



Michong Metaverse (China) Holdings Group Limited

(Formerly known as Nomad Technologies Holdings Limited)

(Incorporated in the Cayman Islands with Limited Liability)

Stock Code: 8645

2022/2023
Interim Report

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*This interim report, for which the directors (the “**Directors**”) of Michong Metaverse (China) Holdings Group Limited (formerly known as Nomad Technologies Holdings 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 interim 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 interim report misleading.*

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Yu Decai (*Chairman and Chief Executive Officer*)
Mr. Hu Mingdai

Independent Non-executive Directors

Mr. Chen Youchun
Mr. Ng Der Sian
Ms. Zheng Li Ping

AUDIT COMMITTEE

Mr. Ng Der Sian (*Chairman*)
Mr. Chen Youchun
Ms. Zheng Li Ping

NOMINATION COMMITTEE

Ms. Zheng Li Ping (*Chairman*)
Mr. Ng Der Sian
Mr. Yu Decai

REMUNERATION COMMITTEE

Mr. Chen Youchun (*Chairman*)
Mr. Ng Der Sian
Mr. Yu Decai

COMPANY SECRETARY

Ms. Wong Po Lam (CPA)

AUTHORISED REPRESENTATIVES

Ms. Wong Po Lam (CPA)
Mr. Yu Decai

COMPLIANCE OFFICER

Mr. Yu Decai

COMPLIANCE ADVISER

Pulsar Capital Limited
Unit 1504, 15/F
Shui On Centre
6-8 Harbour Road
Wanchai, Hong Kong

AUDITOR

Mazars CPA Limited
Certified Public Accountants
42/F, Central Plaza
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Hong Kong

REGISTERED OFFICE IN THE CAYMAN ISLANDS

Windward 3, Regatta Office Park
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Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit B, 13/F, Winsan Tower
98 Thomson Road, Wanchai
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HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN MALAYSIA

No.25, 25-1 & 25-3, Jalan MH 3
Taman Muzaffar Heights
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Melaka, Malaysia

PRINCIPAL PLACE OF BUSINESS IN THE PRC

Room 310-313, Building 7
WISCO High-tech Industrial Parks
No. 5 Maodian Shanzhong Road
East Lake High-tech Development Zone
Wuhan, the PRC

PRINCIPAL BANKERS

Malayan Bank Berhad
14th Floor, Menara Maybank
100 Jalan Tun Perak, 50050
Kuala Lumpur, Malaysia

China Zheshang Bank Co., Ltd
Wuhan Branch
No. 296 Xinhua Road
Jiangnan District
Wuhan, the People's Republic of China

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Ocorian Trust (Cayman) Limited
Windward 3, Regatta Office Park
PO Box 1350, Grand Cayman KY1-1108
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor
Services Limited
Shops 1712-1716
17/F, Hopewell Centre
183 Queen's Road East, Wanchai
Hong Kong

STOCK CODE

8645

WEBSITE OF THE COMPANY

www.metamichong.com

FINANCIAL HIGHLIGHTS

FINANCIAL HIGHLIGHTS

- The Group's revenue for the six months ended 31 December 2022 amounted to approximately HK\$66,551,000, representing an increase of approximately HK\$15,101,000 or 29.4% as compared with that of the corresponding period in the prior period.
- Gross profit for the six months ended 31 December 2022 increased by approximately HK\$24,294,000 or 169.9% to approximately HK\$38,595,000.
- Earnings per share of the Company for the six months ended 31 December 2022 was approximately HK2.94 cents (*Six months ended 31 December 2021: loss per share of approximately HK0.19 cents*).
- The Directors do not recommend the payment of any dividend for the six months ended 31 December 2022 (*Six months ended 31 December 2021: Nil*).

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Three months ended 31 December		Six months ended 31 December	
		2022	2021	2022	2021
		HK\$'000 (Unaudited)	HK\$'000 (Unaudited) (Restated)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited) (Restated)
Revenue	4	32,726	36,004	66,551	51,450
Cost of sales and services		(15,164)	(26,177)	(27,956)	(37,149)
Gross profit		17,562	9,827	38,595	14,301
Other income	5	112	42	244	85
Other gain and losses	6	286	265	364	429
Selling expenses		(555)	(556)	(2,828)	(943)
Administrative and other operating expenses		(9,867)	(7,076)	(18,962)	(13,130)
Finance costs	7	(125)	(57)	(280)	(98)
Profit before tax	7	7,413	2,445	17,133	644
Income tax credit (expenses)	8	225	(1,147)	500	(1,193)
Profit (loss) for the period		7,638	1,298	17,633	(549)
Other comprehensive (expenses) income for the period					
<i>Item that will not be reclassified to profit or loss:</i>					
Change in fair value of financial assets at Designated FVOCI	12	(236)	-	(236)	-
<i>Item that may be reclassified subsequently to profit or loss:</i>					
Exchange difference arising on translation of foreign operations		3,373	619	1,699	87
Other comprehensive income for the period		3,137	619	1,463	87
Total comprehensive income (expenses) for the period		10,775	1,917	19,096	(462)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME

Notes	Three months ended 31 December		Six months ended 31 December		
	2022	2021	2022	2021	
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited) (Restated)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited) (Restated)	
Profit (Loss) for the period attributable to:					
Equity holders of the Company	8,529	127	17,611	(1,125)	
Non-controlling interests	(891)	1,171	22	576	
	7,638	1,298	17,633	(549)	
Total comprehensive income (expenses) attributable to:					
Equity holders of the Company	11,625	737	19,074	(1,043)	
Non-controlling interests	(850)	1,180	22	581	
	10,775	1,917	19,096	(462)	
Earnings (loss) per share for profit (loss) attributable to equity holders of the Company					
– Basic and diluted (HK cents)	10	1.42	0.02	2.94	(0.19)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Notes	At 31 December 2022 HK\$'000 (Unaudited)	At 30 June 2022 HK\$'000 (Audited) (Restated)	At 1 July 2021 HK\$'000 (Audited) (Restated)	
Non-current assets				
Property, plant and equipment	11	45,989	51,883	48,655
Financial assets at Designated FVOCI	12	764	–	–
Deferred tax assets		940	406	493
		47,693	52,289	49,148
Current assets				
Inventories		8,384	6,725	4,364
Contract costs		2,024	1,675	2,493
Trade and other receivables	13	29,312	36,541	27,982
Tax recoverable		2,940	2,441	3,644
Pledged bank deposits		4,797	4,845	4,925
Bank balances and cash		34,377	49,342	37,903
		81,834	101,569	81,311
Current liabilities				
Trade and other payables	14	33,365	73,970	21,603
Interest-bearing borrowings and bank overdrafts		2,782	4,908	724
Lease liabilities		1,874	1,425	744
		38,021	80,303	23,071
Net current assets		43,813	21,266	58,240
Total assets less current liabilities		91,506	73,555	107,388

CONDENSED CONSOLIDATED STATEMENT OF
FINANCIAL POSITION

	Notes	At 31 December 2022 HK\$'000 (Unaudited)	At 30 June 2022 HK\$'000 (Audited) (Restated)	At 1 July 2021 HK\$'000 (Audited) (Restated)
Non-current liabilities				
Trade and other payables	14	12,939	13,984	6,996
Interest-bearing borrowings and bank overdrafts		339	365	432
Lease liabilities		3,223	3,297	2,470
		16,501	17,646	9,898
NET ASSETS				
		75,005	55,909	97,490
Capital and reserves				
Share capital	15	6,000	6,000	6,000
Reserves		68,740	49,666	91,079
Equity attributable to equity holders of the Company		74,740	55,666	97,079
Non-controlling interests		265	243	411
TOTAL EQUITY				
		75,005	55,909	97,490

