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NET-A-GO TECHNOLOGY COMPANY LIMITED

網譽科技有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1483)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024

FINANCIAL HIGHLIGHTS

For the six months period ended 30 June 2024 (the “Interim Period”), unaudited operating results of the Group (as defined below) were as follows:

- Revenue amounted to approximately HK\$105,424,000 representing an increase of 2.7% compared to the same period of the previous financial year (the “Corresponding Period”);
- Loss from continuing operations attributable to shareholders of the Company increased to HK\$3,933,000 for the Interim Period as compared to HK\$1,124,000 for the Corresponding Period;
- Loss attributable to equity holders of the Company amounted to HK\$4,811,000 for the Interim Period as compared to loss attributable to equity holders of the Company amounted to HK\$1,945,000 for the Corresponding Period;
- Basic and diluted loss per share for profit from continuing operations for the Interim Period were HK0.5 cents;
- Basic and diluted loss per share for the Interim Period based on weighted average number of ordinary shares was HK0.1 cents;
- No dividend was declared for the Interim Period.

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

The board of directors (the “Board”) of Net-a-Go Technology Company Limited (the “Company”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (the “Group”) for the Interim Period together with the comparative unaudited figures for the corresponding period in 2023 (the “Corresponding Period”) as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2024

		Unaudited for the six months ended 30 June	
		2024	2023
	Note	HK\$'000	HK\$'000 (Re-stated)
Revenue	4	<u>105,424</u>	<u>102,657</u>
Cost of revenue		<u>(97,843)</u>	<u>(91,134)</u>
Gross profit		7,581	11,523
General and administrative expenses	5	(12,113)	(11,240)
Other (loss)/income		(357)	364
Loss on disposal of financial assets at fair value through profit or loss		(1,041)	(84)
Fair value gain/(loss) on financial assets at fair value through profit or loss		<u>616</u>	<u>(1,523)</u>
Operating (loss)/profit		(5,314)	(960)
Finance income	6	2,109	3,263
Finance costs		<u>(1,204)</u>	<u>(159)</u>
Finance income – net		<u>905</u>	<u>3,104</u>
(Loss)/profit before income tax		(4,409)	2,144
Income tax expense	7	<u>(2,280)</u>	<u>(1,697)</u>
(Loss)/profit for the period from continuing operations		<u>(6,689)</u>	<u>447</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

For the six months ended 30 June 2024

		Unaudited for the six months ended 30 June	
	<i>Note</i>	2024 HK\$'000	2023 <i>HK\$'000</i> (Re-stated)
Discontinued operations			
Loss for the period from discontinued operations	8	(975)	(912)
Loss for the period arising from discontinued operations		(975)	(912)
Loss for the period		(7,664)	(465)
Loss attributable to:			
Equity holders of the Company		(4,811)	(1,945)
Non-controlling interests		(2,853)	1,480
		(7,664)	(465)
Loss attributable to the equity holders of the Company arise from:			
– Continuing operations		(3,933)	(1,124)
– Discontinued operations		(878)	(821)
		(4,811)	(1,945)
Other comprehensive loss for the period:			
Items that may be reclassified to profit or loss			
– Exchange difference on translation of foreign operations		(10,090)	(910)
Other comprehensive loss for the period, net of tax		(10,090)	(910)
Total comprehensive loss for the period		(17,754)	(1,375)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

For the six months ended 30 June 2024

	Unaudited for the six months ended 30 June	
	2024	2023
<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i> (Re-stated)
Total comprehensive loss attributable to:		
Equity holders of the Company	(9,957)	(2,409)
Non-controlling interests	(7,797)	1,034
	(17,754)	(1,375)
Total comprehensive loss for the period attributable to the equity holders of the Company arise from:		
– Continuing operations	(9,079)	(1,588)
– Discontinued operations	(878)	(821)
	(9,957)	(2,409)
	(9,957)	(2,409)
Loss per share attributable to the equity holders of the Company during the period (HK cents)	<i>10</i>	
Basic and diluted		
– Continuing operations	(0.5)	(0.2)
– Discontinuing operations	(0.1)	(0.1)
	(0.6)	(0.3)
	(0.6)	(0.3)
Dividends (HK\$)	<i>9</i>	
	0	0
	0	0

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2024

		30 June 2024	31 December 2023
		(Unaudited)	(Audited)
	<i>Note</i>	HK\$'000	HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		11,983	18,687
Investment properties		72,500	72,500
Right of use assets		0	3,363
Deferred income tax assets		0	550
Intangible assets		9,405	26,812
Restricted cash		0	2,152
Contract assets	4	20,128	16,358
		114,016	140,422
Current assets			
Trade receivables	11	171,230	152,833
Deposit and prepayments and other receivables		112,700	17,096
Financial assets at fair value through profit or loss	12	12,013	28,848
Inventories		10,244	4,070
Restricted cash		754	1
Contract assets		1,289	0
Cash and cash equivalents		301,516	245,234
		609,746	448,082
Assets classified as held for sale	8	8,498	–
Total assets		732,260	588,504
EQUITY			
Equity attributable to owners of the Company			
Share capital		7,950	7,950
Share premium		628,837	628,837
Reserves		(302,785)	(291,148)
		334,002	345,639
Non-controlling interests		77,149	85,403
Total equity		411,151	431,042

CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

As at 30 June 2024

		30 June 2024 (Unaudited) <i>HK\$'000</i>	31 December 2023 (Audited) <i>HK\$'000</i>
	<i>Note</i>		
LIABILITIES			
Non-current liabilities			
Lease liabilities		651	1,898
Deferred income tax liabilities		19,409	24,281
Deposits received		331	340
		20,391	26,519
Current liabilities			
Trade payables	13	5,265	20,528
Accruals, provisions and other payables		97,613	40,563
Lease liabilities		3,686	1,820
Consideration payables		58,530	58,530
Deposits received		1,027	806
Current income tax liabilities		20,107	8,696
Loan from a shareholder	14	114,490	0
		300,718	130,943
Total liabilities		321,109	157,462
Total equity and liabilities		732,260	588,504

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Share-based payment reserve <i>HK\$'000</i>	Share held for employee share scheme <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Statutory reserve <i>HK\$'000</i>	Total <i>HK\$'000</i>	Non-controlling interest <i>HK\$'000</i>	Total <i>HK\$'000</i>
Balance as at 1 January 2024 (Audited)	7,950	628,837	4,986	3,587	28,473	(35,880)	(306,227)	13,913	345,639	85,403	431,042
Comprehensive income:											
Loss for the period	-	-	-	-	-	-	(4,811)	-	(4,811)	(2,853)	(7,664)
Other comprehensive loss:											
Currency translation difference	-	-	-	(5,146)	-	-	-	-	(5,146)	(4,944)	(10,090)
Total other comprehensive loss	-	-	-	(5,146)	-	-	-	-	(5,146)	(4,944)	(10,090)
Total comprehensive loss	-	-	-	(5,146)	-	-	(4,811)	-	(9,957)	(7,797)	(17,754)
Transaction with owners in their capacity as owners:											
Share-based payment	-	-	-	-	178	-	-	-	178	-	178
Transfer to statutory reserve	-	-	-	-	-	-	(476)	933	457	(457)	-
Acquisition of shares under employee share scheme	-	-	-	-	-	(2,315)	-	-	(2,315)	-	(1,548)
Balance as at 30 June 2024 (Unaudited)	7,950	628,837	4,986	(1,559)	28,651	(38,195)	(311,514)	14,846	334,002	77,149	411,151
	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Share-based payment reserve <i>HK\$'000</i>	Share held for employee share scheme <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Statutory reserve <i>HK\$'000</i>	Total <i>HK\$'000</i>	Non-controlling interest <i>HK\$'000</i>	Total <i>HK\$'000</i>
Balance as at 1 January 2023 (Audited)	7,950	628,837	4,986	5,571	26,317	(35,561)	(271,382)	13,913	380,631	92,107	472,738
Comprehensive income:											
Loss for the period	-	-	-	-	-	-	(2,861)	-	(2,861)	2,396	(465)
Other comprehensive loss:											
Currency translation difference	-	-	-	(910)	-	-	-	-	(910)	-	(910)
Total other comprehensive loss	-	-	-	(910)	-	-	-	-	(910)	-	(910)
Total comprehensive loss	-	-	-	(910)	-	-	(2,861)	-	(3,771)	2,396	(1,375)
Transaction with owners in their capacity as owners:											
Share-based payment	-	-	-	-	2,503	-	-	-	2,503	-	2,503
Transfer to statutory reserve	-	-	-	-	-	-	(954)	1,870	916	(916)	-
Balance as at 30 June 2023 (Unaudited)	7,950	628,837	4,986	4,661	28,820	(35,561)	(275,197)	15,783	380,279	93,587	473,866

NOTES TO THE INTERIM FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 20 June 2013 as an exempted company with limited liability under the Companies Law (2010 Revision) of the Cayman Islands. The address of the Company's registered office is P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands. The Company's principal place of business is located at Suite 1201, 12/F, 1111 King's Road, Taikoo Shing, Hong Kong.

The Company is listed on the Main Board of the Stock Exchange of Hong Kong Limited.

The Company is an investment holding company and its subsidiaries are principally engaged in environmental maintenance business, property leasing business and securities trading business.

The condensed consolidated interim financial information are presented in Hong Kong dollars ("HK\$") unless otherwise stated. These condensed consolidated interim financial information have been approved for issue by the Board of Directors on 28 August 2024.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES

This condensed consolidated interim financial information for the six months ended 30 June 2024 has been prepared in accordance with HKAS 34 "Interim financial reporting". The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2023, which have been prepared in accordance with Hong Kong Financial Reporting Standards.

