>

Under the two-tiered profits tax rates regime in Hong Kong, the first HK\$2 million of profits of qualifying corporation will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. For the six months ended 30 September 2024 and 2023, Hong Kong Profits Tax of the qualified entity of the Group is calculated in accordance with the two-tiered profits tax rates regime. The profits of other Group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime continue to be taxed at the flat rate of 16.5%.

Under the Law of the PRC on Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulation of the EIT Law, PRC Enterprise Income Tax is calculated at 25% (2023: 25%) of the estimated assessable profits for the six months ended 30 September 2024 and 2023.

The Singapore subsidiary is in loss-making position for the six months ended 30 September 2024 and 2023 and accordingly does not have any provision for Singapore Corporate Tax at 17%.

Pursuant to the rules and regulations of the Cayman Islands, the Group is not subject to any income tax in the Cayman Islands.

7. DIVIDEND

No dividend was paid, declared or proposed during the six months ended 30 September 2024 (2023: nil).

No dividend has been proposed for the year ended 31 March 2024. The payment of a final dividend of HK0.50 cents and a special dividend of HK1.20 cents per share amounted to approximately HK\$17,859,000 in total for the year ended 31 March 2023 was resolved and declared at the annual general meeting of the Company held on 8 August 2023.

Following the completion of the Disposal, the Group discontinued all its operation in the provision of cloud-based IT+OT managed services. The loss for the period from the discontinued operation and the results of the discontinued operation for the six months ended 30 September 2024, which had been included in the condensed consolidated statement of profit or loss and other comprehensive income, were as follows:

	Six months ended 30 September	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss for the period from discontinued operation	<u>(3,288)</u>	<u>(2,027)</u>
	Six months ended 30 September	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited and restated)
Revenue	236	5,882
Cost of sales	(127)	(3,626)
Staff cost	(2,531)	(2,797)
Depreciation and amortisation	(789)	(902)
Other income	76	3
Other operating expenses	(143)	(567)
Finance costs	(10)	(20)
Loss before taxation	(3,288)	(2,027)
Income tax expense	–	–
Loss for the period from discontinued operation	<u>(3,288)</u>	<u>(2,027)</u>

Loss for the period from discontinued operation include the following:

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited and restated)
Depreciation and amortisation		
Depreciation of equipment	294	302
Amortisation of intangible assets	495	600
	<u>789</u>	<u>902</u>
Other income		
Bank interest income	–	3
Sundry income	76	–
	<u>76</u>	<u>3</u>
Finance costs		
Interest expense on lease liabilities	10	20

During the six months ended 30 September 2024, the cloud-based IT+OT managed services business generated approximately HK\$310,000 (2023: used approximately HK\$2,947,000) of the Group's operating cash flows, incurred nil (2023: approximately HK\$98,000) in respect of investing activities and incurred approximately HK\$246,000 (2023: HK\$252,000) in respect of financing activities.

10. MOVEMENTS IN PROPERTY AND EQUIPMENT AND INTANGIBLE ASSETS

During the six months ended 30 September 2024, the Group's continuing operation acquired approximately HK\$125,000 (2023: HK\$263,000) of property and equipment and approximately HK\$1,587,000 (2023: HK\$1,559,000) of depreciation was recognised in the condensed consolidated statement of profit or loss and other comprehensive income.

During the six months ended 30 September 2024 and 2023, there was no addition of right-of-use asset and intangible asset from continuing operations.

11. TRADE RECEIVABLES AND CONTRACT ASSETS

	30 September 2024 HK\$'000 (Unaudited)	31 March 2024 HK\$'000 (Audited)
Trade receivables	25,856	39,648
Less: impairment allowance	(698)	(698)
	25,158	38,950
Contract assets	2,193	564
Less: impairment allowance	(18)	(18)
	2,175	546
	27,333	39,496

The Group generally allows credit periods ranged from 30 days to 180 days to the customers. The following is an ageing analysis of trade receivables, presented based on date of acknowledgement of receipt of goods by customers, which approximated the respective revenue recognition dates, at the end of each reporting period.

Ageing analysis of net amount of trade receivables:

	30 September 2024 HK\$'000 (Unaudited)	31 March 2024 HK\$'000 (Audited)
0 to 30 days	7,474	8,722
31 to 60 days	3,248	5,598
61 to 120 days	4,545	3,098
121 to 365 days	6,797	10,935
Over 365 days	3,094	10,597
	25,158	38,950

The Group measures the loss allowance for trade receivables and contract assets at an amount equal to lifetime expected credit losses. The expected credit losses on trade receivables and contract assets are estimated using a provision matrix by reference to past default experience and creditworthiness of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The expected credit losses on contract assets are estimated based on past default experience on amounts not yet past due.

