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Imperium Technology Group Limited

帝國科技集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 0776)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2023

The board (the “**Board**”) of directors (the “**Directors**”) of Imperium Technology Group Limited (the “**Company**”) is pleased to announce the unaudited results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2023 (the “**Period**”), together with the unaudited comparative figures for the corresponding period in 2022 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2023

		Unaudited	
		Six months ended 30 June	
		2023	2022
	Note	HK\$'000	HK\$'000
REVENUE		41,012	66,432
Cost of sales		(40,263)	(57,376)
Gross profit		749	9,056
Other income	4	3,818	2,488
Gain on disposal of subsidiaries	5	21,107	—
Distribution costs		(1,864)	(4,638)
Administrative expenses		(45,844)	(85,063)
Other operating expenses		(10,027)	(21,889)
LOSS FROM OPERATIONS		(32,061)	(100,046)

		Unaudited	
		Six months ended 30 June	
		2023	2022
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Finance costs		<u>(7,223)</u>	<u>(5,418)</u>
LOSS BEFORE TAX		(39,284)	(105,464)
Income tax credit	6	<u>—</u>	<u>40</u>
LOSS FOR THE PERIOD		<u>(39,284)</u>	<u>(105,424)</u>
Loss for the period attributable to:			
Owners of the Company		<u>(38,958)</u>	<u>(108,348)</u>
Non-controlling interests		<u>(326)</u>	<u>2,924</u>
		<u>(39,284)</u>	<u>(105,424)</u>
LOSS PER SHARE			
Basic	8	<u>(0.13)</u>	<u>(0.35)</u>
Diluted		<u>(0.13)</u>	<u>(0.35)</u>

Unaudited
Six months ended 30 June
2023 **2022**
HK\$'000 *HK\$'000*

LOSS FOR THE PERIOD	(39,284)	(105,424)
Other comprehensive loss:		
Item that may be reclassified to profit or loss:		
Exchange differences arising on translating foreign operations	<u>(4,095)</u>	<u>(8,047)</u>
Other comprehensive loss for the period, net of tax	<u>(4,095)</u>	<u>(8,047)</u>
Total comprehensive loss for the period	<u>(43,379)</u>	<u>(113,471)</u>
Total comprehensive loss for the period attributable to:		
Owners of the Company	<u>(43,053)</u>	(116,395)
Non-controlling interests	<u>(326)</u>	<u>2,924</u>
	<u>(43,379)</u>	<u>(113,471)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2023

		Unaudited At 30 June 2023 <i>HK\$'000</i>	Audited At 31 December 2022 <i>HK\$'000</i>
	<i>Note</i>		
Non-current assets			
Property, plant and equipment	9	10,144	14,767
Investment properties		19,454	20,497
Right-of-use assets	10	14,276	21,239
Goodwill		1,988	2,982
Intangible assets		51,314	65,185
Deposits, other receivable and prepayments		11,862	12,698
		<u>109,038</u>	<u>137,368</u>
Current assets			
Inventories		1,688	1,507
Contract costs		123	173
Loan receivables and interest receivables	11	1,441	3,603
Trade receivables	12	13,024	33,998
Current tax assets		28	32
Deposits, other receivables and prepayments		11,695	18,775
Cryptocurrencies		5,890	6,323
Cryptocurrency deposits and receivables		3,598	1,879
Cash and bank balances		22,138	42,764
		<u>59,625</u>	<u>109,054</u>
Current liabilities			
Trade payables	13	4,963	10,180
Cryptocurrency payables		179	1,045
Lease liabilities		3,696	6,260
Loan from related parties	14	108,534	78,270
Other payables and accruals		55,582	82,613
Retirement benefit obligations		56	56
Contract liabilities		827	1,896
Current tax liabilities		44	29
		<u>173,881</u>	<u>180,349</u>

		Unaudited	Audited
		At	At
		30 June	31 December
		2023	2022
	<i>Note</i>	HK\$'000	HK\$'000
NET CURRENT LIABILITIES		<u>(114,256)</u>	<u>(71,295)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(5,218)</u>	<u>66,073</u>
Non-current liabilities			
Lease liabilities		2,441	3,862
Long-term loan from related parties	<i>14</i>	172,253	188,353
Retirement benefit obligations		329	282
Deferred tax liabilities		<u>172</u>	<u>1,888</u>
		<u>175,195</u>	<u>194,385</u>
NET LIABILITIES		<u>(180,413)</u>	<u>(128,312)</u>
CAPITAL AND RESERVES			
Equity attributable to owners to the Company			
Share capital	<i>15</i>	3,110	3,110
Reserves		<u>(178,899)</u>	<u>(127,124)</u>
		(175,789)	(124,014)
Non-controlling interests		<u>(4,624)</u>	<u>(4,298)</u>
TOTAL EQUITY		<u>(180,413)</u>	<u>(128,312)</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

	Six months ended 30 June	
	2023 (unaudited) HK\$'000	2022 (unaudited) HK\$'000
Total equity of the Group at 1 January	(128,312)	(12,441)
Changes in equity during the period:		
— Exchange differences arising on translating on foreign operations	(4,095)	(8,047)
— Loss for the period	<u>(39,284)</u>	<u>(105,424)</u>
Total comprehensive loss for the period	(43,379)	(113,471)
Equity settled share-based transactions	6,276	32,326
Capital contribution	1,679	1,964
Release of foreign currency translation reserve due to disposal of subsidiaries	<u>(16,677)</u>	<u>—</u>
Total equity of the Group at 30 June	<u><u>(180,413)</u></u>	<u><u>(91,622)</u></u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