The condensed consolidated interim financial information have been prepared under the historical cost basis. The material accounting policies used in the preparation of the interim financial statements are consistent with those used in the annual consolidated financial statements for the year ended 31 December 2023, except for the amendments and interpretations of Hong Kong Financial Reporting Standards ("New HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants which have become effective in this period as detailed in note 2.1 of this announcement.

2.1 New Accounting Standards and Accounting Changes

Application of amendments to HKFRSs

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial information.

Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current (the "2020 Amendments")</i>
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants (the "2022 Amendments")</i>
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

The application of the amendments to HKFRS in the current interim period has no material impact on the Group's financial positions and performance for the current and prior period and/or disclosures set out in these interim condensed consolidated financial statements.

3. SEGMENT INFORMATION

(a) Analysis of segment revenue and results

The Chief Operating Decision Maker ("CODM") has been identified as the Directors who review the Group's internal reporting in order to assess performance and allocate resources. The CODM has determined the operating segments based on these reports.

The Group has four operating segments (i) environmental maintenance business, (ii) media advertisement business, (iii) property leasing business, and (iv) Trading business.

Certain comparative figures has been reclassified to conform with current year's presentation.

The "Others" business segment consists of the financials of selling of cosmetics business and selling of frozen meat business.

Segment revenue and results

The following is an analysis of the Group's revenue and results by operating segment:

	Environmental maintenance business		Media advertisement business		Property leasing business		Trading business		Discontinued operations		Total	
	Six months ended 30 June 2024		Six months ended 30 June 2023		Six months ended 30 June 2024		Six months ended 30 June 2023		Six months ended 30 June 2024		Six months ended 30 June 2023	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue												
External Revenue	81,351	91,318	3,791	-	996	1,364	19,286	9,975	3,328	7,289	108,752	109,946
Fair value gain/(loss) on financial assets at fair value through profit and loss	-	-	-	-	-	-	616	(1,523)	-	-	616	(1,523)
Segment profit/(loss)	8,464	6,790	(14,326)	0	491	607	2,161	(1,722)	(975)	(912)	(4,185)	4,762
Finance income											2,109	3,264
Finance costs											(1,204)	(159)
Unallocated corporate expenses											(2,104)	(6,635)
Profit before income tax											(5,384)	1,232

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit/(loss) represents the profit earned/loss incurred by each segment without allocation of central administration costs, depreciation of certain plant and equipment, directors' emoluments, finance income, finance cost and exchange gain/(loss). This is the measure reported to the CODM for purposes of resources allocation and performance assessment.

(b) Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating segment:

	Environmental maintenance business		Media advertisement business		Property leasing business		Trading business		Discounted operations		Total	
	As at 30 June 2024	As at 31 December 2023	As at 30 June 2024	As at 31 December 2023	As at 30 June 2024	As at 31 December 2023	As at 30 June 2024	As at 31 December 2023	As at 30 June 2024	As at 31 December 2023	As at 30 June 2024	As at 31 December 2023
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	211,748	203,446	108,181	0	72,803	72,661	28,010	55,839	8,498	8,079	429,240	340,025
Cash and cash equivalents											301,516	245,234
Deferred income tax assets											0	550
Other unallocated corporate assets											1,504	2,695
Total assets											732,260	588,504
Segment liabilities	48,775	49,621	128,921	0	696	1,145	3,505	10,397	0	0	181,897	61,163
Deferred income tax liabilities											19,409	24,281
Consideration payables											58,530	58,530
Current income tax liabilities											20,107	8,696
Other unallocated corporate liabilities											41,166	4,792
Total liabilities											321,109	157,462

(c) **Geographical information**

Revenues are attributed to geographic areas based on the location of customers. Revenues regarding geographical segments based on the location of customers or revenue source for the Interim Period are presented as follows:

	For the six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Continuing operations:		
– China	87,330	93,663
– Hong Kong	18,094	8,994
	105,424	102,657
Discontinued operation:		
– China	3,328	7,289

Information about major customers

During the Interim Period, no single customer accounted for more than 10% of the Group's total revenue (six months ended 30 June 2023: Nil).