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2022

	Attributable to equity holders of the Company								
	Share capital (Note 15) HK\$'000	Share premium HK\$'000	Merger reserve HK\$'000	Reserves			Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
Fair value reserve (Note 12) HK\$'000				Foreign exchange reserve HK\$'000	Accumulated profits (losses) HK\$'000				
At 1 July 2021 (audited) (restated)	6,000	89,085	(31,712)	-	(1,254)	34,960	97,079	411	97,490
(Loss) profit for the period	-	-	-	-	-	(1,125)	(1,125)	576	(549)
Other comprehensive income for the period: <i>Items that may be reclassified subsequently to profit or loss:</i>									
Exchange difference arising on translation of foreign operations	-	-	-	-	82	-	82	5	87
Total comprehensive (expenses) income for the period	-	-	-	-	82	(1,125)	(1,043)	581	(462)
At 31 December 2021 (unaudited) (restated)	6,000	89,085	(31,712)	-	(1,172)	33,835	96,036	992	97,028
At 1 July 2022 (audited) (restated)	6,000	89,085	(31,712)	-	(4,627)	(3,080)	55,666	243	55,909
Profit for the period	-	-	-	-	-	17,611	17,611	22	17,633
Other comprehensive (expenses) income for the period: <i>Item that will not be reclassified to profit or loss:</i>									
Change in fair value of financial assets at Designated FVOCI	-	-	-	(236)	-	-	(236)	-	(236)
<i>Items that may be reclassified subsequently to profit or loss:</i>									
Exchange difference arising on translation of foreign operations	-	-	-	-	1,699	-	1,699	-	1,699
Total comprehensive (expenses) income for the period	-	-	-	(236)	1,699	17,611	19,074	22	19,096
At 31 December 2022 (unaudited)	6,000	89,085	(31,712)	(236)	(2,928)	14,531	74,740	265	75,005

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 31 December	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited) (Restated)
OPERATING ACTIVITIES		
Cash used in operations	(7,862)	(18,501)
Income tax paid	(510)	(897)
Income tax refunded	-	2,456
Net cash used in operating activities	(8,372)	(16,942)
INVESTING ACTIVITIES		
Interest received	181	52
Purchase of property, plant and equipment	(1,673)	(2,952)
Purchase of intangible asset	-	(97)
Purchase of financial assets at Designated FVOCI	(1,000)	-
Withdrawal of pledged bank deposits	38	-
Proceed from disposal of property, plant and equipment	-	431
Net cash used in investing activities	(2,454)	(2,566)
FINANCING ACTIVITIES		
Interest paid	(280)	(98)
Repayment of interest-bearing borrowings	(22)	(22)
Repayment of lease liabilities	(895)	(609)
New lease liabilities raised	-	535
Net cash used in financing activities	(1,197)	(194)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 31 December	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited) (Restated)
Net decrease in cash and cash equivalents	(12,023)	(19,702)
Cash and cash equivalents at the beginning of the reporting period	44,480	37,225
Effect of foreign exchange rate change, net	(814)	(119)
Cash and cash equivalents at the end of the reporting period	31,643	17,404
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	34,377	21,580
Bank overdrafts	(2,734)	(4,176)
	31,643	17,404

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 31 December 2022

1. GENERAL INFORMATION

Michong Metaverse (China) Holdings Group Limited (*formerly known as Nomad Technologies Holdings Limited*) (the “**Company**”) was incorporated as an exempted company with limited liability in the Cayman Islands on 5 June 2018, and its shares were listed on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 9 December 2019 (the “**Listing**”).

The Company is an investment holding company. The Company together with its subsidiaries (hereinafter collectively referred to as the “**Group**”) is principally engaged in rendering of: (i) network support services mainly encompassing network infrastructure design and hardware installation, network management and security services; (ii) network connectivity services that focus on providing intranet and internet connectivity solutions and value-added services; and (iii) electronic commerce (“**E-Commerce**”) services.

The addresses of the registered office and the principal place of business of the Company are disclosed in the section “Corporate Information” section of this interim report.

2. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 31 December 2022 (the “**Interim Consolidated Financial Statements**”) have been prepared in accordance with International Financial Reporting Standards (“**IFRSs**”) issued by the International Accounting Standards Board (“**IASB**”), which collective term includes all applicable individual IFRSs, International Accounting Standards (“**IASs**”) and Interpretations issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance. The Interim Consolidated Financial Statements also comply with the applicable disclosure requirements of the Rule Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”).

The Interim Consolidated Financial Statements are presented in Hong Kong Dollars (“**HK\$**”) and all amounts have been rounded to the nearest thousand (“**HK\$’000**”), unless otherwise indicated.

2. BASIS OF PREPARATION (CONTINUED)

Change in presentation currency

Prior to 1 July 2022, Malaysian Ringgit (“**RM**”) was regarded as the presentation currency of the Company and the consolidated financial statements were also presented in RM. Having considered that the Company’s shares (the “**Shares**”) are listed on the Stock Exchange and its stock is traded in 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 RM 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).

2. BASIS OF PREPARATION (CONTINUED)

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 performance of the Group since 1 July 2022 and, therefore, do not include all of the information required for full set of financial statements prepared in accordance with the IFRSs. They shall be read in conjunction with the audited consolidated financial statement of the Group for the year ended 30 June 2022 included in the annual report of the Company dated 23 September 2022 (the “**Annual Report 2021/2022**”).

The Interim Consolidated Financial Statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair values, as appropriate. Except for changes in accounting policies resulting from adoption of new or revised IFRSs, the accounting policies and methods of computation applied in the preparation of the Interim Consolidated Financial Statements are consistent with the Annual Report 2021/2022.

In the current period, the Group has applied, for the first time, the following new/revised IFRSs issued by the IASB which are mandatory effective for the annual period beginning on or after 1 January 2022 for the preparation of the Group’s Interim Consolidated Financial Statements.

Amendments to IAS 16	Proceeds before Intend use
Amendments to IAS 37	Cost of Fulfilling a Contract
Amendments to IFRS 3	Reference to the Conceptual Framework
Annual Improvements to IFRSs	2018-2020 Cycle

The new/revised IFRSs does not have any material effect on the amounts reported and/or disclosures set out in the Interim Consolidated Financial Statements.

The Group has not early adopted any new or revised IFRSs that has been issued but not yet effective in the current accounting period.

The Interim Consolidated Financial Statements have not been audited by the Company’s independent auditor but have been reviewed by the audit committee of the Board (the “**Audit Committee**”) and were approved for issue by the Board.

3. SEGMENT INFORMATION

The executive Directors determine its operating segments based on the internal management reports prepared in accordance with accounting policies conform to IFRSs that are regularly reviewed by the executive Directors, being identified as the chief operating decision maker (“**CODM**”), for the purpose of resources allocation and assessment of segment performance based on products and services offered by the Group to the customers. The CODM considers that the operating segments of the Group comprise:

- (i) network support services and network connectivity services; and
- (ii) E-Commerce.

Segment results, which are the measures reported to CODM for the purposes of resources allocation and assessment of segment performance, represent the profit earned or loss incurred by each segment without allocation of general administrative expenses incurred by corporate office and income tax.

The Group’s geographical segments regarding revenue is attributed to the segments based on the location where services are provided.

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

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 31 December 2022

3. SEGMENT INFORMATION (CONTINUED)

The segment information provided to the CODM of the Company for the reportable segments for the six months ended 31 December 2022 and 2021 is as follows:

	Network support services and network connectivity services HK\$'000 (Unaudited)	E-Commerce HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Six months ended 31 December 2022			
Primary geographical markets			
Malaysia	33,058	-	33,058
The PRC	1,468	32,025	33,493
Reportable segment revenue	34,526	32,025	66,551
Reportable segment (loss) profit	(4,910)	24,283	19,373
Six months ended 31 December 2021 (restated)			
Primary geographical markets			
Malaysia	50,566	-	50,566
The PRC	884	-	884
Reportable segment revenue	51,450	-	51,450
Reportable segment profit (loss)	3,149	(595)	2,554

Reconciliation of reportable segment results

	Six months ended 31 December	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited) (Restated)
Reportable segment profit	19,373	2,554
Unallocated income	137	377
Unallocated expenses	(2,377)	(2,287)
Profit before tax	17,133	644

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the six months ended 31 December 2022

4. REVENUE

	Three months ended 31 December		Six months ended 31 December	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited) (Restated)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited) (Restated)
Revenue from contracts with customers within IFRS 15				
Sales of E-Commerce	148	–	348	–
Sales of hardware	1,227	18,121	2,020	19,198
Subscription fee	15,507	–	31,677	–
Rendering of services				
– On-site installation of hardware	202	974	519	1,510
– Network management and security services	1,578	2,019	2,726	3,096
– Network connectivity services	12,638	12,835	25,996	23,498
	31,300	33,949	63,286	47,302
Revenue from other sources				
Revenue from lease of hardware under operating lease with fixed lease payments	1,426	2,055	3,265	4,148
	32,726	36,004	66,551	51,450
Timing of revenue recognition under IFRS 15				
At a point in time	1,375	18,121	2,368	19,198
Over time	29,925	15,828	60,918	28,104
	31,300	33,949	63,286	47,302

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 31 December 2022

5. OTHER INCOME

	Three months ended 31 December		Six months ended 31 December	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited) (Restated)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited) (Restated)
Interest income from bank deposits	92	13	181	52
Government subsidies (Note)	4	26	44	26
Others	16	3	19	7
	112	42	244	85

Note: In the opinion of the management of the Group, there was no unfulfilled condition or contingency relating to the government subsidies.