	Six months ended 30 June	
	2023 (unaudited) HK\$'000	2022 (unaudited) HK\$'000
Net cash (used in)/from operating activities	(17,261)	1,616
Net cash used in investing activities	(6,720)	(18,999)
Net cash from financing activities	<u>4,238</u>	<u>37,481</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(19,743)	20,098
CASH AND CASH EQUIVALENTS AT 1 JANUARY	42,764	43,026
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	<u>(883)</u>	<u>(7,717)</u>
CASH AND CASH EQUIVALENTS AT 30 JUNE	<u><u>22,138</u></u>	<u><u>55,407</u></u>
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	<u><u>22,138</u></u>	<u><u>55,407</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL AND BASIS OF PREPARATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The address of its principal place of business is Room 02, 26/F., One Harbour Square, No. 181 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong. The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The Company is an investment holding company. The condensed consolidated financial statements are presented in Hong Kong dollars ("**HK\$**") and all values are rounded to the nearest thousand except when otherwise indicated, which is the Company's functional and presentation currency.

In the opinion of the Directors, Diamond State Holdings Limited, a company incorporated in the British Virgin Islands, is the immediate parent and Mr. Cheng Ting Kong is the ultimate controlling party of the Company.

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") as well as with the applicable disclosure provision of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

The Group incurred a net loss of approximately HK\$39,284,000 during the six months period ended 30 June 2023 and, as of that date, the Group had net current liabilities and net liabilities of approximately HK\$114,256,000 and HK\$180,413,000. These conditions indicate the existence of material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Notwithstanding the above, the condensed consolidated financial statements have been prepared on a going concern basis as the Directors have given careful consideration to the impact of the current and anticipated future liquidity of the Group and are satisfied that the borrowing facilities from three of the Group's related companies owned by the ultimate controlling party of the Company, a director of the Company and the ultimate controlling party of the Company for its working capital requirements for the next twelve months will be available as and when required, having regard to the following:

Up to the date of this announcement, three of the Group's related companies owned by the ultimate controlling party of the Company, a director of the Company and ultimate controlling party agreed to renew and not to demand to repayment for the borrowings amounting to approximately HK\$108,534,000 currently included in current liabilities at 30 June 2023 for at least the next twelve months.

Having taken into account the above, the Directors consider that the Group will have sufficient financial resources to meet in full its working capital requirements and financial obligations as and when they all due in the foreseeable future. Accordingly, the condensed consolidated financial statements have been prepared on a going concern basis.

Should the Group be unable to continue as a going concern, adjustments would have to be made to restate the values of the assets to their recoverable amounts, to provide for any further liabilities which might arise and to classify non-current assets and liabilities as current assets and liabilities respectively. The effects of these potential adjustments have not been reflected in these condensed consolidated financial statements.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for certain properties and financial instruments, which are measured at fair value, as appropriate.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2023 are the same as those followed in the preparation of the Group's annual financial information for the year ended 31 December 2022.

The Group has adopted the following new and revised Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all Hong Kong Financial Reporting Standards, HKASs and Interpretations) issued by the HKICPA for the first time for these Financial Statements.

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Definition Tax related to Assets and Liabilities arising from a Single Transaction

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

3. SEGMENT INFORMATION

Information reported to the executive Directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods delivered. For management purposes, the Group has six (2022: six) reportable segments, online game, esports, cloud computing and data storage, household products, property investment and money lending.

Information about reportable segment revenue, profit or loss and assets:

2023

	Online game HK\$'000	Cloud computing and data storage HK\$'000	Esports HK\$'000	Household products HK\$'000	Property investment HK\$'000	Money lending HK\$'000	Total HK\$'000
Six months ended 30 June 2023 (unaudited)							
Revenue from external customers	7,697	3,804	11,221	17,621	659	10	41,012
Intersegment revenue	—	—	—	—	—	—	—
Segment profit/(loss)	(28,857)	(4,162)	(7,382)	(1,329)	659	(2,069)	(43,140)
Interest revenue	2	2	6	9	—	—	19
Interest expense	(267)	(851)	(871)	—	—	—	(1,989)
Depreciation and amortisation	(4,502)	(6,941)	(3,925)	(30)	—	—	(15,398)
Addition to segment non-current assets	1,405	110	510	—	—	—	2,025
Other material non-cash item:							
— Impairment of assets, net							
Impairment of receivables, net	—	—	—	—	—	(2,071)	(2,071)
Impairment on intangible assets	(9,033)	—	—	—	—	—	(9,033)
Impairment of goodwill	(994)	—	—	—	—	—	(994)
Reversal of write-down of cryptocurrencies	—	240	—	—	—	—	240
As at 30 June 2023							
Segment assets	<u>61,752</u>	<u>23,270</u>	<u>33,618</u>	<u>19,467</u>	<u>19,454</u>	<u>2,268</u>	<u>159,829</u>