4. REVENUE

Turnover which consists of revenue from (i) environmental maintenance business, (ii) property leasing business, (iii) media advertisement business and (iv) trading business, for the Interim Period together with the comparative unaudited figures for the Corresponding Period are as follows:

	For six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Continuing operations		
Revenue		
Environmental maintenance business:		
Service income for provision of environmental maintenance services	81,351	91,318
Property leasing business:		
Rental income	996	1,364
Media Advertisement business:		
Advertising Income	3,791	–
Trading business:		
– Trading at cosmetic products	19,142	8,994
– Trading of frozen meet	–	902
– Dividend and interest income from security trading	144	79
	<u>105,424</u>	<u>102,657</u>
Discontinued operation:		
– Sales of medical devices	<u>3,328</u>	<u>7,289</u>

Assets related to contracts with customers

The Group has recognised the following revenue-related contract assets

	As at 30 June 2024 (Unaudited) HK\$'000	As at 31 December 2023 (Audited) HK\$'000
Contract assets		
Classified under:		
– non-current assets	33,206	29,436
Less: loss allowance	(13,078)	(13,078)
	<u>20,128</u>	<u>16,358</u>

As at 30 June 2024, contract assets were mainly arisen from a service contract with a customer of its environmental maintenance business in which the Group has provided the relevant services with an agreed payment schedule of 8 years. Up to the date of this announcement, the Group has recognised accumulated revenue of HK\$32,626,000 (31 December 2023: HK\$32,626,000) in relation to this project. Since the Group has yet to receive audited project report from the customer as at respective year end date, the contract assets have yet to be converted to trade receivables as at 30 June 2024 (31 December 2023: same).

The accumulated impairment of the Group's contract assets of HK\$13,078,000 for the Interim Period (31 December 2023: same) was made based on individual impairment assessment carried out for the customer which have an impairment indicator.

5. GENERAL AND ADMINISTRATIVE EXPENSES

	For six months ended 30 June	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Depreciation on fixed assets	850	705
Legal and professional fee	343	320
Rent and rate	417	621
Share-based payment expenses	178	2,503
Staff salaries and allowances	6,554	4,672
Travelling expenses	215	353
Others	3,556	2,066
	<u>12,113</u>	<u>11,240</u>

6. FINANCE INCOME

The finance income for the Interim Period amounted to approximately HK\$2,109,000 (six month ended 30 June 2023: HK\$3,263,000) mainly comprised of interest income on short-term bank deposits.

7. INCOME TAX EXPENSE

	For six months ended 30 June	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Current income tax		
Hong Kong profit tax	–	–
PRC enterprise income tax	2,280	1,697
Income tax expenses	<u>2,280</u>	<u>1,697</u>

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits for six months ended 30 June 2024 and 2023. The applicable corporate income tax rate for Mainland China subsidiaries is 25% on the estimated assessable profits.

8. DISCONTINUED OPERATIONS

On 30 April 2024, the Board agreed to dispose of the sales of medical devices business at a consideration of RMB 22,500,000. The Board is of the view that the disposal serves as a good opportunity for the Group to cut loss and realise the investment in the disposed Company and to dedicate its resources to other business segments of the Group.

As the disposed businesses are considered as separate major line of businesses, the corresponding operations had been classified as discontinued operations as a result of the completion of such disposal.

The results of these discontinued operations for the six month period ended 30 June 2024 and 2023 are set out below:

	Unaudited for the six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Revenue	3,328	7,289
Other income	4	16
Cost of revenue	(3,215)	(5,798)
Administrative expenses	(1,047)	(2,420)
Operating loss	(930)	(913)
Finance income	1	1
Finance cost	(46)	–
Finance cost – net	(45)	0
Loss before income tax	(975)	(912)
Income tax expense	–	–
Loss for the period from discontinued operations	(975)	(912)

The disposal was completed on 1 August 2024. The carrying amounts of assets and liabilities as at 30 June 2024, were as follow:

	<i>HK\$'000</i>
Property, plant and equipment	132
Intangible asset	16,251
Inventories	4,357
Right-of-use assets	1,067
Trade receivables	1,502
Deposits and prepayments	2,519
Cash and cash equivalents	9,463
Trade payables	(8,054)
Accruals, other payables and provision	(16,776)
Contract liabilities	(740)
Income tax liabilities	(33)
Lease liabilities	(1,190)
	<hr/>
Assets classified as held for sale	<u><u>8,498</u></u>

9. DIVIDENDS

The Directors do not recommend payment of interim dividend for the Interim Period (six months ended 30 June 2023: Nil).

10. LOSS PER SHARE

(a) Basic

Basic (loss)/earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the Interim Period and corresponding period of previous financial year.

	For six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Loss attributable to owners of the Company (<i>HK\$'000</i>)	<u>(4,811)</u>	<u>(1,945)</u>
Weighted average number of ordinary shares in issue (<i>thousands</i>)	<u>769,817</u>	<u>772,106</u>
Loss per share (<i>HK\$</i>)	<u><u>(0.006)</u></u>	<u><u>(0.003)</u></u>

(b) Diluted

Diluted earning/(loss) per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the Interim Period, the diluted loss per share equal the basic loss per share since the vesting of the share options under the share option scheme of the company would not have a dilutive effect on the loss per share.