6. OTHER GAIN AND LOSSES

	Three months ended 31 December		Six months ended 31 December	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited) (Restated)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited) (Restated)
Gain on disposal of property, plant and equipment	-	431	-	431
Reversal of impairment loss on trade receivables, net	139	156	139	225
Foreign exchange gain (loss), net	147	(322)	225	(227)
	286	265	364	429

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 31 December 2022

7. PROFIT BEFORE TAX

This is stated after charging:

	Three months ended 31 December		Six months ended 31 December	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited) (Restated)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited) (Restated)
Finance costs				
Interest expenses on interest-bearing borrowings and bank overdrafts	70	41	165	61
Interest expenses on lease liabilities	55	16	115	37
	125	57	280	98
Staff costs (including directors' emoluments)				
Salaries, discretionary bonus, allowances and other benefits in kind	5,180	2,762	10,595	5,476
Contributions to defined contribution plans	564	407	1,176	741
	5,744	3,169	11,771	6,217
Other items				
Amortisation of contract costs	274	553	575	942
Cost of inventories	1,436	14,893	1,937	15,612
Depreciation of property, plant and equipment	4,602	4,288	9,242	7,867
Amortisation of intangible asset	-	4	-	4
Research and development costs (Note)	1,698	-	2,909	-

Note: Research and development costs recognised as expenses included amounts relating to staff costs and depreciation of property, plant and equipment, which are also included in the respective expenses disclosed separately above.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 31 December 2022

8. INCOME TAX (CREDIT) EXPENSES

	Three months ended 31 December		Six months ended 31 December	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited) (Restated)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited) (Restated)
Current tax				
Malaysia Corporate Income Tax ("CIT"):				
Current period	(70)	2,338	19	2,601
Under provision in prior year	108	–	16	–
	38	2,338	35	2,601
Deferred tax				
Change in temporary differences	(263)	(1,191)	(535)	(1,408)
Total income tax (credit) expenses for the period	(225)	1,147	(500)	1,193

The Group entities established in the Cayman Islands and the British Virgin Islands 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 31 December 2022 and 2021.

Malaysia CIT is calculated at the rate of 24% of the Group's estimated assessable profits arising from Malaysia during the six months 31 December 2022 and 2021. Malaysia incorporated entities with paid-up capital of RM2.5 million or less enjoy tax rate of 17% on the first RM600,000 and remaining balance of the estimated assessable profits at tax rate of 24% for the six months 31 December 2022 and 2021.

The Group's subsidiaries established in the PRC are subject to PRC enterprise income tax ("EIT") at 25% of the estimated assessable profits for the year based on the existing legislation, interpretations and practices in respect thereof. Due to the utilisation of the unused tax losses arising in the PRC, which was brought forward from the year ended 30 June 2022, no provision for EIT has been made for the six months ended 31 December 2022.

Deferred tax includes temporary differences arising from the contract costs, contract liabilities, capital allowances and accelerated accounting depreciation.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 31 December 2022

9. DIVIDENDS

The Directors do not recommend the payment of any dividend for the six months ended 31 December 2022 (*Six months ended 31 December 2021: Nil*).

10. EARNINGS (LOSS) PER SHARE

The calculation of basic earnings (loss) per share for profit (loss) attributable to equity holders of the Company is based on the following information:

	Three months ended 31 December		Six months ended 31 December	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited) (Restated)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited) (Restated)
Profit (Loss) for the period attributable to equity holders of the Company, used in basic and diluted earnings (loss) per share calculation	8,529	127	17,611	(1,125)
	Number of shares		Number of shares	
	2022	2021	2022	2021
Weighted average number of ordinary shares for basic and diluted earnings (loss) per share calculation	600,000,000	600,000,000	600,000,000	600,000,000

Diluted earnings (loss) per share is the same as basic earnings (loss) per share as there are no dilutive potential ordinary shares in existence during the six months ended 31 December 2022 and 2021.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 31 December 2022

11. PROPERTY, PLANT AND EQUIPMENT

- (a) During the six months ended 31 December 2022, the Group acquired items of property, plant and equipment with a cost of approximately HK\$1,673,000 (*Six months ended 31 December 2021: approximately HK\$2,952,000*). Items of property, plant and equipment with a total carrying amount of approximately HK\$5,000 (*Six months ended 31 December 2021: less than HK\$1,000*) were disposed or written-off during the six months ended 31 December 2022.
- (b) During the six months ended 31 December 2022, the Group entered into a lease for the use of 3 years with the right-of-use assets amounted to approximately HK\$1,369,000 (*Six months ended 31 December 2021: approximately HK\$795,000*).

12. FINANCIAL ASSETS AT DESIGNATED FVOCI

	At 31 December 2022 HK\$'000 (Unaudited)	At 30 June 2022 HK\$'000 (Audited) (Restated)
At the beginning of the period	–	–
Additions	1,000	–
Changes in fair value	(236)	–
At the end of the period	764	–

On 30 October 2022, the Group purchased a total of approximately 8,353,000 units of XDAG (XDagger), a cryptocurrency, on the cryptocurrency trading platform in open market at an aggregate consideration of approximately HK\$1,000,000 (the “**Investment**”). The Group irrevocably designated the investments in equity securities as financial assets at designated fair value through other comprehensive income (“**Designated FVOCI**”) because these equity securities represent investments that the Group intends to hold for long term for strategic purposes.

At 31 December 2022, the fair value of financial assets at Designated FVOCI is determined on the basis of quoted market price. Change in fair value amounting to approximately HK\$236,000 was recognised as other comprehensive expense during the six months ended 31 December 2022.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the six months ended 31 December 2022

13. TRADE AND OTHER RECEIVABLES

	<i>Note</i>	At 31 December 2022 HK\$'000 (Unaudited)	At 30 June 2022 HK\$'000 (Audited) (Restated)
Billed trade receivables			
– Goods and services		11,655	15,587
– Operating lease receivables		4,501	3,607
Less: Loss allowances		(380)	(525)
		15,776	18,669
Unbilled trade receivables (Note)			
– Goods and services		8,922	12,104
– Operating lease receivables		1,531	1,775
		10,453	13,879
Total trade receivables	<i>13(a)</i>	26,229	32,548
Other receivables		833	711
Refundable deposits		377	581
Prepayments		1,873	2,701
		29,312	36,541

Note: Unbilled trade receivables represent the remaining balances of receivables for services rendered but not yet billed at the end of reporting period.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 31 December 2022

13. TRADE AND OTHER RECEIVABLES (CONTINUED)

- (a) The Group normally grants credit period of 30 days, from the date of issuance of invoices, to its customers.