2022

	Online game HK\$'000	Cloud computing and data storage HK\$'000	Esports HK\$'000	Household products HK\$'000	Property investment HK\$'000	Money lending HK\$'000	Total HK\$'000
Six months ended 30 June 2022 (unaudited)							
Revenue from external customer	11,930	10,722	34,460	8,085	686	549	66,432
Intersegment revenue	—	—	—	—	—	—	—
Segment profit/(loss)	(18,360)	(41,637)	671	180	1,015	(1,643)	(59,774)
Interest revenue	3	—	11	926	—	—	940
Interest expense	(133)	(319)	(805)	(26)	—	—	(1,283)
Depreciation and amortisation	(5,233)	(12,684)	(3,418)	(26)	—	(3)	(21,364)
Income tax credit	40	—	—	—	—	—	40
Addition to segment non-current assets	1,049	296	—	675	—	—	2,020
Other material non-cash item:							
— Impairment of assets, net							
Impairment of receivables, net	—	—	—	(921)	—	(2,181)	(3,102)
Impairment on intangible assets	(5,573)	—	—	—	—	—	(5,573)
Impairment on property, plant and equipment	—	(9,269)	—	—	—	—	(9,269)
Impairment on right-of-use assets	—	(11,120)	—	—	—	—	(11,120)
Write-down of cryptocurrencies	—	(15,220)	—	—	—	—	(15,220)
— Net fair value gain on investment properties	—	—	—	—	329	—	329
As at 30 June 2022							
Segment assets	<u>87,189</u>	<u>45,417</u>	<u>64,539</u>	<u>37,159</u>	<u>21,467</u>	<u>4,981</u>	<u>260,752</u>

Reconciliations of segment assets:

	At 30 June 2023 (unaudited) <i>HK\$'000</i>	At 31 December 2022 (audited) <i>HK\$'000</i>
Assets		
Total assets of reportable segment	159,829	225,430
Unallocated deposits, other receivables and prepayments	793	960
Unallocated cash and bank balances	4,828	15,639
Unallocated other corporate assets	3,213	4,393
	<hr/>	<hr/>
Consolidated total assets	<u>168,663</u>	<u>246,422</u>

Reconciliation of reportable segment revenue and results:

	Six months ended 30 June	
	2023 (unaudited) <i>HK\$'000</i>	2022 (unaudited) <i>HK\$'000</i>
Revenue		
Total revenue of reportable segments	41,012	66,432
Elimination of intersegment revenue	—	—
	<hr/>	<hr/>
Consolidated revenue	<u>41,012</u>	<u>66,432</u>
Profit or loss		
Total loss of reportable segments	(43,140)	(59,774)
Unallocated finance costs	(5,512)	(4,108)
Unallocated corporate income	21,109	1
Unallocated corporate expenses	(11,741)	(41,543)
	<hr/>	<hr/>
Consolidated loss for the period	<u>(39,284)</u>	<u>(105,424)</u>

4. OTHER INCOME

	Six months ended 30 June	
	2023 (unaudited) HK\$'000	2022 (unaudited) HK\$'000
Government grants	82	167
Bank interest income	19	942
Fair value gain on investment properties	—	329
Reversal of write-down on cryptocurrencies	240	—
Net exchange gain	1,643	—
Gain on disposal of cryptocurrencies	648	—
Others	1,186	1,050
	<u>3,818</u>	<u>2,488</u>

5. GAIN ON DISPOSAL OF SUBSIDIARIES

On 30 June 2023, the Group disposed 100% of the issued share capital of JF Household Furnishings (Asia) Limited and its subsidiaries for a total consideration of HK\$1. For details of calculation, please refer to note 16.

6. INCOME TAX CREDIT

Under the two-tiered profits tax regime, the first HK\$2 million of profits of qualifying group established in Hong Kong will be taxed at 8.25%, and profits above that amount will be subject to the tax rate of 16.5%. The profits of the group entities not qualifying for the two-tiered Profit Tax rate regime will continue to be taxed at a rate of 16.5% (2022: 16.5%).

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the Enterprise Income Tax tax rate of the PRC subsidiaries has been provided at a rate of 25% (2022: 25%) on the estimated assessable profits for the Period.

Malaysia Corporate Tax has been provided at a rate of 24% (2022: 24%) on the estimated assessable profit for the Period.

Taiwan Corporate Tax has been provided at a rate of 20% (2022: 20%) on the estimated assessable profit for the Period.

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

7. DIVIDEND

No dividend has been paid, declared or proposed during the Period. The Directors have determined that no dividend will be paid in respect of the interim period (2022: Nil).

8. LOSS PER SHARE

The calculation of basic and diluted loss per share is based on the loss attributable to owners of the Company and weighted-average number of ordinary shares, as follows:

	Six months ended 30 June	
	2023	2022
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Loss		
Loss attributable to owners of the Company, for the purpose of calculating basic and diluted loss per share	<u>(38,958)</u>	<u>(108,348)</u>
	Six months ended 30 June	
	2023	2022
	(unaudited)	(unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	<u>311,036,000</u>	<u>311,036,000</u>

As the Company's share options during the six months ended 30 June 2023 and 30 June 2022, do not give rise to any dilutive effect to the loss per share, diluted loss per share was the same as the basic loss per share for the six months ended 30 June 2023 and 30 June 2022 respectively.

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2023, the Group had additions to property, plant and equipment in the amount of approximately HK\$229,000 (2022: HK\$2,020,000). The Group has no material disposal of property, plant and equipment on both periods.

10. RIGHT-OF-USE ASSETS

During the six months ended 30 June 2023, the Group had additions to right-of-use assets in the amount of approximately HK\$397,000 (2022: HK\$548,000). The Group has no material disposal of right-of-use assets on both periods.

11. LOAN RECEIVABLES AND INTEREST RECEIVABLES

	At 30 June 2023 (unaudited) <i>HK\$'000</i>	At 31 December 2022 (audited) <i>HK\$'000</i>
Loan receivables, net of loss allowance	1,283	3,354
Interest receivables	158	249
	<u>1,441</u>	<u>3,603</u>

The maturity profile of loan receivables and interest receivables at the reporting date is analysed by the remaining periods to their contractual maturity dates as follows:

	At 30 June 2023 (unaudited) <i>HK\$'000</i>	At 31 December 2022 (audited) <i>HK\$'000</i>
Within one year	1,283	3,603
In the second year	<u>—</u>	<u>—</u>
	<u>1,283</u>	<u>3,603</u>

The carrying amounts of the loan receivables and interest receivables are denominated in HK\$.