11. TRADE RECEIVABLES

	30 June 2024 (Unaudited) <i>HK\$'000</i>	31 December 2023 (Audited) <i>HK\$'000</i>
0 to 30 days	17,929	17,280
31 to 60 days	9,467	12,537
61 to 90 days	8,387	11,650
More than 90 days	136,000	111,919
	171,783	153,386
Loss: loss allowance	(553)	(553)
	<u>171,230</u>	<u>152,833</u>

As at 30 June 2024, the Group's trade receivables mainly comprised receivables from the Group's environmental maintenance business. They are related to customers for whom there were no recent history of default.

Provision for impairment of trade receivables in the amount of HK\$553,000 was made as at 30 June 2024 (as at 31 December 2023: HK\$553,000).

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2024 (Unaudited) HK\$'000	31 December 2023 (Audited) HK\$'000
Hong Kong listed equity securities	6,354	21,254
Unlisted equity investments	<u>5,659</u>	<u>7,594</u>
	<u>12,013</u>	<u>28,848</u>

13. TRADE PAYABLES

The aging analysis of trade payables based on the invoice date was as follows:

	30 June 2024 (Unaudited) HK\$'000	31 December 2023 (Audited) HK\$'000
0-30 days	711	2,758
31-60 days	576	2,866
61-90 days	1,012	1,002
More than 91 days	<u>2,966</u>	<u>13,902</u>
	<u>5,265</u>	<u>20,528</u>

The carrying amounts of the Group's trade payables approximate their fair values and are denominated in RMB.

14. RELATED PARTY TRANSACTIONS

Loan from a shareholder

On 30 April 2024, the Company and Mr. Sang Kangqiao (“**Mr. Sang**”), the controlling shareholder of the Company and chairman of the Board of Directors, entered into a loan agreement under which Mr. Sang borrowed an unsecured loan to the Company amounted to HK\$114,490,000 with an interest rate of 5.0% per annum for a term of 1 years from 30 April 2024. The carrying amounts of loan from a shareholder approximate their values, are denominated in HK\$ and repayable on demand.

Mr. Sang had confirmed his intention not to demand for repayment of the outstanding balance for coming twelve months from the date of this report.

15. EVENTS AFTER THE REPORTING PERIOD

There is no material subsequent event undertaken by the Group after 30 June 2024, up to the date of this results announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND OPERATIONAL OVERVIEW

Since June 2024, the Group invested in media advertisement business. Information reported to the CODM for the purposes of resources allocation and performance assessment, focuses on the results of the Group's operating segments.

The Group's reportable segments are as follows:

- (i) Environmental maintenance business
- (ii) Property leasing business
- (iii) Media advertisement business
- (iv) Trading business

The Group recorded a revenue of approximately HK\$105,424,000 for the Interim Period, compared to a revenue of approximately HK\$102,657,000 for the Corresponding Period, representing an increase of approximately 2.7%.

Gross profit for the Interim Period amounted to approximately HK\$7,581,000 (Corresponding Period: HK\$11,523,000). After taking into account of the general and administrative expenses, other loss, loss on disposal of financial assets at fair value through profit or loss, fair value gain on financial assets at fair value through profit or loss and net finance income, the Group recorded loss attributed to the equity holders of the Company from the continuing operations was approximately HK\$3,933,000 for the Interim Period (Corresponding Period: Loss of approximately HK\$1,124,000).

For the Interim Period, the discontinued operation recorded a revenue of approximately HK\$3,328,000, compared to a revenue of approximately HK\$7,289,000 for the Corresponding Period. Loss attributed to the equity holders of the Company from the discontinued operations was approximately HK\$878,000 for the Interim Period (Comparative Period: Loss of approximately HK\$821,000).

Disposal

Taking into account the uncertain market and increasingly challenging operating environment in the selling of medical devices business and the unsatisfactory performance of sales of medical devices business (the "**Disposed Company**"), a strategic decision was taken and executed to dispose the Disposed Company (the "**Disposal**").

On 30 April 2024, the Board agreed to dispose of the Disposed Company at a consideration of RMB 22,500,000. The Board is of the view that the disposal serves as a good opportunity for the Group to cut loss and realise the investment in the Disposed Company and to dedicate its resources to other business segments of the Group. The Disposal also helps to streamline the business in order to improve the liquidity and overall financial position of the Group.

All the conditions precedent under the disposal agreement have been fulfilled and completion of the Disposal took place on 1 August 2024. For details, please refer to the announcement of the Company dated 30 April 2024 and 1 August 2024.

Discontinued Operations

Sales of medical devices business has been classified as Discontinued Operation in accordance with International Financial Reporting Standard 5 (“HKFRS 5”). It was estimated that the Group will record an unaudited gain on disposal for approximately RMB30,460,000 (subject to Completion) before deducting the expenses associated with the disposal. For details, please refer to the announcement of the Company dated 30 April 2024 and 1 August 2024.