As at 30 September 2024, the net amount of trade receivables and contract assets amounting to approximately HK\$27,333,000 (31 March 2024: HK\$39,496,000) arose from contracts with customers. No loss allowance has been made on trade receivables and contract assets during the six months ended 30 September 2024 and 2023 as the amount involved is insignificant.

12. TRADE PAYABLES

An ageing analysis of trade payables presented based on the date of recognition at the end of the reporting period is as follows:

	30 September 2024 HK\$'000 (Unaudited)	31 March 2024 HK\$'000 (Audited)
0 to 60 days	4,044	1,943
61 to 90 days	593	378
Over 90 days	7,523	9,916
	<u>12,160</u>	<u>12,237</u>

The general credit periods on purchase of goods ranged from 30 days to 180 days. The Group has financial risk management policies or plans for its payables with respect to the credit timeframe.

13. LEASE LIABILITIES

During the six months ended 30 September 2023, the Group entered into a new lease agreement in respect of office property and recognised lease liability of approximately HK\$1,417,000 (2024: nil).

As at 30 September 2024, the carrying amount of lease liabilities is nil (31 March 2024: HK\$1,293,000).

Amounts recognised in profit or loss:

	Six months ended 30 September 2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Continuing operations:		
Expenses relating to short-term leases	<u>56</u>	<u>41</u>

For the six months ended 30 September 2024, the total cash outflow for leases amount to approximately HK\$302,000 (2023: HK\$293,000).

14. BANK BORROWINGS

	30 September 2024 <i>HK\$'000</i> (Unaudited)	31 March 2024 <i>HK\$'000</i> (Audited)
Secured mortgage loans	<u>12,287</u>	<u>14,335</u>
Carrying amount repayable (based on scheduled repayment dates set out in the loan agreements):		
Within one year	4,096	4,096
More than one year but not exceeding two years	4,096	4,096
More than two years but not exceeding five years	<u>4,095</u>	<u>6,143</u>
	<u>12,287</u>	<u>14,335</u>
Carrying amount of bank loans that are not repayable within one year from the end of the reporting period but contain a repayment on demand clause (shown under current liabilities)	8,191	10,239
Carrying amount repayable within one year	<u>4,096</u>	<u>4,096</u>
Amounts shown under current liabilities	<u>12,287</u>	<u>14,335</u>

Bank borrowings comprise:

			Carrying amount 30 September 2024 <i>HK\$'000</i> (Unaudited)	31 March 2024 <i>HK\$'000</i> (Audited)
	Maturity date	Effective interest rate		
Floating-rate borrowings:				
– HKD mortgage loans ⁽¹⁾	25/9/2027	5.90% (31 March 2024: 5.99%)	9,388	10,952
– HKD mortgage loans ⁽²⁾	25/9/2027	5.90% (31 March 2024: 5.99%)	<u>2,899</u>	<u>3,383</u>
			<u>12,287</u>	<u>14,335</u>

⁽¹⁾ The floating rate is Hong Kong Interbank Offered Rate (“**HIBOR**”) plus 1.4%. Repayable in 155 monthly installments commencing from drawdown of the borrowings.

⁽²⁾ The floating rate is HIBOR plus 1.4%. Repayable in 146 monthly installments commencing from drawdown of the borrowings.

Notes:

- (a) The bank borrowings are all denominated in HK\$.
- (b) All borrowings were guaranteed by the Company and its certain subsidiaries in Hong Kong for both periods.
- (c) As at 30 September 2024, bank borrowings of approximately HK\$12,287,000 (31 March 2024: HK\$14,335,000) were secured by land and buildings of the Group with carrying amounts of approximately HK\$73,580,000 (31 March 2024: HK\$74,892,000).

15. EQUITY-SETTLED SHARE-BASED PAYMENT TRANSACTIONS

(a) Share Option Scheme

On 20 April 2021, the Company granted share options (the “Options”) under the share option scheme adopted by the Company on 3 February 2021 (the “Share Option Scheme”) to Mr. Wang Yanghao (“Mr. Wang”), a senior management of the Company, to subscribe for a total of 3,000,000 Shares as disclosed in the announcement of the Company dated 20 April 2021. The 3,000,000 Options granted to Mr. Wang are exercisable at the subscription price of HK\$0.54 per Share, which is equivalent to the closing price of the Shares on the date immediately before the date of grant, from the respective dates set out below until 20 April 2028 (the “Option Period”):

- (i) as to 900,000 Options, exercisable at any time commencing from the first anniversary of the date of grant up to and including the last day of the Option Period;
- (ii) as to 900,000 Options, exercisable at any time commencing from the second anniversary of the date of grant up to and including the last day of the Option Period; and
- (iii) as to 1,200,000 Options, exercisable at any time commencing from the third anniversary of the date of grant up to and including the last day of the Option Period.