The ageing analysis of trade receivables, net of loss allowances, based on invoice date at the end of the reporting period is as follows:

	At 31 December 2022 HK\$'000 (Unaudited)	At 30 June 2022 HK\$'000 (Audited) (Restated)
Within 30 days	5,536	4,958
31 to 60 days	2,146	2,919
61 to 90 days	2,011	2,301
Over 90 days	6,083	8,491
	15,776	18,669
Not yet billed	10,453	13,879
	26,229	32,548

At the end of the reporting period, the ageing analysis of the trade receivables, net of loss allowances, by due date is as follows:

	At 31 December 2022 HK\$'000 (Unaudited)	At 30 June 2022 HK\$'000 (Audited) (Restated)
Not yet due	15,989	18,837
Past due:		
Within 30 days	2,146	2,919
31 to 60 days	2,011	2,301
61 to 90 days	481	2,223
Over 90 days	5,602	6,268
	10,240	13,711
	26,229	32,548

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the six months ended 31 December 2022

14. TRADE AND OTHER PAYABLES

	Note	At 31 December 2022 HK\$'000 (Unaudited)	At 30 June 2022 HK\$'000 (Audited) (Restated)
Trade payables to third parties	14(a)	2,920	4,677
Contract liabilities		28,673	64,583
Other payables			
Other payable	14(b)	11,578	13,950
Accrued expenses		2,640	4,235
Sales and services tax payable		493	509
		14,711	18,694
		46,304	87,954
Current		33,365	73,970
Non-current		12,939	13,984
		46,304	87,954

- (a) The trade payables are interest-free and with normal credit terms ranging from 30 to 60 days.

At the end of the reporting period, the ageing analysis of the trade payables based on invoice date is as follows:

	At 31 December 2022 HK\$'000 (Unaudited)	At 30 June 2022 HK\$'000 (Audited) (Restated)
0 to 30 days	2,239	2,300
31 to 60 days	336	433
61 to 90 days	345	336
Over 90 days	–	1,608
	2,920	4,677

- (b) Other payable at 31 December 2022 and 30 June 2022 included amount due to a shareholder of HK\$9,000,000 which is unsecured, interest-free and repayable on 31 December 2024.

15. SHARE CAPITAL

	Number of shares	HK\$	HK\$'000
Ordinary share of HK\$0.01 each			
Authorised:			
At 30 June 2022 (audited) and 31 December 2022 (unaudited)	10,000,000,000	100,000,000	100,000
Issued and fully paid:			
At 30 June 2022 (audited) and 31 December 2022 (unaudited)	600,000,000	6,000,000	6,000

16. EVENT AFTER REPORTING PERIOD

Share Subscription and Share Purchase of the Licensed Corporations

On 9 January 2023, Goodway Max Limited (“**Goodway Max**”), a company incorporated in the British Virgin Islands with limited liability and wholly-owned by the Company, entered into the share subscription agreements with Million Up Holdings Limited (“**Million Up**”) and Fantastic Adventure Holdings Limited (“**Fantastic Adventure**”), pursuant to which Goodway Max agreed to subscribe for 250 shares from Million Up and 250 shares from Fantastic Adventure at the consideration of HK\$1,100,000 and HK\$1,400,000 respectively (the “**Share Subscription**”). At the same day, Goodway Max also entered into share purchase agreements with United Brilliant Limited for the sale and purchase of shares in Million Up and Fantastic Adventure, pursuant to which Goodway Max agreed to purchase 54 shares in the issued share capital of each of Million Up and Fantastic Adventure at the consideration of HK\$200,000 and HK\$300,000 respectively (the “**Share Purchase**”). Completion of the Share Subscription and the Share Purchase took place immediately after the signing of the respective share subscription agreement and share purchase agreement.

Upon completion of the Share Subscription and the Share Purchase, the shareholding held by the Group represents approximately 34.2% of the total issued share capital of Million Up and Fantastic Adventure respectively. Million Up and Fantastic Adventure will be treated as associated companies of the Company and their results will be equity accounted for.

For further details of the Share Subscription and the Share Purchase, please refer to the announcement of the Company dated 9 January 2023 and section headed “Event after reporting period” in the “Management Discussion and Analysis” on page 37 of this interim report.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Company is an investment holding company and the Group is principally engaged in rendering of (i) network support services which, mainly encompass network infrastructure design and hardware installation, network management and security services; (ii) network connectivity services that focus on providing intranet and internet connectivity solutions and value-added services; and (iii) E-Commerce.

The Shares were successfully listed on GEM of the Stock Exchange. The Listing has enhanced the Company's capital strength and reinforcing the resources for future development as in line with the Group's long-term objective in strengthening our position as one of the major players in the ICT in Malaysia has been an important milestone for the Group.

The Group has been actively considering and exploring various opportunities and flexibly change its business strategies to facilitate its business growth. To keep pace with the PRC's policy of development of E-Commerce and grasp the business opportunity arisen from the universe of E-Commerce, starting from 2022, the Group has kicked-off the development of the E-Commerce business in the PRC, starting from our online shopping market, Michong Mall.

E-Commerce Business

Online shopping market in the PRC has experienced rapid growth over the past few years. To keep pace with the PRC's policy of development of E-Commerce and grasp the business opportunity arisen from the universe of E-Commerce especially the change of consumers' living style from offline to online, starting from 2022, the Group has kicked-off the development of the E-Commerce business in the PRC with the Michong Mall, which is available in "Michong App", Tencent's WeChat official account and WeChat applet. The E-Commerce business contributed approximately HK\$32,025,000 or 48.1% of total revenue of the Group for the six months ended 31 December 2022.

Michong Mall is an online product sales platform, covering fresh vegetables and fruits, food and beverages, home appliances, beauty accessories and other products. The Michong Mall adopts paying membership policy, our paying members can enjoy special discounts and promotion rebates upon their consumption in the Michong Mall. To expand the population of membership and to promote the Michong Mall, the Group offers referral fees for introduction of new members by the current members from time to time in consideration of market needs and the operation of Michong Mall. As at 31 December 2022, the number of registered members of "Michong App" was approximately 531,000, including approximately 170,000 paying members. We will adjust the membership scheme and referral scheme in a timely manner according to market needs and the operation of the Michong Mall.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group mainly cooperates with domestic E-Commerce product suppliers with long-term industry experience in E-Commerce in the PRC. The competition of the domestic E-Commerce business in the PRC is coming to a head, the Group strives to guarantee and provide the satisfied online shopping experience to our member on the selection of E-Commerce commodities, quality assurance, logistics supply and after-sales service.

In order to safeguard the Company's intellectual property rights in the process of conducting E-Commerce business in the PRC, as at 31 December 2022, 米虫科技信息（深圳）有限公司 (Mebugs Technology Information (Shenzhen) Co., Limited*), an indirect wholly-owned subsidiary of the Company registered 63 trademarks with the State Intellectual Property Office of China, including "Michong", "Michong Daily", "Michong Technology", "Michong Planet", "Michong Metaverse", "Michong Blockchain", "Michong NFT", "Michong Chain", "Michong Store", and "Michong Convenience Store" and other international trademark classifications such as Internet technology, education, and advertisement, etc.

Network support services and network connectivity services segment

COVID-19 pandemic has served as an accelerant in Malaysia's digital adoption journey. As a results of the adaptation of various restriction and pandemic prevention policies and the implementation of easing of standard operating procedure (the "**SOP**") in Malaysia from May 2022, which has been launched by the Ministry of Health in Malaysia, the Group believes that hardest days are over and this is an opportune moment for the Group to adopt go-to-market strategy in Malaysia and expand its business to the PRC.

During the six months ended 31 December 2022, the revenue from Malaysian market decreased by approximately HK\$17,508,000 or 34.6% to approximately HK\$33,058,000 (*Six months ended 31 December 2021: approximately HK\$50,566,000*), which was mainly due to completion of one-off projects in sales of hardware with significant amount in prior period and the effect of exchange rate. Gross profit margin has dropped to 19.4% during the six months ended 31 December 2022 (*Six months ended 31 December 2021: approximately 27.8%*) in the Malaysian market. Over the years, our team in Malaysia has developed more experiences and expertise in the field which make it easier to find and attract target customers, better manage customer relationships, and improve sales team performance. We will devote our best effort to grasp each opportunity, improve revenue, gross profit margin and maintain our market share in Malaysia.

PROSPECT

In view of the current development of blockchain technology in the decentralisation of the Internet, the Board is of the opinion that blockchain technology has the potential to bring about profound changes to the existing financial and technology industries. The Group is also evaluating the feasibility of integrating decentralised blockchain technology into the E-Commerce business, with a view to generating synergies with the growing user base.