Environmental Maintenance Business

The environmental maintenance business is headquartered in Chengdu, and is penetrating into other regions in the PRC such as Xinjiang Autonomous Region, Hebei Province and Inner Mongolia Autonomous Region. Its scope of services mainly includes (i) janitorial services for public areas in cities; (ii) classification management of solid waste, bulky garbage and food waste; and (iii) facility maintenance management of refuse collection points.

During the Interim Period, the environmental maintenance business recorded a revenue of approximately HK\$81,351,000 compared to a revenue of approximately HK\$91,318,000 for the Corresponding Period. The performance of environmental maintenance business experienced a decline compared to the Corresponding Period as the management exercised caution and was prudent to bid new projects, which resulted in decrease in revenue as there were no new projects secured in 2024.

As of 30 June 2024, the Group had a total of 6 (30 June 2023: 10) environmental maintenance service contracts in progress with the total contract amount of approximately RMB267 million (30 June 2023: RMB531 million) for the remaining contract term.

Media Advertisement Business

The Company started to engage in media advertisement business in the PRC in May 2024 and started to record advertising revenue in June 2024. During the Interim Period, the business generated revenue of approximately HK\$3,791,000 for the Group.

As at the date of this announcement, the Group has signed 54 advertisement contracts, which generated advertising revenue of approximately RMB52.40 million. The amount of advertising revenue to be recorded in 2024 is expected to be not less than RMB150 million.

Property Leasing Business

During the Interim Period, two rental contracts were renewed with a lower rental rate. The Group recorded a rental income of approximately HK\$996,000 for the leasing of an office in Beijing (Corresponding Period: approximately HK\$1,364,000).

Trading Business – cosmetic products trading

During the Interim Period, the cosmetic trading business generated approximately HK\$19,142,000 (Corresponding Period: Approximately HK\$8,994,000) revenue to the Group.

Trading Business – frozen meet trading

The trading of frozen meat business was terminated in the year of 2023.

Trading Business – securities trading business

During the Interim Period, the Group invested in the security markets with a more conservative manner which disposed various listed equity securities and arranged for various principal protected deposits with a bank in HK to receive safe and stable return.

The Group recorded fair value gain on financial assets at fair value through profit and loss in the amount of approximately HK\$616,000 (Corresponding Period: Fair value loss of approximately HK\$1,523,000), loss on disposal of financial assets at fair value through profit or loss in the amount of approximately HK\$1,041,000 (Corresponding Period: Loss of approximately HK\$84,000), and dividend and interest income in the amount of approximately HK\$144,000 (Corresponding Period: approximately HK\$79,000).

FINANCIAL REVIEW

Revenue

The table below sets forth the revenue breakdown of the Group's for the Interim Period and Corresponding Period:

	For six months ended 30 June	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Revenue		
Environmental maintenance business:		
Service income for provision of environmental maintenance services	81,351	91,318
Property leasing business:		
Rental income	996	1,364
Media Advertisement business:		
Advertising Income	3,791	–
Trading business:		
– Trading at cosmetic products	19,142	8,994
– Trading of frozen meet	–	902
– Dividend and interest income from security trading	144	79
	<u>105,424</u>	<u>102,657</u>

During the Interim Period, the Group recorded a total revenue of approximately HK\$105,424,000 (Corresponding Period: approximately HK\$102,657,000) representing an increase of approximately 2.7% as compared to the Corresponding Period. The increase was primarily due to the increment of revenue from the cosmetic products trading business and the development of media advertisement business which overcome the drop of revenue from the environmental maintenance business.

Cost of Revenue

The cost of revenue is mainly comprised of service fees to workers, material consumed, depreciation on machinery and motor vehicles, motor vehicles expenses and utilities expenses from the environmental maintenance business. Cost of revenue for the Interim Period amounted to approximately HK\$97,843,000 (Corresponding Period: HK\$91,134,000), representing an increase of approximately 7.4% as compared to Corresponding Period.

Employee Benefit Expenses

The Group had 796 workers from the environmental maintenance business in PRC and 102 office staff from Hong Kong and PRC office, total 898 employees as at 30 June 2024 (As at 30 June 2023: 847 workers and 25 office staff, total 872 employees). The increase in office staff mainly arising from the development of media advertisement business. Salaries and benefits expenses for workers were recognised as service fees to workers and classified under cost of revenue while salaries and benefits expenses for office staff were classified under general and administrative expenses.

During the Interim Period, salaries and benefits expenses were approximately HK\$6,554,000 (Corresponding Period: approximately HK\$4,672,000). The Group would regularly review the work allocation of the workers and office staff to maintain a high standard of service.

Profit Attributable to the Equity Holders of the Company

During the Interim Period, the Group recorded loss attributable to the equity holders of the Company in the amount of approximately HK\$4,811,000 (Corresponding Period: loss of approximately HK\$1,945,000). The change in results for the Interim Period were mainly attributable to the drop in gross profit which arisen from the newly developed media advertisement business.