At 30 June 2023 and 31 December 2022, all loan receivables are unsecured, bear interest at fixed rates and are repayable with fixed terms agreed with the customers.

12. TRADE RECEIVABLES

The Group's trading terms with customers are mainly on credit. The credit terms generally range from 30 to 90 days. Overdue balances are reviewed regularly by Directors. The aging analysis of the Group's trade receivables, based on the invoice date, and net of allowance, is as follows:

	At 30 June 2023 (unaudited) HK\$'000	At 31 December 2022 (audited) HK\$'000
0–30 days	4,196	14,073
31–60 days	3,110	3,402
61–90 days	1,205	1,878
Over 90 days	4,513	14,645
	<hr/>	<hr/>
Total	13,024	33,998

13. TRADE PAYABLES

The Group normally obtains credit terms ranging from 30 to 90 days from its suppliers. The aging analysis of trade payables, based on the invoice date, is as follows:

	At 30 June 2023 (unaudited) HK\$'000	At 31 December 2022 (audited) HK\$'000
0–30 days	434	720
31–60 days	860	2,926
61–90 days	205	1,812
Over 90 days	3,464	4,722
	<hr/>	<hr/>
Total	4,963	10,180

14. LOAN FROM RELATED PARTIES

As at 30 June 2023, the Group received loans from five related parties with principal amount of HK\$290,000,000 (2022: HK\$280,000,000). These loans were unsecured, interest bearing from 0% to 2% per annum and repayable within one to three years. The fair value of these loans were estimated at the prevailing market interest rates for equivalent loans from 5% to 5.625% on initial recognition.

15. SHARE CAPITAL

	Ordinary shares of HK\$0.01 each	
	Number of shares '000	per value HK\$'000
Authorised: Ordinary shares,		
At 1 January 2022 (audited), 31 December 2022 (audited) and 30 June 2023 (unaudited)	<u>500,000</u>	<u>50,000</u>
Issued and fully paid: Ordinary shares,		
At 1 January 2022 (audited), 31 December 2022 (audited) and 30 June 2023 (unaudited)	<u>311,036</u>	<u>3,110</u>

16. DISPOSAL OF SUBSIDIARIES

On 30 June 2023, the Group disposed 100% of the issued share capital of JF Household Furnishings (Asia) Limited and its subsidiaries (the “**JF Asia Group**”) for a total consideration of HK\$1.

Net liabilities at the date of disposal were as follows:

	(unaudited) HK\$'000
Property, plant and equipment	80
Other receivables	5,713
Bank and cash balances	5,112
Current tax assets	19
Other payables	(13,638)
Deferred tax liabilities	(1,716)
	<hr/>
Net liabilities disposed of	(4,430)
Release of foreign currency translation reserve	(16,677)
Gain on disposal of subsidiaries	21,107
	<hr/>
Total consideration	<u>—</u>
	<hr/>
Consideration satisfied by	
Cash	<u>—</u>
	<hr/>
Net cash outflow arising on disposal:	
Cash consideration received	—
Cash and cash equivalents disposed of	(5,112)
	<hr/>
	<u>(5,112)</u>
	<hr/>

17. CAPITAL COMMITMENTS

Significant capital commitments contracted for at the end of the reporting period but not yet incurred is as follows:

	At 30 June 2023 (unaudited) HK\$'000	At 31 December 2022 (audited) HK\$'000
Game intellectual properties and licenses	<u>2,118</u>	<u>2,192</u>

18. OPERATING LEASE COMMITMENTS

The Group as lessor

Operating leases relate to investment property owned by the Group with lease terms of 1 to 3 years, with no extension. The lessee does not have an option to purchase the property at the expiry of the lease period.

Minimum lease payments receivable on leases are as follows:

	At 30 June 2023 (unaudited) HK\$'000	At 31 December 2022 (audited) HK\$'000
Within one year	835	535
In the second year	129	—
Total	<u>964</u>	<u>535</u>

The following table presents the amounts reported in profit or loss:

Rental income or operating losses	<u>659</u>	<u>1,332</u>
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19. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

(a) Disclosure of level in fair value hierarchy at 30 June 2023 and 31 December 2022:

Description	Fair value measurements using:			Total At 30 June 2023
	Level 1 (unaudited) <i>HK\$'000</i>	Level 2 (unaudited) <i>HK\$'000</i>	Level 3 (unaudited) <i>HK\$'000</i>	(unaudited) <i>HK\$'000</i>
Recurring fair value measurements:				
Investment properties				
Office units — Malaysia	<u>—</u>	<u>—</u>	<u>19,454</u>	<u>19,454</u>
	Fair value measurements using:			Total At 31 December 2022
Description	Level 1 (unaudited) <i>HK\$'000</i>	Level 2 (unaudited) <i>HK\$'000</i>	Level 3 (unaudited) <i>HK\$'000</i>	(unaudited) <i>HK\$'000</i>
Recurring fair value measurements:				
Investment properties				
Office units — Malaysia	<u>—</u>	<u>—</u>	<u>20,497</u>	<u>20,497</u>

(b) Reconciliation of assets measured at fair value based on level 3:

Description	2023 Investment properties (unaudited) <i>HK\$'000</i>
At 1 January 2023	20,497
Exchange difference	<u>(1,043)</u>
At 30 June 2023	<u>19,454</u>

Description	2022 Investment properties (unaudited) HK\$'000
At 1 January 2022	22,202
Net fair value loss recognised in profit or loss (#)	329
Exchange difference	<u>(1,064)</u>
At 30 June 2022	<u><u>21,467</u></u>
(#) Include gains or losses for assets held at end of reporting period	<u><u>329</u></u>

The total gains or losses recognised in profit or loss including those for assets held at end of reporting period are presented in other income in the condensed consolidated statement of profit or loss for the six months ended 30 June 2022.