The subscription price of HK\$0.54 per Share was determined in accordance with the scheme rules of the Share Option Scheme, being the highest of:

- (i) the closing price of HK\$0.54 per Share as quoted in the Stock Exchange’s daily quotation sheet on the date of grant;
- (ii) the average closing price of HK\$0.536 per Share as quoted in the Stock Exchange’s daily quotation sheet for the five (5) business days immediately preceding the date of grant; and
- (iii) the nominal value of HK\$0.01 per Share.

The fair value on the date of grant is estimated using a binomial pricing model, taking into account the terms and conditions upon which the Options were granted. The contractual life of the Options granted is 7 years. There is no cash settlement of the Options. The fair value of Options on the date of grant was HK\$808,000 which was estimated using the following assumptions:

Dividend yield:	3.03%
Expected volatility:	70%
Risk-free interest rate:	0.86%

The following table discloses movements of the Options held by Mr. Wang:

Name of grantee	Date of grant	Exercise period	Exercise price HK\$	Balance as at 1 April 2024	Lapsed during the period	Balance as at 30 September 2024
Mr. Wang	20 April 2021	20 April 2022–20 April 2028	0.54	900,000	(900,000)	–
		20 April 2023–20 April 2028	0.54	900,000	(900,000)	–
		20 April 2024–20 April 2028	0.54	1,200,000	(1,200,000)	–
				<u>3,000,000</u>	<u>(3,000,000)</u>	<u>–</u>

As at 1 April 2024, there were 3,000,000 outstanding Options, of which 1,800,000 Options were exercisable at any time during the Option Period, subject to the terms and conditions of the Share Option Scheme, and the remaining 1,200,000 Options were not yet exercisable. None of the 3,000,000 Options have been exercised as at 1 April 2024. As disclosed in the composite document jointly issued by the Company and Luxurious Bay Capital Limited as offeror dated 9 July 2024, pursuant to the Share Option Scheme, the Options that are not accepted under the mandatory unconditional cash offers (to the extent not exercised) would automatically lapse on the date of close of the mandatory unconditional cash offers (i.e. 30 July 2024). In light of the above, the 3,000,000 outstanding Options granted under the Share Option Scheme have lapsed during the period ended 30 September 2024 and as at the date of this announcement, the Company has no outstanding Options under the Share Option Scheme.

For the six months ended 30 September 2024, the Company has recognised approximately HK\$9,000 (2023: HK\$61,000) of equity-settled share-based payment expenses in respect of the Options in the condensed consolidated statement of profit or loss and other comprehensive income.

(b) Share Award Scheme

The Company adopted a share award scheme (the “**Share Award Scheme**”) on 3 February 2021 (“**Adoption Date**”) which shall expire on 2 February 2031, being the business day immediately prior to the tenth anniversary of the Adoption Date. The remaining life of the Share Award Scheme is approximately seven years, subject to any termination as may be determined by the Board pursuant to the terms of the Share Award Scheme. The purpose of the Share Award Scheme is to recognise the contributions by certain employees and persons to the Group, to provide them with incentives in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group.

On 20 April 2021, the Company granted an award of 500,000 Shares (the “**Awarded Shares**”) to Mr. Wang under the Share Award Scheme. Subject to the lock-up condition as set out below and the scheme rules of the Share Award Scheme, the Awarded Shares shall vest in Mr. Wang and Mr. Wang shall have the right to receive the Awarded Shares in accordance with the following vesting schedule:

- (i) as to 150,000 Awarded Shares, representing 30% of the Awarded Shares, on the first anniversary of the date of grant;
- (ii) as to 150,000 Awarded Shares, representing 30% of the Awarded Shares, on the second anniversary of the date of grant; and
- (iii) as to 200,000 Awarded Shares, representing 40% of the Awarded Shares, on the third anniversary of the date of grant.

The vested Awarded Shares are subject to the condition that Mr. Wang will not dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of the relevant vested Awarded Shares during a period of six (6) months commencing on the vesting date of the relevant Awarded Shares (the “**Lock-Up Condition**”).

On 7 May 2021, 500,000 new Shares in respect of the said award were issued and allotted to the trustee under the Share Award Scheme at nominal value under the general mandate granted to the Directors at the annual general meeting of the Company held on 7 August 2020.

On 20 April 2022, 150,000 Awarded Shares became vested in Mr. Wang and were transferred to him from the trustee under the Share Award Scheme, subject to the Lock-Up Condition.

On 20 April 2023, an additional 150,000 Awarded Shares became vested in Mr. Wang and were transferred to him from the trustee under the Share Award Scheme, subject to the Lock-Up Condition.

On 20 April 2024, 200,000 Awarded Shares became vested in Mr. Wang and were transferred to him from the trustee under the Share Award Scheme, subject to the Lock-Up Condition.

For the six months ended 30 September 2024, the Company has recognised approximately HK\$3,000 (2023: HK\$20,000) of equity-settled share-based payment expenses in respect of the Awarded Shares in the condensed consolidated statement of profit or loss and other comprehensive income.