Liquidity, Financial Resources and Capital structure

Capital structure

The Group's objectives of managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors its capital on the basis of the gearing ratio. The Group's strategy for lowering the gearing ratio to an acceptable level remain constant during the Interim Period.

Cash position and pledged bank deposit

As at 30 June 2024, the Group's cash and cash equivalents were approximately HK\$301,516,000 representing an increase of approximately 23.0% as compared with approximately HK\$245,234,000 as at 31 December 2023.

Trade receivables

As at 30 June 2024, the Group's trade receivables were approximately HK\$171,230,000, representing an increase of approximately 12.0% as compared to such amount as at 31 December 2023. The trade receivables were mainly comprised of trade receivable from the environmental maintenance business.

Pledged Assets

During the Interim Period, the Company did not charge any fixed assets as security for borrowings.

Capital expenditure

For the Interim Period, the Group's capital expenditure was approximately HK\$1,057,273 (Corresponding Period: HK\$Nil), which was mainly used in the environmental maintenance business.

Gearing ratio

The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as consideration payables plus loans from a shareholder less cash and cash equivalents. Total capital is calculated as ‘equity’ shown in the consolidated balance sheet plus net debt. As at 30 June 2024 and 31 December 2023, the Group was in a net cash position, hence, no gearing ratio is disclosed.

Foreign Exchange Exposure

The Group operated in Hong Kong and PRC and primarily used HKD and RMB for the business in Hong Kong and PRC. The Group was exposed to foreign exchange risk based on fluctuations between HKD and RMB arising from its core operation in the Hong Kong and PRC. The Group did not undertake derivatives financial instruments or hedging instruments for speculative purposes. The Group will constantly review the economic situation and its foreign currency risk profile, continue to actively monitor foreign exchange exposure to minimize the impact of any adverse currency movement.

Significant Investment Held, Material Acquisition or Disposal of Subsidiaries and Affiliated Companies and Plans for Material Investment or Capital Assets

Disposal of A Subsidiary

On 30 April 2024, Aerospace Huatai Environmental Protection Co. Ltd, an indirect wholly-owned subsidiary of the Company, entered into a disposal agreement with Mr. Ho Wan Choi to dispose of the Group’s 90% equity interest in Shanghai Umitai Medical Technology Co. Ltd (the “Disposed Company”) at a consideration of RMB22,500,000.

The Group completed such disposal on 1 August 2024. Accordingly, the financial results of Disposed Company for the period from 1 January 2024 to 30 June 2024 were presented as “Discontinued Operations” in the accompanying consolidated statement of comprehensive income in accordance with HKFRS 5 “Non-current Assets Held for Sales and Discontinued Operations”. Comparative figures for the year ended 31 December 2023 had been restated accordingly.

All the conditions precedent under the disposal agreement have been fulfilled and completion of the disposal took place on 1 August 2024. For details, please refer to the announcements of the Company dated 30 April 2024 and 1 August 2024.

Save as disclosed above, there is no plan for material investments or capital assets as at 30 June 2024 and up to the date of this announcement.

USE OF PROCEEDS

The Company has not conducted any equity fund raising activities during the Interim Period and subsequently after 30 June 2024. The use of proceeds from the 2020 Subscriptions is updated as follows:

Use of Proceeds from the 2020 Subscriptions

Reference is made to the announcement of the Company dated 16 December 2019, 19 December 2019 and 7 January 2020 for the 2020 Subscription.

The net proceeds from the 2020 Subscription were approximately HK\$177,000,000 and the Company intends to apply the net proceeds in (i) the settlement of outstanding consideration payable for the acquisition of BYL Property Holdings Group Limited in 2018 (“Settlement of Consideration Payable”) amounting to approximately HK\$74,571,000 as at 31 December 2019; and (ii) general working capital as to the remaining balance. Up to the date of this announcement, the Company had paid approximately HK\$13,920,000 for the Settlement of outstanding consideration payable, with the remaining balance to be utilised as intended. Approximately HK\$102,429,000 has been utilised as general working capital as intended. The Group has no intention to change the use of proceeds from the 2020 Subscriptions.

Contingent Liabilities

As at 30 June 2024, the Group did not have any material contingent liabilities.

Employees and Remuneration Policies

The Group had 898 (as at 30 June 2023: 872) employees as at 30 June 2024. The Group’s remuneration practices are in line with the prevailing market practice and are determined on the basis of performance, qualification and experience of individual employee.

Dividend

The Directors do not recommend payment of dividend for the Interim Period (Corresponding Period: Nil).

Share Option Scheme and Share Option

The Company has adopted two share option schemes, namely, the 2013 Share Option Scheme which was adopted on 19 November 2013 and the 2021 Share Option Scheme which was adopted on 16 June 2021. The Schemes were adopted pursuant to resolutions passed by the Company's shareholders on 19 November 2013 and 16 June 2021 respectively for the primary purpose of providing eligible participants an opportunity to have a personal stake in the Company and to motivate, attract and retain the eligible participants whose contributions are important to the long-term growth and profitability of the Group.