On 5 December 2022 (after trading hours), Roma (meta) Group Limited (“**Roma**”, a company listed on the Stock Exchange, stock code: 8072) and the Company had entered into a memorandum of understanding (the “**MoU**”) on strategic cooperation so as to bring mutual benefits to each other. Pursuant to the MoU, Roma intends to leverage on the Company’s technical know-how and expertise on development of decentralised blockchain applications to integrate digital technology including blockchain technology into its business and explore cryptocurrency-related business opportunities while the Company intends to leverage on Roma’s corporate consulting, valuation and advisory services, wide spectrum of clients and social impact to promote its growth on the electronic commerce services and development of decentralised blockchain applications. By pooling of Roma and the Company’s competitive advantages, resource and expertise, both parties intend to establish a stable and mutually beneficial partnership on technology development and capturing business opportunities amid the rapid technological advancement. For further details of the MoU, please refer to the announcement of the Company dated 5 December 2022.

In addition, with the growth of E-Commerce business of the Group, we will expand the Group’s network of partnership to strengthen our competitive advantage, and continuously improve operational efficiency. Finally, we will continue to make use of technological innovation, and invest in the research and development of the basic construction of the metaverse concept, especially the research and development of blockchain technology and non-fungible token (NFT) technology, to create the best interest to the Shareholders and contribute to the high-quality development of the digital economy in the PRC.

MANAGEMENT DISCUSSION AND ANALYSIS

The easing of SOP in Malaysia starting from 1 May 2022 is an important road marker to resume economic activities in Malaysia. We will keep a close watch on the development of the situation, continue to refine our management system and make timely adjustments to our operations and sales strategies. In the coming years, the Group has aligned the go-to-market strategy in Malaysia.

One of the agenda which stated in Malaysia's Digital Economy Blueprint (the “**DEB**”), which was launched by Malaysia Prime Minister, is about data and connectivity issues hamper healthcare's digital evolution in Malaysia. This is one of the areas that we need to focus on due to some unequal adoption of high-speed internet access, data storage and security in many areas/healthcare premises in Malaysia. The DEB seeks to set the landscape for Malaysia to become a high-value-added digital economy and net exporter of homegrown technologies and digital solutions and aims to improve the lives of Malaysians through digital advancement and economic growth driven by digital technology. The Group is looking this into strengthening the network support services and network connectivity services segment, grow business opportunity and revenue by providing better solution to help and overcome this issue.

On 31 October 2022, the Financial Services and Treasury Bureau of Hong Kong Government issued a Policy Statement on Development of Virtual Assets (“**VA**”) in Hong Kong which sets out its vision, approach and future steps to facilitate the development of the virtual assets sector in Hong Kong, and the Securities and Futures Commission of Hong Kong (the “**SFC**”) will also be conducting a public consultation on how retail investors may be given a suitable degree of access to VA under the new licensing regime. As a strategic investor, the Group invested in Million Up and Fantastic Adventure, which holds entire equity interests in Yuen Meta (International) Securities Limited (“**Yuen Meta Securities**”) and Leo Asset Management Limited (“**Leo Asset**”) respectively. Yuen Meta Securities is licensed by SFC to carry on Type 1 (dealing in securities), and Leo Asset is licensed by SFC to carry on Type 4 (advising on securities) and Type 9 (asset management) regulated activities under Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”).

The Group will be on a best effort basis to support Yuen Meta Securities and Leo Asset to develop the VA related business, including the blockchain technology research and marketing support. For further details of the investments in Million Up and Fantastic Adventure, please refer to the announcement of the Company dated 9 January 2023 and section headed “Event after reporting period” in the “Management Discussion and Analysis” on page 37 of this interim report.

FINANCIAL REVIEW

Revenue

The Group derives its revenue primarily from the provision of comprehensive and customised (i) network support services which includes the revenue from sales of hardware, on-site installation of hardware, network management and securities services, and lease of hardware, (ii) network connectivity services and (iii) E-Commerce business.

Our revenue increased by approximately HK\$15,101,000 or 29.4% from approximately HK\$51,450,000 for the six months ended 31 December 2021 to approximately HK\$66,551,000 for the six months ended 31 December 2022. Such increase was mainly attributable to the newly introduction of E-Commerce business in 2022, which contributed approximately HK\$32,025,000 or 48.1% of the total revenue for the six months ended 31 December 2022, and partially offset by decrease in revenue from sales of hardware by approximately HK\$17,178,000 or approximately 89.5% to approximately HK\$2,020,000 for the six months ended 31 December 2022 (*Six months ended 31 December 2021: approximately HK\$19,198,000*) due to completion of one-off projects with significant amount in prior period.

Cost of sales and services

Our cost of sales and services decreased by approximately HK\$9,193,000 or 24.7% from approximately HK\$37,149,000 for the six months ended 31 December 2021 to approximately HK\$27,956,000 for the six months ended 31 December 2022, which was mainly attributable to the decrease in the cost of inventories by approximately HK\$13,675,000 or 87.6% to approximately HK\$1,937,000 for the six months ended 31 December 2022 (*Six months ended 31 December 2021: approximately HK\$15,612,000*), which is in line with the decrease in revenue from sales of hardware.

Gross profit margin

Our gross profit margin increased from approximately 27.8% for the six months ended 31 December 2021 to approximately 58.0% for the six months ended 31 December 2022, which was mainly due to the net effect of (i) introduction of the E-Commerce business, which contributed a relatively higher gross profit margin at approximately 99.0% for the six months ended 31 December 2022; and (ii) decrease in gross profit margin in network support services and network connectivity services from approximately 27.8% for the six months ended 31 December 2021 to 19.8% for the six months ended 31 December 2022.

Other income

Our other income mainly represented interest income from bank deposits, government subsidies and others. Other income increased by approximately HK\$159,000 or 187.1% from approximately HK\$85,000 for the six months ended 31 December 2021 to approximately HK\$244,000 for the six months ended 31 December 2022. Such increase was mainly attributable to (i) increase in receipt of interest income from bank deposits by approximately HK\$129,000 or 248.1% and (ii) increase in government grant by approximately HK\$18,000 or 69.2%, there was no fulfilled condition or contingency relating to the government subsidiaries.

Other gain and losses

Our other gain, net decreased by approximately HK\$65,000 or 15.2% from approximately HK\$429,000 for the six months ended 31 December 2021 to approximately HK\$364,000 for the six months ended 31 December 2022. The decrease was attributable to the combined effect of (i) no gain on disposal of property, plant and equipment was recognised for the six months ended 31 December 2022 (*Six months ended 31 December 2021: approximately HK\$431,000*); (ii) decrease in reversal of impairment loss on trade receivables, net by approximately HK\$86,000 or 38.2%; and (iii) the recognition of foreign exchange gain, net at approximately HK\$225,000 (*Six months ended 31 December 2021: foreign exchange loss, net at approximately HK\$227,000*).

Selling expenses

Our selling expenses mainly represented (i) marketing fee incurred on promotion of our newly introduced E-Commerce business; (ii) commission to our sales representatives for securing contracts with new and current customers; and (iii) other staff costs for the sales team of the Group.

Selling expenses increased by approximately HK\$1,885,000 or 199.9% from approximately HK\$943,000 for the six months ended 31 December 2021 to approximately HK\$2,828,000 for the six months ended 31 December 2022. Such increase was mainly attributable to marketing fee incurred on promotion of our newly introduced E-Commerce business and other staff costs for the sales team in the PRC for the six months ended 31 December 2022 amounted at approximately HK\$1,022,000 (*Six months ended 31 December 2021: Nil*) and approximately HK\$1,174,000 (*Six months ended 31 December 2021: Nil*), respectively.

Administrative and other operating expenses

Our administrative and other operating expenses increased by approximately HK\$5,832,000 or 44.4% from approximately HK\$13,130,000 for the six months ended 31 December 2021 to approximately HK\$18,962,000 for the six months ended 31 December 2022. The increase was mainly due to expansion of the Group's business in the PRC, especially in (i) increase in staff cost for administrative and management personnel (including Directors) by approximately HK\$4,018,000 or 98.0% to approximately HK\$8,117,000 for the six months ended 31 December 2022 (*Six months ended 31 December 2021: approximately HK\$4,099,000*) due to increase in number of employees; and (ii) increase in depreciation of property, plant and equipment by approximately HK\$1,097,000 or 19.4% to approximately HK\$6,745,000 for the six months ended 31 December 2022 (*Six months ended 31 December 2021: approximately HK\$5,648,000*).