Details of the Awarded Shares granted under the Share Award Scheme are as follows:

Name of grantee	Date of grant (note i)	Number of shares				As at 30 September 2024
		Number of Awarded Shares granted on date of grant (note ii)	As at 1 April 2024	Vested during the period (note iii)	Lapsed/ cancelled during the period (note iv)	
Mr. Wang	20 April 2021	500,000	200,000	(200,000)	–	–

Notes:

- (i) No Awarded Share was granted under the Share Award Scheme from 1 April 2024 and up to the date of this announcement.
- (ii) The Awarded Shares granted to the participant were satisfied by way of the issue and allotment of new Shares at the par value thereof under general mandate and no purchase price was payable by the Company or the participant to purchase the Awarded Shares under the Share Award Scheme.
- (iii) The weighted average closing price of the Shares immediately before the date on which the Awarded Shares were vested during the period ended 30 September 2024 was HK\$0.18.
- (iv) No Awarded Shares granted were cancelled, lapsed or forfeited in accordance with the terms of the Share Award Scheme during the period ended 30 September 2024.

16. SHARE CAPITAL

	Number of shares <i>'000</i>	Share capital <i>HK\$'000</i>
Ordinary shares of HK\$0.01 each		
Authorised		
At 1 April 2023, 31 March 2024, 1 April 2024 and 30 September 2024	2,000,000	20,000
Issued and fully paid		
At 1 April 2023, 31 March 2024, 1 April 2024 and 30 September 2024	1,050,500	10,505

17. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

The remuneration of key management personnel during the six months ended 30 September 2024 and 2023 was as follows:

	Six months ended 30 September	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Short-term benefits	3,899	4,444
Equity-settled share-based payment expenses	12	81
Post-employment benefits	104	105
	<u>4,015</u>	<u>4,630</u>

The remuneration of the key management personnel is determined by the Board having regard to the performance of individuals and market trends.

18. DISPOSAL OF SUBSIDIARIES

As described in note 9, the Company entered into the sale and purchase agreement in respect of the disposal of its entire shareholding in the Disposal Companies and the Sale Loan and the Disposal was completed on 30 August 2024. The net liabilities of the Disposal Companies as at the date of disposal were as follows:

HK\$'000

Analysis of assets and liabilities over which control was lost as at the date of disposal:

Equipment	1,058
Intangible assets	6,185
Trade receivables and contract assets	2,159
Prepayments, deposits and other receivables	707
Bank balances and cash	42
Amount due to immediate holding company	(36,063)
Amounts due to fellow subsidiaries	(98)
Trade payables	(1,949)
Other payables and accruals	(5,607)
Lease liabilities	(1,057)
Non-controlling interests	928
	<hr/>
Net liabilities disposed of	(33,695)
	<hr/> <hr/>

HK\$'000

Loss on disposal of Disposal Companies:

Consideration	100
Net liabilities disposed of	33,695
Sale Loan	(36,161)
Cumulative translation reserve of the subsidiaries reclassified from profit or loss on loss on control of the subsidiaries	(966)
	<hr/>
Loss on disposal of subsidiaries	(3,332)
	<hr/> <hr/>

Net cash inflow arising on disposal:

Cash consideration received	100
Less: cash and cash equivalents disposed of	(42)
	<hr/>
	58
	<hr/> <hr/>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the period, the Group maintained its market position as one of the leading VCMA solution service providers in Hong Kong. The Group's revenue is primarily derived from the provision of (i) VCMA solution services and maintenance services and (ii) cloud-based IT+OT managed services (which have been discontinued during the period).

The Group considers that the Hong Kong Government's financial management and proactive approach to market dynamics, coupled with the supportive government policies including but not limited to the introduction of a number of initiatives, such as Office for Attracting Strategic Enterprise, profits tax exemption offered to family-owned investment holding vehicles managed by single family offices in Hong Kong and new capital investment entrant scheme. Those policies seek to attract high potential and representative strategic enterprises from around the globe to set up office or branch and expand their business operations in Hong Kong, which normally require video conferencing and multimedia audiovisual solution and relevant maintenance from VCMA solution services provider such as the Group. Although there is a decrease in the revenue from VCMA solution services and maintenance services, the Board believes that the demand for VCMA solution services in Hong Kong will increase gradually which is favourable to the Group. The Group will continue to maintain and strengthen its position as one of Hong Kong's leading VCMA solution providers to serve customers in different countries with focus on the Hong Kong market.

Regarding the cloud-based IT+OT managed services business, due to the slower-than-expected post-Covid-19 economic recovery in the PRC and the property sector downturn extending beyond initial expectations, as well as the heavily impacted consumer sentiment and declining overall spending and public investment, the cloud-based IT+OT managed services businesses of the Group in the PRC have experienced a downturn in performance with projects suspended and new project launches delayed.