During the Interim Period, no options had been granted, exercised, lapsed or forfeited from the 2013 Share Option Scheme and 2021 Share Option Scheme.

There were 40,000,000 and zero option respectively remained outstanding as at 30 June 2024 under the 2013 Share Option Scheme and 2021 Share Option Scheme.

Share Award Scheme

The Company has adopted a share award scheme (the "Share Award Scheme") on 10 August 2021 (the "Adoption Date"). The purposes of the Share Award Scheme are (1) to recognise and reward the contribution of certain eligible participants to the growth and development of the Group and to give incentives in order to retain them for continual operation and development of the Group, and (2) to attract and retain suitable personnel for further development of the Group. The eligible participants under the Share Award Scheme include any employee of the Group or any invested entity and any non-executive directors (including independent non-executive directors) of the Group or any invested entity.

The maximum aggregated number of Shares permitted to be awarded under the Share Award Scheme (the “Awarded Shares”) throughout the 10-year duration of the Share Award Scheme is limited to 10% of the issued share capital of the Company as at the adoption date (the “Scheme Limit”). The maximum number of Awarded Shares which may be awarded to a selected participant under the Share Award Scheme should not exceed 3% of the issued share capital of the Company as at the adoption date (the “Individual Limit”). As at the date of this annual report, the Scheme Limit and Individual Limit are 79,500,000 shares and 23,850,000 shares, respectively, representing approximately 10% and 3% of the issued share capital of the Company, respectively. The remaining life of the Share Award Scheme was approximately 8 years.

No Awarded Shares has been granted to any Eligible Participants or vested since the adoption of the Share Award Scheme.

Prospects

Looking forward, the Group will continue to utilize its available resources to develop its media advertisement business and cosmetic products trading business. Apart from the existing businesses, the Group will explore business opportunities in other industries such as high growth businesses in the PRC (including but not limited to high technology and internet business) that will flourish in the post-pandemic economic environment in order to generate a stable and constant stream of income to the Group and create long term value for our shareholder.

DIRECTORS’ INTERESTS IN A COMPETING BUSINESS

For the Interim Period, the Directors are not aware of any business or interest of the Directors, the management of the Company and their respective associates (as defined under the Listing Rules) that compete or may compete with the business of the Group and any other conflict of interest which any such person has or may have with the Group.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the Interim Period was the Company, or any of its subsidiaries or fellow subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the Interim Period.

CORPORATE GOVERNANCE

The Company is committed to ensure a high standard of corporate governance in the interests of the shareholders and devotes considerable effort to maintain high level of business ethics and corporate governance practices. The Company has complied with the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 of the Listing Rules throughout the Interim Period. The Company has applied the principles of, and complied with, the applicable code provisions of the CG Code during the Interim Period.

DIRECTORS’ SECURITIES TRANSACTIONS

The Group had adopted Appendix 10 of the Listing Rules (the “Model Code”) as its own code of conduct regarding Directors’ securities transactions on terms no less exacting than the required standard of dealings.

Having made specific enquiries to all the Directors and all the Directors of the Company had confirmed compliance with the required standard of dealings and the code of conduct for directors’ securities transactions during the Interim Period.

AUDIT COMMITTEE

The Company has established an audit committee (the “Audit Committee”). The Audit Committee performs, amongst others, review financial information of the Group; review relationship with and the terms of appointment of the external auditors; and review the Company’s financial reporting system, internal control system and risk management system.

The existing Audit Committee of the Company consists of three independent non-executive directors of the Company, chaired by Mr. Lam Ka Tak and the other two members are Mr. Xu Zhihao and Mr. Wong Sincere.

The unaudited interim financial results of the Group for the Interim Period have been reviewed by the Audit Committee.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This results announcement is published on the Company's website (www.netago.hk) and the HKExnews website (www.hkexnews.hk) of Hong Kong Exchanges and Clearing Limited. The 2024 Interim Report of the Company containing all the information required by the Listing Rules will be available on the above websites in due course.

APPRECIATION

The Company's continuous development and progress facing market competition and challenges rest on the dedication and contributions of our staff from all departments as well as the trust, support and encouragement from all shareholders and business partners. On behalf of the Board, I would also like to express our sincere thanks to shareholders, clients, suppliers, business partners and other stakeholders for their continuing trust and unfailing support.

By Order of the Board
Net-a-Go Technology Company Limited
Sang Kangqiao
Chairman and Executive Director

Hong Kong, 28 August 2024

As at the date of this announcement, the Executive Directors are Mr. Sang Kangqiao and Mr. Xu Wenze; the Non-executive Director is Ms. Chen Wenting; the Independent Non-executive Directors are Mr. Xu Zhihao, Mr. Lam Ka Tak and Mr. Wong Sincere.