Finance costs

Our finance costs mainly derived from the interest expenses on interest-bearing borrowings and bank overdrafts and interest expenses on lease liabilities. Such costs increased by approximately HK\$182,000 or 185.7% from approximately HK\$98,000 for the six months ended 31 December 2021 to approximately HK\$280,000 for the six months ended 31 December 2022. The increase was mainly due to (i) increase in interest expenses on interest-bearing borrowings and bank overdrafts by approximately HK\$104,000 or 170.5% to HK\$165,000 for the six months ended 31 December 2022 (*Six months ended 31 December 2021: approximately HK\$61,000*) due to the increase in average balance of bank overdrafts and increase in average effective interest rate during the six months ended 31 December 2022; and (ii) increase in interest expenses on lease liabilities by approximately HK\$78,000 or 210.8% to HK\$115,000 for the six months ended 31 December 2022 (*Six months ended 31 December 2021: approximately HK\$37,000*) due to the increase in average balance of lease liabilities during the six months ended 31 December 2022.

Income tax credit (expenses)

Income tax credit was approximately HK\$500,000 for the six months ended 31 December 2022, as compared to income tax expenses of approximately HK\$1,193,000 for the six months ended 31 December 2021. The change of income tax was mainly attributable to the combined effect of (i) decrease in assessable profits of Malaysian subsidiaries during the six months ended 31 December 2022; (ii) the utilisation of the unused tax losses arising in the PRC, which was brought forward from the year ended 30 June 2022; and (iii) decrease in deferred tax credit in relation to the temporary differences arising from the capital allowances and accelerated accounting depreciation, and provision for contract costs and contract liabilities.

Profit (Loss) for the period

Our profit for the period was approximately HK\$17,633,000 for the six months ended 31 December 2022 as compared to loss of approximately HK\$549,000 for the six months ended 31 December 2021. The turnaround was mainly due to the aggregate effect of increase in revenue and improvement in gross profit margin, and partially offset by the increase in selling expenses and administrative and other operating expenses, mainly due to introduction of E-Commerce business in the PRC, as analysed above.

FINANCIAL POSITION, LIQUIDITY AND FINANCIAL RESOURCES

The Group has funded its liquidity and capital requirements primarily through capital contributions from shareholders, interest-bearing borrowings, internally generated cash flow and proceeds received from the Shares Offer.

As at 31 December 2022, the Group had bank balances and cash of approximately HK\$34,377,000 (30 June 2022: approximately HK\$49,342,000) and pledged bank deposits of approximately HK\$4,797,000 (30 June 2022: approximately HK\$4,845,000).

As at 31 December 2022, the Group recorded interest-bearing borrowings and bank overdrafts of approximately HK\$3,121,000 (30 June 2022: approximately HK\$5,273,000) and lease liabilities of approximately HK\$5,097,000 (30 June 2022: approximately HK\$4,722,000).

As at 31 December 2022, the Group's current assets and current liabilities were approximately HK\$81,834,000 (30 June 2022: approximately HK\$101,569,000) and approximately HK\$38,021,000 (30 June 2022: approximately HK\$80,303,000), respectively. As at 31 December 2022, the current ratio, being the ratio of current assets to current liabilities, was approximately 2.2 times (30 June 2022: approximately 1.3 times).

As at 31 December 2022, we had unutilised banking facilities for short-term financing of approximately HK\$7,270,000 (30 June 2022: approximately HK\$5,140,000).

The gearing ratio is calculated based on the amount of total interest-bearing borrowings and bank overdrafts and lease liabilities divided by total equity. The gearing ratio of the Group as at 31 December 2022 was approximately 11.0% (30 June 2022: approximately 17.9%). The decrease in gearing ratio was mainly attributable to the increase in total equity.

CAPITAL STRUCTURE

The Shares were listed on GEM of the Stock Exchange on 9 December 2019. There has been no change in the capital structure of the Company since then. As at 31 December 2022, the capital structure of the Group comprised mainly of issued share capital and reserves. As at 31 December 2022, equity attributable to equity holders of the Company amounted to approximately HK\$74,740,000 (30 June 2022: approximately HK\$55,666,000).

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 requirement 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 does not have a foreign currency hedging policy. However, the Directors will continue to monitor the related foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

CONTINGENT LIABILITIES

As at 31 December 2022, the Group did not have any significant contingent liabilities (30 June 2022: Nil).

PLEDGE OF ASSETS

As at 31 December 2022, the Group's interest-bearing borrowings and bank overdrafts and lease liabilities are secured by charges over the following assets of the Group:

	As at 31 December 2022 HK\$'000	As at 30 June 2022 HK\$'000
Motor vehicles	1,757	2,064
Pledged bank deposits	4,797	4,844
	6,554	6,908

DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 31 December 2022 (*Six months ended 31 December 2021: Nil*).

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES AND SIGNIFICANT INVESTMENTS

Save as the Investment disclosed under Note 12 to the Interim Consolidated Financial Statements, the Group did not have material acquisitions or disposals of subsidiaries and affiliated companies and significant investments by the Group during the six months ended 31 December 2022.

CAPITAL COMMITMENTS

As at 31 December 2022, the Group had capital commitments contracted but not provided for further contribution to subsidiaries on paid in capital committed of approximately HK\$17,006,000 (*30 June 2022: approximately HK\$17,523,000*).

EVENT AFTER REPORTING PERIOD

Share Subscription and Share Purchase of the Licensed Corporations

On 9 January 2023, Goodway Max, a company incorporated in the British Virgin Islands with limited liability and wholly-owned by the Company, entered into the share subscription agreements with Million Up and Fantastic Adventure, pursuant to which Goodway Max agreed to subscribe for 250 shares from Million Up and 250 shares from Fantastic Adventure at the consideration of HK\$1,100,000 and HK\$1,400,000 respectively. At the same day, Goodway Max also entered into share purchase agreements with United Brilliant Limited (the “**Vendor**”) for the sale and purchase of shares in Million Up and Fantastic Adventure, pursuant to which Goodway Max agreed to purchase 54 shares in the issued share capital of each of Million Up and Fantastic Adventure at the consideration of HK\$200,000 and HK\$300,000 respectively. Completion of the Share Subscription and the Share Purchase took place immediately after the signing of the respective share subscription agreement and share purchase agreement.

Million Up is a company incorporated in the British Virgin Islands with limited liability. Million Up does not carry on any business activities save as acting as an investment holding company for Yuen Meta Securities. Yuen Meta Securities is a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Million Up, which is licensed by the SFC to carry on Type 1 (dealing in securities) regulated activity under the SFO and is principally engaged in the provision of financial services, including securities broking, placing and underwriting.

Fantastic Adventure is a company incorporated in the British Virgin Islands with limited liability. Fantastic Adventure does not carry on any business activities save as acting as an investment holding company for Leo Asset. Leo Asset is a limited liability company incorporated in Hong Kong and a wholly-owned subsidiary of Fantastic Adventure, which is licensed by SFC to carry on Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO and carries on the business of the provision of financial services, including asset management.

Upon completion of the Share Subscription and the Share Purchase, the shareholding held by the Group represents approximately 34.2% of the total issued share capital of Million Up and Fantastic Adventure respectively. Million Up and Fantastic Adventure will be treated as associated companies of the Company and their results will be equity accounted for.

MANAGEMENT DISCUSSION AND ANALYSIS

To the best knowledge of the Directors, Million Up and Fantastic Adventure and the Vendor are independent third parties of the Company and its connected person(s) (as defined under the GEM Listing Rules). As all the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Share Subscription and the Share Purchase are less than 5%, the Share Subscription and the Share Purchase does not constitute a notifiable transaction of the Company under Chapter 19 of the GEM Listing Rules.