The Group's management has been diligently evaluating project progress and contemplated reducing its business operations or re-evaluating its business development strategies and had sought ways to cope with the challenges and reviewed its business and operations for a streamlined structure. During the period ended 30 September 2024, the Company decided to dispose of its cloud-based IT+OT managed services segment as a result of the continuous deterioration of revenue over the recent years. In August 2024, the Group entered into a sale and purchase agreement to dispose of its cloud-based IT+OT managed services (the "**Disposal**") through the sale of the Company's entire shareholding in Perfect Mark Investments Limited and Top Luck Development Limited (the "**Disposal Companies**"), and the Disposal was completed on 30 August 2024. Following the Disposal, the main investments held by the Disposal Companies, including a 85% equity interest of Beijing National Greenfield Technology Co. Limited* (北京能興國雲信息科技有限公司) ("**Beijing National Greenfield**"), which has been loss-making for a prolonged period, ceased to be held by the Group. As such, the Group broke away from a major segment of loss-making business and gloomy prospect. It re-positioned the Group to better cope with the challenging environment and uncertainties ahead.

FINANCIAL REVIEW

Revenue

During the period ended 30 September 2024, the Group's revenue from continuing operations decreased by approximately HK\$6,658,000 or 9.5% from approximately HK\$69,802,000 for the six months ended 30 September 2023 to approximately HK\$63,144,000.

Revenue generated from VCMA solution services decreased by approximately HK\$6,957,000 or 11.4% from approximately HK\$61,059,000 for the six months ended 30 September 2023 to approximately HK\$54,102,000 for the six months ended 30 September 2024. The decrease was mainly attributable to the market competition and decrease in projects and orders completed in the reviewing period.

Revenue generated from VCMA maintenance services slightly increased by approximately HK\$299,000 or 3.4% from approximately HK\$8,743,000 for the six months ended 30 September 2023 to approximately HK\$9,042,000 for the six months ended 30 September 2024, which was mainly due to increase in total maintenance projects and the completion of related project of VCMA solution services.

For details of the segment information, please refer to note 4 to the condensed consolidated financial statements in this announcement.

Gross operating profit and gross operating profit margin

Gross operating profit is calculated based on the revenue for the period minus cost of sales for the period. Gross operating profit margin is calculated based on the gross operating profit for the period divided by the revenue for the period and multiplied by 100%.

Gross operating profit from continuing operations decreased by approximately HK\$1,464,000 from approximately HK\$22,810,000 for the six months ended 30 September 2023 to approximately HK\$21,346,000 for the six months ended 30 September 2024 which is mainly due to reduction of number of projects and orders completed in the reviewing period.

Gross operating profit margin slightly increased from approximately 32.7% for the six months ended 30 September 2023 to approximately 33.8% for the six months ended 30 September 2024.

Staff cost

Staff cost for continuing operations increased by approximately HK\$546,000 or 3.2% from approximately HK\$16,876,000 for the six months ended 30 September 2023 to approximately HK\$17,422,000 for the six months ended 30 September 2024. It was mainly due to general salary increment for staffs.

Other income and net gain (loss)

Other income and net loss from continuing operations shifted from net loss of approximately HK\$827,000 for the six months ended 30 September 2023 to net gain of approximately HK\$291,000 for the six months ended 30 September 2024, which mainly due to increase in net exchange gain and bank interest income.

Impairment loss on loan to an investee

During the six months ended 30 September 2024, the Group recorded impairment loss of approximately HK\$6,933,000 on loan to an investee, Changzhou Guoyun Green Data Technology Co., Limited* (常州國雲綠色數據技術有限公司) (“**Changzhou Guoyun**”) due to the default of Changzhou Guoyun in repayment of a shareholder’s loan advanced by the Group and in view of the ongoing lawsuits and legal risks compounded with Changzhou Guoyun’s inability to secure new financing to continue its projects, ultimately hindering its business operations and unable to meet its debt obligations as they fall due.

Other operating expenses

Other operating expenses for continuing operations mainly comprised legal and professional fee, promotion and exhibition expenses, rent and rates, trip and travelling expenses and other office expenses. Other operating expenses increased by HK\$1,867,000 or 51.1% from approximately HK\$3,652,000 for the six months ended 30 September 2023 to approximately HK\$5,519,000 for the six months ended 30 September 2024, which was mainly due to additional legal and professional fee incurred for mandatory unconditional cash offers as disclosed in the composite document jointly issued by the Company and Luxurious Bay Capital Limited as offeror and dated 9 July 2024 during the six months ended 30 September 2024.

Income tax expenses

Income tax expenses for continuing operations decreased by approximately HK\$162,000 or 40.0% from approximately HK\$405,000 for the six months ended 30 September 2023 to approximately HK\$243,000 for the six months ended 30 September 2024, which was due to combined impact of a decrease in taxable profit in Hong Kong arising from the decrease in gross profit and the impact of deferred tax.