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 30 June 2023:

The Group's financial controller is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including level 3 fair value measurements. The financial controller reports directly to the Board for these fair value measurements. Discussions of valuation processes and results are held between the financial controller and the Board at least twice a year.

For level 3 fair value measurements, the Group will normally engage external valuation experts with the recognised professional qualifications and recent experience to perform the valuations.

Key unobservable inputs used in level 3 fair value measurements are mainly:

- Term yield (estimated based on valuation experts' in-house database)
- Reversionary yield (estimated based on valuation experts' in-house database)
- Rental value (estimated based on actual data)
- Size difference (estimated based on actual data)
- Asking price (estimated based on valuation reports' in-house database)

Level 3 fair value measurements

Description	Valuation technique	Unobservable inputs	Range	Effect on fair value for increase of inputs	Fair value 30 June 2023 (unaudited) HK\$'000	Fair value 31 December 2022 (audited) HK\$'000
Investment property — Commercial building located in Malaysia	Investment method	Term yield	0.5% (2022: 0.5%)	Decrease	19,454	20,497
		Reversionary yield	6.5% (2022: 6.50%)	Decrease		
		Rental value	RM3.1/sq.ft./month (2022: RM3.1/sq.ft./month)	Increase		

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

There were no changes in the valuation techniques used for investment properties as at 30 June 2023 and 31 December 2022.

20. RELATED PARTY TRANSACTIONS

In addition to those related party transactions and balances disclosed elsewhere in the condensed consolidated financial statements, the Group had the following transactions and balances with related parties during the Period:

(a) Key management personnel compensation

The key management personnel of the Group comprise all Directors. Details of their emoluments were disclosed as follows:

	Note	Six months ended 30 June	
		2023 (unaudited) HK\$'000	2022 (unaudited) HK\$'000
Directors' remuneration	(i)	<u>6,278</u>	<u>29,054</u>

Note:

(i) includes share based-payment of approximately HK\$5,540,000 (2022: HK\$28,524,000).

(b) **Transactions with related parties**

	Six months ended 30 June	
	2023	2022
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Interest expense paid to		
— Imperium Credit Limited	1,200	1,240
— Sun International Group Limited	3,069	3,014
— Imperium Group (Holdings) Limited	1,207	310
— Mr. Cheng Ting Kong	776	310
— Mr. Yeung Tong Seng Terry	490	235
Lease income from		
— Best Master Limited	Not applicable	328
— Mr. Cheng Ting Kong	293	340
Mobile game income from		
— Imperium Interactive Entertainment Limited	29	207
License fee paid to		
— Imperium Interactive Entertainment Limited	<u>8</u>	<u>51</u>

(c) **Balance with related parties**

At 30 June 2023 and 31 December 2022, the Group had the following balances with related parties:

		At 30 June 2023 (unaudited) HK\$'000	At 31 December 2022 (audited) HK\$'000
Due (to)/from related companies			
— Imperium Credit Limited	(i)	(51,411)	(50,211)
— Sun International Group Limited	(i)	(125,296)	(120,436)
— Imperium Group (Holdings) Limited	(i)	(49,260)	(49,399)
— Imperium Interactive Entertainment Limited	(ii)	557	532
		<u>(225,410)</u>	<u>(219,514)</u>
Due to directors			
— Mr. Cheng Ting Kong	(i)	(39,564)	(29,121)
— Mr. Yeung Tong Seng Terry	(i)	(19,907)	(19,416)
		<u>(59,471)</u>	<u>(48,537)</u>
		<u>(284,881)</u>	<u>(268,051)</u>

Notes:

- (i) These amounts due to related parties of approximately HK\$280,787,000 (2022: HK\$264,833,000) was unsecured, interest bearing from 0% to 2% per annum and repayable within two years.
- (ii) The amount due to a related company was unsecured, non-interest bearing and repayable on demand.

BUSINESS REVIEW AND OUTLOOK

Industry Review

In the first half of 2023, the world began to gradually recover. However, geopolitics and high interest rates have brought uncertainties to the global economy and led to a significant divergence in the recovery process of different economies.

However, the global epidemic has brought huge home economy opportunities to the gaming industry. According to the marketing report issued by NewZoo, the total revenue in the global game market is expected to reach US\$211.2 billion in 2025, and the number of global gamers is expected to reach 3.6 billion. NewZoo anticipated that the game market will continue to grow in the next few years, with a CAGR of 4.3% from 2020 to 2025.

The Group considers that the long-term development prospect of the game market is positive, especially under the metaverse trend, “GameFi” (Game Finance) emerges and spurs the particularly strong development momentum of blockchain games. The Group will continue to seize market opportunities and aggressively explore the game publishing business, especially in the blockchain games and metaverse sector. Also, it will continue to diversify its business by further expanding the businesses of esports, thus maximizing the returns for shareholders of the Company.