For further details of the Share Subscription and the Share Purchase, please refer to the announcement of the Company dated 9 January 2023.

USE OF PROCEEDS FROM THE SHARE OFFER

The Shares were listed on GEM of the Stock Exchange on 9 December 2019. The proceeds received from the issuance of 150 million ordinary shares (the “**Share Offer**”) by Share Offer at HK\$0.40 per offer share was HK\$60.0 million. As set out in the section headed “Future Plans and Use of Proceeds” in the prospectus of the Company dated 25 November 2019 (the “**Prospectus**”), the net proceeds after deduction of underwriting fees and related listing expenses were approximately HK\$28.0 million (the “**Net Proceeds**”) and the Company intends to use the Net Proceeds from the Share Offer for the following purposes:

Approximate amount of net proceeds	Business strategies
HK\$4.6 million or 16.4%	Implement cloud-based data content management solution
HK\$11.0 million or 39.3%	Acquire additional hardware and software to provide cloud-based internet security services
HK\$6.3 million or 22.5%	Establish a disaster recovery centre and becoming a holder of network service provider licence
HK\$1.4 million or 5.0%	Establish a branch office and a backup data centre in Kuala Lumpur
HK\$2.7 million or 9.6%	Expand and strengthening our manpower to cater for the anticipated expansion plans
HK\$2.0 million or 7.2%	Promote our business to capture more market share in the industry

An analysis of the utilisation of the Net Proceeds up to 31 December 2022 is set out below:

Business Strategies	Planned use of the net proceeds up to 31 December 2022 HK\$'000	Actual amount utilised up to 31 December 2022 HK\$'000	Unutilised net proceeds up to 31 December 2022 HK\$'000
Implement cloud-based data content management solution	4,615	4,250	365
Acquire additional hardware and software to provide cloud-based internet security services	11,012	11,012	-
Establish a disaster recovery centre and a backup data centre and becoming a holder of network service provider license	6,267	4,965	1,302
Establish a branch office in Kuala Lumpur	1,413	643	770
Expand and strengthening our manpower to cater for the anticipated expansion plans	2,645	2,645	-
Promote our business to capture more market share in the industry	2,048	2,048	-
	28,000	25,563	2,437

The Directors will continue to examine the Group's business objectives and may change or modify the plans against the changing market conditions to pursuit business growth of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

The net proceeds have not been fully utilised up to 31 December 2022 as previously disclosed in the Prospectus because of the reasons elaborated below:

1. As for the implementation of cloud-based data content management solution, the unutilised portion amounted to approximately HK\$365,000 as at 31 December 2022 was due to lower-than-expected hardware and software maintenance cost, the Group plans to use the unutilised portion for maintenance cost during the year ending 30 June 2023;
2. As for the establishment of a disaster recovery centre and a backup data centre and becoming a holder of network service provider license, the unutilised portion amounted to approximately HK\$1,302,000 as at 31 December 2022. Due to the outbreak of the COVID-19, the Group's plan to purchase data centre space facilities of a backup data centre has been delayed, the Group plans to use the unutilised portion to purchase and maintain data centre space facilities of backup data centre during the year ending 30 June 2023; and
3. As for the establishment of a branch office in Kuala Lumpur, the unutilised portion amounted to approximately HK\$770,000 as at 31 December 2022 due to lower-than-expected office rent for the branch office in Kuala Lumpur, the Group plans to use the unutilised portion to rent a branch office in Kuala Lumpur during the year ending 30 June 2023.

As at 31 December 2022, the Net Proceeds of approximately HK\$2,437,000 had not yet been utilised as planned, but is expected to be utilised during the financial year ending 30 June 2023. The Group will continue to apply the Net Proceeds from the Listing in the same manner as specified in the section headed "Future Plans and Use of Proceeds" set out in the Prospectus.

All the unutilised net proceeds have been placed in licensed banks in Hong Kong and Malaysia.

COMPARISON BETWEEN BUSINESS OBJECTIVES AND ACTUAL BUSINESS PROGRESS

The future plan and the planned amount of usage of Net Proceeds as stated in the “Future Plans and Use of Proceeds” were based on the best estimation and assumption of future market conditions at the time of preparing the Prospectus while the proceeds were applied based on the actual development of the Group’s business and the industry. An analysis comparing the business strategies stated in the Prospectus with the Group’s actual business progress is set out below:

Business strategies	Actual business progress up to 31 December 2022
Implement cloud-based data content management solution	Partly utilised for implementing the cloud-based data content management solution and the remaining will be utilised for hardware and software maintenance during the year ending 30 June 2023.
Acquire additional hardware and software to provide cloud-based internet security services	Utilised for implementing cloud-based internet security services and for hardware and software maintenance.
Establish a disaster recovery centre and becoming a holder of network service provider licence	Partly utilised for purchasing the hardware and software required for establishing a disaster recovery centre as a result of delay due to the outbreak of the COVID-19. The remaining amount for purchasing and maintaining data centre space facilities and backup data centre will be utilised during the year ending 30 June 2023.
Establish a branch office and a backup data centre in Kuala Lumpur	Partly utilised for paying the rental of the new branch office since February 2020. The remaining amount will be utilised for paying the rental of the new branch office.
Expand and strengthening our manpower to cater for the anticipated expansion plans	Utilised for recruiting two IT specialist engineers, one service delivery manager and two senior sales executive.
Promote our business to capture more market share in the industry	Utilised for expanding and exploring more effective online marketing strategies via LinkedIn, Facebook and Google ad and by redesigning the Company’s website. Partly utilised in promoting the E-Commerce business in the PRC.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2022, the Group had a total of 133 employees (*31 December 2021: 107 employees*). The staff costs (including Directors' emoluments) were approximately HK\$11,771,000 for the six months ended 31 December 2022 (*Six months ended 31 December 2021: approximately HK\$6,217,000*). The remuneration package of the employees is determined by various factors such as their qualifications, working experience and job performance, the market condition, industry practice and applicable employment law. Discretionary bonus based on job performance will be paid to employees as recognition of and reward for their contributions.

To provide incentive to the eligible participants (including Directors and employees), the remuneration package has been extended to include share options under the Share Option Scheme. Details of the said Share Option Scheme are set out in the paragraph headed "Share Option Scheme" in the "Other Information" section of this interim report.

The Group encourages and subsidises employees to enrol and/or participate in development or training courses in support of their career and professional development. The Group also provides inhouse training courses for the personal development of the employees.

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

As at 31 December 2022, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO which were required to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provision of the SFO), or which were required pursuant to section 352 of the SFO to be entered in the register referred to therein, or which will be required to notify to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

(i) *Long position in the ordinary Shares of the Company*

Name of Director	Nature of interest and capacity	Number of shares held/ interested (Note 1)	Approximate percentage of shareholding
Mr. Yu (Note 2)	Interests in controlled corporations	416,364,000 (L)	69.39%

Notes:

- The letter "L" demonstrates long position.
- Mr. Yu beneficially owns the entire issued shares of Thrive Harvest Limited ("**Thrive Harvest**") and Worldtone Riches Investment Limited ("**Worldtone Riches**"). Thrive Harvest is a company incorporated in the British Virgin Islands (the "**BVI**"), which in turn holds 303,864,000 Shares or approximately 50.64% of the issued share capital of the Company; and Worldtone Riches is a company incorporated in the BVI, which in turn holds 112,500,000 Shares or approximately 18.75% of the issued share capital of the Company. Therefore, Mr. Yu is deemed, or taken to be, interested in all the Shares held by Thrive Harvest and Worldtone Riches for the purpose of the SFO.

OTHER INFORMATION

(ii) Long position in the ordinary shares of associated corporations

Name of Director	Name of associated corporations	Capacity/Nature	Number of shares held	Approximate percentage of interest
Mr. Yu	Thrive Harvest	Beneficial owner	1 ordinary share	100%
	Worldtone Riches	Beneficial owner	100 ordinary shares	100%

Save as disclosed above, as at 31 December 2022, none of the Directors nor chief executive of the Company had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO), or which will be required pursuant to Section 352 of the SFO to be entered in the register referred to therein, or which will be required to notify to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the paragraph headed "Directors' and Chief Executive's Interests and/or Short Positions in Shares, Underlying Shares and Debentures" above and in the paragraph headed "Share Option Scheme" below, at no time during the six months ended 31 December 2022 were rights to acquire benefits by means of the acquisition of shares or underlying shares in or debentures of the Company granted to any Director or their respective spouses or minor children, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND/OR SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as is known to the Directors and the chief executive of the Company, as at 31 December 2022, the following persons (other than a Director or chief executive of the Company) had, or were deemed to have, interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required pursuant to section 336 of the SFO to be entered in the register referred to therein or were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote all circumstance at general meetings of any member of the Group.