Loss for the period

The loss arising from continuing operations increased by approximately HK\$9,467,000 from HK\$996,000 for the six months ended 30 September 2023 to approximately HK\$10,463,000 for the six months ended 30 September 2024 which was mainly due to the impairment loss on loan to an investee, loss on disposal of subsidiaries and decrease in gross operating profit.

* *English names for identification purposes only*

Meanwhile, the discontinued cloud-based IT+OT managed business recorded a loss of approximately HK\$6,620,000 during the six months ended 30 September 2024, as compared with a net loss of approximately HK\$2,027,000 during the six months ended 30 September 2023. As completion of the Disposal only took place on 30 August 2024, with the loss-making discontinued cloud-based IT+OT managed business during the period, the Group recorded a net loss for the six months ended 30 September 2024 of approximately HK\$17,083,000 as compared to approximately HK\$3,023,000 for the six months ended 30 September 2023.

OTHER INFORMATION

PROSPECT

Looking ahead, the Group will continue to maintain and strengthen its position as one of Hong Kong's leading VCMA solution providers. As the economy in Hong Kong continues to recover, our Group is well-positioned to take advantage of the positive trends. With a strategic focus on innovation and adaptability, we are committed to capitalizing on emerging opportunities and contributing to the Hong Kong economic resurgence. The Government's financial management and proactive approach to market dynamics, coupled with the supportive government policies, such as introducing a number of initiatives encouraging international and mainland companies to set up and expand their business operations in Hong Kong, will provide opportunities to us and we expect that demand for VCMA solution services will increase gradually.

Our Directors believe that our past success and future prospects are based on our experienced management team, which has extensive experience and technical expertise in the VCMA solution business in Hong Kong. Our management team's sound technical knowledge in the VCMA solution industry, extensive commercial experience and business acumen have enabled us to build an extensive clientele, and develop strong expertise in the industry. Going forward, our Directors believe that we will continue to benefit from the sound business judgment and managerial expertise of our management team for expansion of our business.

In the course of performing the client's engagements, our service teams took note of the high service quality and standard requested by the client and our ability to meet its overall requirements. Our Group will continue to enhance our skills level and expertise and remained steadfast in our approach, leveraging the strengths of our experienced management team with technical know-how to seize opportunities brought about by the increasing demand for VCMA solution services.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's operation and investments were financed principally by cash generated from its own business operations, bank borrowings and proceeds from issue of new Shares. As at 30 September 2024, the Group had net current assets of approximately HK\$43,838,000 (31 March 2024: HK\$50,014,000) and cash and cash equivalents of approximately HK\$41,427,000 (31 March 2024: HK\$35,819,000). Current liabilities of the Group as at 30 September 2024 included carrying amount of approximately HK\$8,191,000 (31 March 2024: HK\$10,239,000) in bank borrowings that were not repayable within one year from the end of the reporting period but contained a repayment on demand clause.

GEARING RATIO

As at 30 September 2024, the gearing ratio (calculated on the basis of total debt divided by total assets at the end of the reporting period) of the Group was approximately 7.8% (31 March 2024: 7.8%).

FOREIGN CURRENCY RISK

The majority of the Group's business transactions are in Hong Kong and are denominated in HK\$. The Group currently does not have a foreign currency hedging policy. However, the Directors will continuously monitor the related foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

CAPITAL COMMITMENT

As at 30 September 2024, the Group did not have any material capital commitment (31 March 2024: nil).

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 September 2024 (2023: nil).

CAPITAL STRUCTURE

The capital structure of the Group consists of net debt, which includes bank borrowings, net of cash and cash equivalents and equity attributable to the owners of the Company, comprising issued share capital and reserves. The Directors review the Group's capital structure regularly. As part of this review, the Directors have considered the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends, issuance of new Shares as well as the issue of new debts or convertible securities or through the repayment of borrowings. Details of bank borrowings of the Group are set out in note 14 to the condensed consolidated financial statements in this announcement.

ISSUE FOR CASH OF EQUITY SECURITIES OR SALE OF TREASURY SHARES

There was no equity fund raising activity nor was there any sale of treasury shares by the Company during the period.

USE OF PROCEEDS

The net proceeds from the placing of 50,000,000 new Shares to not less than six independent placees at the placing price of HK\$0.57 per placing share on 19 August 2021 (the "**Placing**"), after deduction of the placing commission and other costs and expenses relating to the Placing, amounted to approximately HK\$27,530,000 ("**Net Proceeds**").

On 30 December 2021, the Board has resolved to change the intended use of the unutilised Net Proceeds and updated timeline for utilisation of the Net Proceeds for more efficient use of the Group's financial resources.