Business Review

For the six months ended 30 June 2023 (the “**Period**”), the Group’s total revenue decreased year-on-year by approximately 38.3% to approximately HK\$41,012,000 (for the six months ended 30 June 2022: HK\$66,432,000), mainly due to decrease in sales from cloud computing and data storage segment and esports segment. Loss attributable to shareholders of the Company for the Period was approximately HK\$39,284,000 (for the six months ended 30 June 2022: HK\$105,424,000), is mainly due to the decrease in loss of non-cash items incurred. The Group’s Metasens project has made good progress during the Period and will continue to deploy diversified businesses, especially in the game publishing and esports sectors.

Online Game business

In view of the current development trend of the technology industry, the Group has tapped into the blockchain games and metaverse sector since 2021. The revenue from game publishing business of the Group decreased year-on-year by approximately 35.5% to HK\$7,697,000 (for the six months ended 30 June 2022: HK\$11,930,000); the segment loss was approximately HK\$28,857,000 (for the six months ended 30 June 2022: HK\$18,360,000), mainly due to impairment loss recognised for approximately HK\$9,033,000 and HK\$994,000 related to game intellectual properties and licenses and goodwill respectively.

Also, we plan to launch several new games this year, including two games with blockchain and metaverse concepts.

The first game, “PetaRush”, has recently completed a closed beta test. It is a thrilling racing game, which allows multiple players to engage in PVP combat by activating skills using cards. The game incorporate “collection”, “raising” and “breeding” elements, and will join hands with PHANTACi, a brand established by the Asian popstar and his team, to incorporate Phanta Bear into “PetaRush”, jointly leading the trend and setting an example in the metaverse era.

The second game, a PC based metaverse game, is also undergoing a closed delete file test. It is a sandbox game where players and game developers could create an open world that can be edited in 3D model. Participants will be able to build their own virtual world in metaverse, by (i) creating unique game characters, in-game items, digital collections, land and equipment; (ii) owning and decorating their virtual spaces, such as building their virtual home; (iii) communicating with other players; (iv) experiencing the scenes or games set up by other players; and (v) breaking through levels and interacting with each other in-game. This will further enrich the users’ experience and increase their degree of engagement in the game.

Currently, the Group has professional teams in place in Hong Kong and Southeast Asia. Other than the development and operation of NFT games, the Group also operates 4 mobile and tabletop games, namely “Myth of Empires”, “Champion Horse Racing”, “Iron Conflict” and “Jiuyin Zhenjing”. The total number of game players as at 30 June 2023 amounts to 1,393,445.

Esports business

The revenue from esports business of the Group for the six months ended 30 June 2023 was approximately HK\$11,221,000 (for the six months ended 30 June 2022: HK\$34,460,000), representing a year-on-year decrease of approximately 67.4%, mainly due to the decrease in prize from esport game; the segment loss was approximately HK\$7,382,000 (segment profit for the six months ended 30 June 2022: HK\$671,000).

We will put more resources to our esports team, such as NV Tencent Video team, NOVA 王者荣耀女子戰隊 and NOVA 英雄联盟手遊戰隊 in order to strive for better performance in esports games.

Cloud computing and data storage business

The revenue from cloud computing and data storage business of the Group for the six months ended 30 June 2023 was approximately HK\$3,804,000 (for the six months ended 30 June 2022: HK\$10,722,000), representing a year-on-year decrease of approximately 64.5%. The segment loss was approximately HK\$4,162,000 (2022: HK\$41,637,000).

The Group will continue to negotiate with existing and potential customers of the Group to the change in the uses of the Filecoin and Chia mining machines.

Household products business

For the six months ended 30 June 2023, the revenue from household products business of the Group was approximately HK\$17,621,000 (2022: HK\$8,085,000), representing an increase of 117.9% as compared with the corresponding period last year, mainly attributable to the increase in market demand due to recovery of the global economy from the COVID-19 epidemic. The gross profit margin decreased to approximately 3% (for the six months ended 30 June 2022: 8.9%). The segment loss was approximately HK\$1,329,000 (2022: segment profit of HK\$180,000). Amid a challenging outlook of the business, the Group will take initiatives to increase revenue and reduce costs.

On 30 June 2023, the Company has entered into a sales and purchase agreement with an independent third party, pursuant to which the Company has agreed to sell, and the purchaser has agreed to purchase 100% of the issued share capital of JF Household Furnishings (Asia) Limited and its subsidiaries (collectively, the “**Target Group**”) for a consideration of HK\$1. The gain on disposal of subsidiaries is approximately HK\$21,107,000 including approximately HK\$16,677,000 from release of foreign currency translation reserve. Also the purchaser assumes the contingent liabilities associated with the economic compensation payable in accordance with the relevant labour law of PRC amounting to approximately HK\$5,164,000.

The reasons for the purchaser to acquire the Target Group are due to (i) the purchaser’s experience in carrying out business in this region; (ii) the purchaser’s expertise in restructuring of companies; and (iii) the expected gain to be made by the purchaser due to certain assets owned by the Target Group are hereby noted. The Group has transferred the household business to other subsidiaries in early 2022 and so the disposal will not affect the operation of the business.

Property investment business

For the six months ended 30 June 2023, the Group’s revenue from property investment business was approximately HK\$659,000 (2022: HK\$686,000), mainly due to a decrease in rental income. The segment profit was approximately HK\$659,000 (2022: HK\$1,015,000).

Money lending business

For the six months ended 30 June 2023, the Group's revenue from money lending business was approximately HK\$10,000 (2022: HK\$549,000), mainly due to the decrease in interest income from customers. The segment loss was approximately HK\$2,069,000 (2022: HK\$1,643,000) due to impairment loss of approximately HK\$2,071,000 provided during the Period.