Long Position in the ordinary Shares of the Company

Name	Nature of interest and capacity	Number of Shares held/ interested <i>(Note 1)</i>	Approximate percentage of shareholding
Mr. Yu <i>(Note 2)</i>	Interest in a controlled corporation	416,364,000(L)	69.39%
Thrive Harvest <i>(Note 2)</i>	Beneficial owner	303,864,000(L)	50.64%
Worldtone Riches <i>(Note 2)</i>	Beneficial owner	112,500,000(L)	18.75%
Wuhan Jiayou <i>(Note 3)</i>	Interest in a controlled corporation	33,750,000(L)	5.625%
Shenzhen Huitong <i>(Note 3)</i>	Interest in a controlled corporation	33,750,000(L)	5.625%
Garden Wealth <i>(Note 3)</i>	Beneficial owner	33,750,000(L)	5.625%

OTHER INFORMATION

Notes:

1. The letter “L” demonstrates long position.
2. Mr. Yu beneficially owns the entire issued shares of Thrive Harvest and Worldtone Riches. Therefore, Mr. Yu is deemed, or taken to be, interested in all the Shares held by Thrive Harvest and Worldtone Riches for the purpose of the SFO.
3. 100% equity interest of Garden Wealth Limited (“**Garden Wealth**”) is owned by Shenzhen Huitong Yingfu No. 1 Equity Investment Fund Partnership (Limited Partnership)* (“**Shenzhen Huitong**”) and 97% equity interest of Shenzhen Huitong is owned by Wuhan Jiayou Information Technology Co., Ltd.* (“**Wuhan Jiayou**”). Therefore, Wuhan Jiayou and Shenzhen Huitong are deemed, or taken to be, interested in the Shares held by Garden Wealth for the purpose of the SFO.

* for identification purpose only

Interest in other member of the Group

Name of member of the Group	Name of shareholder	Approximate percentage of shareholding
IP Core Network Sdn. Bhd. (108744-U)	Ms. Fathim Nur Zaida Binti Zainal Ariffin (“ Ms. Fathim ”)	30%

Note:

Ms. Fathim is one of the members of the Group’s senior management.

Save as disclosed above, as at 31 December 2022, the Company had not been notified by any persons (other than Directors or chief executives of the Company) who had interests and/or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

SHARE OPTION SCHEME

The Company has a share option scheme (the “**Share Option Scheme**”) which was approved and adopted by the shareholders of the Company on 11 November 2019. Details of the Share Option Scheme are set out in the paragraph headed “Share Option Scheme” in the “Report of the Directors” section of the Annual Report 2021/2022 and Appendix IV to the Prospectus.

During the six months ended 31 December 2022, no share option had been granted, exercised, lapsed or cancelled pursuant to the Share Option Scheme. There was no share option outstanding as at 31 December 2022.

AUDIT COMMITTEE

As at 31 December 2022, the Audit Committee has three members comprising three Independent Non-executive Directors, namely Mr. Ng Der Sian (Chairman), Mr. Chen Youchun and Ms. Zheng Li Ping. None of them are members of the former or existing auditors of the Company. The Board considers that the Audit Committee has extensive commercial experience in business, financial and legal matters. The primary duties of the Audit Committee include, among other matters, to review and monitor financial reporting and the judgment contained therein; to review financial, internal controls and risk management systems, accounting policies and practices with management and external auditors; to make recommendation to the Board on the appointment, re-appointment and removal of the external auditors and to approve the remuneration and terms of engagement of the external auditors; and to review the Company's compliance with the Corporate Governance Code ("**CG Code**") contained in Appendix 15 to the GEM Listing Rules.

The Audit Committee has reviewed and discussed with the management the accounting principles and practices adopted by the Group and auditing, internal controls, risk management systems and financial reporting matters, and the Company's policies and practices on corporate governance. The Audit Committee has also reviewed and discussed with the management the unaudited condensed consolidated interim financial results of the Group for the six months ended 31 December 2022 and this interim report and is of the opinion that the preparation of such statements compiled with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures have been made.

CORPORATE GOVERNANCE CODE

The Company's corporate governance practices follow the principles and code provisions as set out in the CG Code in Appendix 15 of the GEM Listing Rules. The Company has adopted and complied with, where applicable, the CG Code during the six months ended 31 December 2022 to ensure that the Group's business activities and decision making processes are regulated in a proper and prudent manner, save for the deviation stipulated below.

According to the code provision C.2.1 of the CG Code, the role of chairman and chief executive officer should be separated and should not be performed by the same individual. Under the current management structure of the Company, Mr. Yu is the chairman of the Board (the "**Chairman**") and the chief executive officer of the Company (the "**Chief Executive Officer**"). As Mr. Yu has more than 10 years of experience in technologies, media and telecommunications sector, corporate strategic management, project management, investment business and fund management, and due to his familiarity with the operations of the Group, the Board believes that it is in the best interest of the Group to continue to have Mr. Yu acting as both the Chairman and the Chief Executive Officer for effective management and business planning of the Group. Further, the Company has put in place an appropriate check-and-balance mechanism through the Board and three Independent Non-executive Directors. The Company will consult the Board for any major decisions. Therefore, the Board considers that the current structure of vesting rights of the Chairman and the Chief Executive Officer in the same person will not impair the balance of power and authority between the Board and the management of the Company and the deviation from code provision C.2.1 of the CG Code is appropriate in such circumstances.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the required standards of dealings (the "**Required Standard of Dealings**") set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the Required Standard of Dealings during the six months ended 31 December 2022.

COMPETING INTERESTS

During the six months ended 31 December 2022, so far as the Directors are aware, none of the Directors, controlling shareholders or substantial shareholders of the Company, neither themselves nor their respective close associates (as defined under the GEM Listing Rules) had held any position or had interest in any businesses or companies that were materially competing or might materially compete with the business of the Group, or gave rise to any concern regarding conflict of interest.

INTERESTS OF THE COMPLIANCE ADVISER

In accordance with Rule 6A.19 of the GEM Listing Rules, the Group has appointed Pulsar Capital Limited (the “**Compliance Adviser**”) as our compliance adviser. As at 31 December 2022, except for the compliance adviser agreement entered into between the Company and the Compliance Adviser dated 22 November 2019, neither the Compliance Adviser nor any of its directors, employees or close associates (as defined under the GEM Listing Rules) had any interest in the securities of the Group (including options or rights to subscribe for such securities) which is required to be notified to the Company pursuant to Rules 6A.32 of the GEM Listing Rules.

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

Neither the Company, nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 31 December 2022.

FORWARD LOOKING STATEMENTS

This interim report contains forward looking statements with respect to the financial conditions, results of operations and business of the Group. These forward looking statements represent the Company's expectations or beliefs concerning future events and involve known and unknown risks and uncertainty that could cause actual results, performance or events to differ materially from those expressed or implied in such statements.

OTHER INFORMATION

APPRECIATION

The Group's continued success depends on all its staff's commitment, dedication and professionalism. The Board would like to thank every member of staff for their diligence and dedication and to express its sincere appreciation to our shareholders, clients and suppliers for their continuous and valuable support.

By Order of the Board
Michong Metaverse (China) Holdings Group Limited
Yu Decai
Executive Director, Chairman and Chief Executive Officer

Hong Kong, 10 February 2023

As at the date of this interim report, the Board comprises Mr. Yu Decai and Mr. Hu Mingdai as Executive Directors; and Mr. Chen Youchun, Mr. Ng Der Sian and Ms. Zheng Li Ping as Independent Non-executive Directors.

Website: <http://www.metamichong.com>