As disclosed in the announcements of the Company dated 14 April 2022 and 21 June 2023, the Board has further resolved to extend timeline for utilisation of the remaining part of Net Proceeds intended to be used for the enhancing the development of VCMA solution services business in the PRC to on or before 31 March 2024 in light of the continuing uncertainty brought about by the COVID-19 pandemic.

On 17 November 2023, the Board has further resolved to change the intended use and timeline of the unutilised Net Proceeds of HK\$3.79 million to development of IT+OT business in the PRC to be utilised on or before 30 September 2024 for more efficient use of the Group's financial resources.

On 15 November 2024, in view of the disposal of IT+OT business during the reporting period, the Board has further resolved to change the intended use and timeline of the unutilised Net Proceeds of HK\$2.87 million to working capital and general corporate purposes and to be utilised on or before 31 March 2025 for more efficient use of the Group's financial resources.

The following table sets forth the use of the Net Proceeds:

	Planned use of Net Proceeds as stated in the announcement dated 11 August 2021 (HK\$' million)	Revised use of Net Proceeds as stated in the announcement dated 30 December 2021 (HK\$' million)	Further revised use of Net Proceeds as stated in the announcement dated 17 November 2023 (HK\$' million)	Actual use of Net Proceeds up to 30 September 2024 (HK\$' million)	Further revised use of Net Proceeds as stated in the announcement dated 15 November 2024 (HK\$' million)	Amount of remaining Net Proceeds as at 30 September 2024 (HK\$' million)	Updated expected timeline for utilising the remaining Net Proceeds
Enhancing the development of VCMA solution services business in the PRC	12.39	3.81	0.02	0.02	0.02	–	N/A
Development of IT+OT business in the PRC	12.39	12.39	16.18	13.31	13.31	–	N/A
Working capital and general corporate purposes	2.75	2.75	2.75	2.75	5.62	2.87	on or before 31 March 2025
Payment of the capital commitment by the Group in Changzhou Guoyun Green Data Technology Co., Limited	N/A	8.58	8.58	8.58	8.58	–	N/A
Total:	<u>27.53</u>	<u>27.53</u>	<u>27.53</u>	<u>24.66</u>	<u>27.53</u>	<u>2.87</u>	

The unused Net Proceeds amounting to approximately HK\$2.87 million were deposited in licensed banks in Hong Kong.

Further details of the Placing are set out in the Company's announcements dated 11 August 2021, 19 August 2021 and 21 June 2023.

CHARGE ON THE GROUP'S ASSETS

As at 30 September 2024, land and buildings of approximately HK\$73,580,000 (31 March 2024: HK\$74,892,000) were pledged to secure banking facilities granted to the Group.

CONTINGENT LIABILITIES

As at 31 March 2024, contingent liabilities were noted regarding a then subsidiary of the Company, Beijing National Greenfield. Beijing National Greenfield received a letter of demand dated 11 August 2023 from a supplier in respect of overdue payment amounting to approximately RMB1,691,000 (equivalent to approximately HK\$1,825,000) under a contract of sale and purchase dated 27 March 2023 (the “**Contract**”). Beijing National Greenfield received a further legal letter dated 23 August 2023, pursuant to which it was alleged that the subsidiary shall further be liable to the penalty on overdue payment amounting to approximately RMB338,000 (equivalent to approximately HK\$365,000) pursuant to the terms of the Contract.

Beijing National Greenfield has been disposed of on 30 August 2024 during the period and the Group has no material contingent liabilities as at 30 September 2024.

MATERIAL ACQUISITIONS AND DISPOSALS

Save as disclosed in note 18 to the condensed consolidated financial statement of this announcement, the Group had no material acquisitions or disposals of subsidiaries, associates and joint ventures during the period.

SIGNIFICANT INVESTMENTS HELD BY THE GROUP

As at 30 September 2024, the Group did not hold any significant investments with a value of 5% or more of the Group's total assets.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in the section headed “Use of proceeds”, the Group did not have other plans for material investments or capital assets as at 30 September 2024.

CHANGE IN INFORMATION OF DIRECTORS

Ms. Wu Hung Yu, an independent non-executive Director, has been appointed as an independent director of Springview Holdings Limited (NASDAQ: SPHL), a company listed on NASDAQ Stock Market, with effect from 17 October 2024 on its listing.

Mr. Lum Pak Sum, an independent non-executive Director, has been appointed as an independent non-executive director of Wai Hung Group Holdings Limited (stock code: 3321), a company listed on the Stock Exchange, with effect from 9 October 2024.

Ms. Ho Wing Shan has been appointed as a non-executive Director with effect from 2 October 2024. Details of her appointment are set out in the announcement of the Company dated 2 October 2024.