The Group's money lending business was conducted through its wholly-owned subsidiary, Best Gold Corporation Limited, to grant loans including secured and unsecured to individuals and enterprises. It has no specific target customer group. The source of customers mainly past customers or referrals by third parties. Loan are mainly large amounts of loan which is over HKD1,000,000. The source of funds for the money lending business is funded by the internal resources of the Group. The Group strived to adhere to a set of comprehensive policy and procedural manual in respect of loan approval, loan renewal, loan recovery, loan compliance, monitoring and anti-money laundering.

The Group manages credit risk through review and credit approval and post-transaction monitoring processes which are performed by management. Before the loans were granted, an independent assessment has been performed. The independent assessment included but was not limited to background checking, such as the identity documents (identity card, address proof, business registration certificate, latest annual return), income or asset proof of the borrower and guarantor, such as share certificates, bank statements and security statements, the evaluation of the value of collateral and verification of the authenticity of the information provided, to ensure the recovery ability of the loan. Furthermore, the Group will perform public search towards the borrowers to ensure compliance with anti-money laundering and counterterrorist financing ordinance. After the loan is granted, the Group will still conduct the checks on the repayment history and results of public search towards the borrower periodically to assess the recoverability of loan, compliance with anti-money laundering and counter-terrorist financing ordinance and possibility of loan renewal.

As at 30 June 2023, the Group had loans receivable, net of approximately HK\$1.3 million (2022: HK\$3.4 million). The Group recorded interest income from loans receivable of approximately HK\$0.01 million for the Period (2022: HK\$0.5 million).

During the period ended 30 June 2023, there was one unsecured loan to an individual who is currently an owner of security company in Hong Kong. To the best of the knowledge, information and belief, he is an independent third party. The loan was granted on 18 January 2019 with gross principal amount of HKD15,000,000. For credit assessment, the Group performed background checking, reviewed audited financial statements, conducted site visit and discussion with management on the outlook of his company. The interest rate is 24% per annum and to be repaid by 18 January 2023 and with no collaterals. The Group is still negotiating with the borrower for settlement of the loan. Since 2020, the Group has

not granted any new loan nor renew any loan contract due to challenging and competitive environment. The COVID-19 epidemic has further aggravated the operating situation. As a result, there was only one customer as disclosed above in this business segment for the Period.

As at 30 June 2023, the management had assessed the recoverability of loan receivables according to historical accounting information to estimate the default risk. In determining the default risk, factors including but not limited to, the ageing analysis of the receivables, historical and forecast occurrence of event of default, existence and valuation of the collaterals, the relevant regulatory framework and government policies in Hong Kong and global economic outlook in general and the specific economic condition of Hong Kong would be considered. According to the assessment, there is an impairment loss of HK\$2,071,000 incurred during the Period (2022: HK\$2,181,000).

Future Prospects

Looking ahead, the Group will continue to invest resources to further explore the blockchain game and metaverse market, and gradually build a large-scale universe park with various theme planets — Metasens. Each planet is built with its own unique game facilities, including real-time strategy games, role-playing games, simulation and sports games, shooting games, action and adventure games, by using future Web3.0 internet technology incorporating blockchain technology, the Internet of Things, artificial intelligence, and 3D images. The platform will also include the NFT market place and blockchain wallet, allowing players to have fun in “earning while playing” by trading NFT characters and items.

Meanwhile, the Group will actively seek collaboration of IP (Intellectual Property) licensing in different games. In terms of conventional games, the Group will continue to identify innovative games and good partners in order to expand its business into various markets and sectors, especially the fast-growing game market.

In addition, the Group will regularly evaluate the allocation of resources among business segments to promote business diversification and drive sustainable growth of the Group. Looking ahead, the Group will enlarge its esports team in the PRC. Furthermore, we will continue to adopt suitable cost saving measures and evaluate the business operations to enhance the financial position of the Group as well as maximize returns to our shareholders.

FINANCIAL REVIEW

The Group’s revenue for the six months ended 30 June 2023 amounted to approximately HK\$41.0 million, representing a decrease of approximately 38.3% over the corresponding period of 2022. Such decrease is mainly due to the decrease of sales of cloud computing and data storage and esports business.

Gross profit margin of the Group decreased from 13.6% to approximately 1.8% for the Period was mainly due to the low gross profit margin of online game business, esports business and household products business.

Other income increased from approximately HK\$2.5 million for the six months ended 30 June 2022 to approximately HK\$3.8 million for the Period, mainly due to the increase in net exchange gain and reversal of write-down on cryptocurrencies during the Period. Also, there is gain on disposal of cryptocurrencies of approximately HK\$0.6 million during the Period.

Distribution costs decreased from approximately HK\$4.6 million for the six months ended 30 June 2022 to approximately HK\$1.9 million for the Period, as there was decrease in sales of online game business during the Period.

Administrative expenses decreased from approximately HK\$85.1 million for the six months ended 30 June 2022 to approximately HK\$45.8 million for the Period, mainly due to the decrease in share-based payment, write-down on cryptocurrencies, impairment loss on cryptocurrency deposits and receivables.

Other operating expenses of approximately HK\$10.0 million for the Period is due to impairment loss on game intellectual properties and licenses and goodwill. For the six months ended 30 June 2022, there was an impairment loss on mining machines of Filecoin and Chia for approximately HK\$20,389,000.

The loss for period attributable to owners of the Company decreased from approximately HK\$108.3 million for the six months ended 30 June 2022 to approximately HK\$39.0 million for the Period, mainly due to decrease in impairment loss on mining machines of Filecoin and Chia coins, decrease in share based payment and decrease in write down on cryptocurrencies, impairment loss on cryptocurrency deposits and receivables.