Save as disclosed above, there was no change in any of the information required to be disclosed pursuant to the requirement under paragraphs (a) to (e) and (g) of rule 13.51(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2024, the Group employed 69 (31 March 2024: 83) full-time employees. The remuneration policy of the Group to reward its employees and executives is based on their performance, qualification, working experience, competence displayed with reference to selected comparable market remuneration data.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

During the period, none of the Company or its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities (including the sale of treasury shares). As at 30 September 2024, there were no treasury shares (as defined under the Listing Rules) held by the Company.

SHARE OPTION SCHEME

The Share Option Scheme was adopted under the written resolutions of the shareholders of the Company passed on 11 May 2015. The purpose of the Share Option Scheme is to enable the Company to grant options to selected participants as incentives or rewards for their contribution to the Group.

Details of share options granted on 20 April 2021 are set out in note 15(a) to the condensed consolidated financial statements in this announcement.

The maximum number of Shares available for issue under the Share Option Scheme is 100,000,000, being 10.0% of the Company’s shares in issue as at the date of approval of the scheme mandate limit. As disclosed in the composite document dated 9 July 2024, pursuant to the Share Option Scheme, the Options that are not accepted under the option offer (to the extent not exercised) will automatically lapse on the closing date of the mandatory unconditional cash offers (the “**Offers**”). In light of the above, the 3,000,000 outstanding Options granted under the Share Option Scheme have lapsed automatically at the close of the Offers and as at the date of this announcement, the Company has no outstanding Options. As at 1 April 2024 and 30 September 2024, 97,000,000 and 100,000,000 options were available for grant under the scheme mandate limit, respectively. As at the date of this announcement, the total number of Shares available for issue under the Share Option Scheme is 100,000,000, representing approximately 9.5% of the total number of Shares in issue (excluding treasury shares) as at the date of this announcement.

SHARE AWARD SCHEME

The Share Award Scheme was adopted by the Company on 3 February 2021. The purpose of the Share Award Scheme is to recognise the contributions by certain employees and persons to the Group, to provide them with incentives in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group.

Details of the share award granted on 20 April 2021 are set out in note 15(b) to the condensed consolidated financial statements in this announcement.

The maximum number of Awarded Shares which may be granted pursuant to the Share Award Scheme is 150,000,000, being 15% of the issued share capital of the Company as at the Adoption Date (the “**Scheme Limit**”). As at both 1 April 2024 and 30 September 2024, 149,500,000 awards were available for grant under the Scheme Limit. As at the date of this announcement, a total of 500,000 Awarded Shares were granted under the Share Award Scheme, leaving behind 149,500,000 Awarded Shares being available for grant under the Scheme Limit, representing approximately 14.2% of the total number of Shares in issue (excluding treasury shares) as at the date of this announcement.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY THE DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by the Directors (the “**Model Code**”) on terms no less exacting than the required standard of dealings as set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules. The Company, having made specific enquiries of all Directors, was not aware of any non-compliance with the Model Code during the period.

DIRECTORS’ INTERESTS IN COMPETING BUSINESS

As at 30 September 2024, none of the Directors or their respective associates had any business or interests in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

CORPORATE GOVERNANCE PRACTICES

The Company maintains a high standard of corporate governance to safeguard the interests of the shareholders of the Company and enhance its corporate value. The Company’s corporate governance practices are based on the principles and code provisions as set out in Part 2 of the Corporate Governance Code in Appendix C1 to the Listing Rules (the “**CG Code**”). To the best knowledge of the Board, the Company had complied with the CG Code during the period and up to the date of this announcement.

REVIEW OF RESULTS

The Company has established an audit committee (the “**Audit Committee**”) in accordance with the Listing Rules and the requirements of the CG Code for the purpose of reviewing and providing supervision over the Group’s financial reporting process, risk management and internal controls. The Audit Committee currently comprises three independent non-executive Directors, namely Mr. Fong Chi, Mr. Lum Pak Sum and Ms. Wu Hung Yu. Mr. Lum Pak Sum is the chairman of the Audit Committee.

The Audit Committee has reviewed the unaudited consolidated results of the Group for the period and this announcement and is of the view that they have complied with the applicable accounting standards, the Listing Rules and other applicable legal requirements, and that adequate disclosures had been made.

SUFFICIENCY OF PUBLIC FLOAT

From the information publicly available to the Company and within the knowledge of the Directors, the Company has maintained the public float as required by the Listing Rules as at the date of this announcement.

EVENT AFTER REPORTING PERIOD

The Board is not aware of any material event after the end of the reporting period and up to the date of this announcement that requires disclosure.

By order of the Board
Wong King Keung
Chairman

Hong Kong, 15 November 2024

As at the date of this announcement, the executive Directors are Dr. Wong King Keung, Mr. Tong Sai Wong, Mr. Chan Wing Yiu and Mr. Chan Wing Lun; the non-executive Director is Ms. Ho Wing Shan; and the independent non-executive Directors are Mr. Fong Chi, Mr. Lum Pak Sum and Ms. Wu Hung Yu.