The total assets decreased from approximately HK\$246.4 million for the six months ended 30 June 2022 to approximately HK\$168.7 million for the Period, mainly due to decrease in intangible asset, trade receivables and cash and bank balances.

Intangible assets decreased from approximately HK\$65.2 million for the six months ended 30 June 2022 to approximately HK\$51.3 million for the Period, as there was impairment loss recognised for approximately HK\$9.0 million on game intellectual properties and license and amortisation charge of approximately HK\$5.1 million during the Period.

LIQUIDITY, FINANCIAL RESOURCES, FUNDING AND TREASURY POLICY

As at 30 June 2023, the Group had cash and bank balances of approximately HK\$22.1 million (as at 31 December 2022: HK\$42.8 million).

As at 30 June 2023, the Group had current assets of approximately HK\$59.6 million (31 December 2022: HK\$109.1 million) and current liabilities of approximately HK\$173.9 million (31 December 2022: HK\$180.3 million).

As at 30 June 2023, the Group had loan from related parties of approximately HK\$280.8 million (31 December 2022: HK\$266.6 million). The loan from related parties carried interest at fixed rate and repayable within one to three years.

As at 30 June 2023, three of the Group's related companies owned by the ultimate controlling party of the Company, a director of the Company and ultimate controlling party of the Company agreed to renew and not to demand for the repayment of the borrowings amounting to approximately HK\$108.5 million for at least the next twelve months.

Nevertheless, the Group will seek for other financial resources as alternative means to meet working capital requirement.

GEARING RATIO

As at 30 June 2023, the Group's gearing ratio, which was derived from loan from related companies to total assets, decreased to 60.1% from that of 92.4% as at 31 December 2022.

Commitments

As at 30 June 2023, the Group's capital commitments amounted to approximately HK\$2,118,000 (2022: HK\$2,192,000), attributable to acquisitions of licensing right of online games.

CAPITAL STRUCTURE

The share capital of the Company comprises of ordinary shares only.

MATERIAL ACQUISITION AND DISPOSAL

On 30 June 2023, the Company has entered into a sales and purchase agreement with an independent third party, pursuant to which the Company has agreed to sell, and the purchaser has agreed to purchase 100% of the issued share capital of JF Household Furnishings (Asia) Limited and its subsidiaries for a consideration of HK\$1. The gain on disposal of subsidiaries is approximately HK\$21,107,000 including approximately HK\$16,677,000 from release of foreign currency translation reserve.

DIVIDENDS

The Board has resolved not to declare an interim dividend for the Period (2022: Nil).

FOREIGN EXCHANGE EXPOSURE

Most of the trading transactions, assets and liabilities of the Group were denominated in Renminbi, United States dollars, Hong Kong dollars, Malaysia Ringgit and Thai Baht.

CONTINGENT LIABILITIES

As at 30 June 2023, the Group had no material contingent liabilities.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2023, the Group employed 208 staff. The Group's remuneration to employees, including Directors' emoluments, amounted to approximately HK\$29,314,000 for the Period. The Group reviews employee remuneration annually and rewards its employee with reference to the length of services and performance. The Group also grants share options and bonuses to employees of the Group at the discretion of the Directors and based on the financial performance of the Group.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As at 30 June 2023, the interests and short positions of the Directors and chief executives 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) (the “**Associated Corporations**”) as notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO or as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) were as follows:

Name of Director	Personal interests	Family interests	Corporate interests	Total	Percentage of aggregate interests to total number of Shares in issue (Note 5)
Mr. Cheng Ting Kong	—	—	214,428,488 (L) (Note 2)	214,428,488 (L) (Note 1)	68.94%
Ms. Yeung So Mui	—	—	214,428,488 (L) (Note 3)	214,428,488 (L)	68.94%
Mr. Yeung Tong Seng Terry	—	—	1,900,000 (L) (Note 4)	1,900,000 (L)	0.61%

Notes:

1. The letter “L” represents the Director’s interests in the Shares and underlying Shares or, as the case may be, the equity interest of the Company or its associated corporations.
2. This represents interests held by Mr. Cheng Ting Kong through Diamond State Holdings Limited (“**Diamond State**”), which holds 214,428,488 Shares. As Mr. Cheng Ting Kong has 100% interest in Diamond State, he is deemed to be interested in 214,428,488 Shares.
3. Ms. Yeung So Mui is the spouse of Mr. Cheng Ting Kong. Ms. Yeung So Mui is deemed to be interested in all shares held by Diamond State under part XV of the SFO.
4. This represents interest held by Mr. Yeung Tong Seng Terry through Bluemount investment Fund SPC (“**Bluemount Investment**”), which holds 1,900,000 Shares of the Company. As Mr. Yeung Tong Seng Terry has 100% interest in Bluemount Investment, he is deemed to be interested in 1,900,000 Shares.
5. The percentage has been adjusted based on the total number of Shares in issue as at 30 June 2023 (i.e. 311,036,000 Shares).

Save as disclosed above, as at 30 June 2023, none of the Directors or chief executives of the Company had any other interests or short positions 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 notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code of the Listing Rules.

Save as disclosed above, as at 30 June 2023, the Company had not been notified by any persons who had interests 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 maintained by the Company pursuant to Section 336 of the SFO.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2023, the following substantial shareholders had interests or short positions in the shares or the underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO. Other than the interests disclosed below, the Directors were not aware of any other persons who had interests or short positions in the shares or the underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

Name of Substantial Shareholders	Number of shares interested in	Capacity	Approximate percentage of the total issue capital of the Company <i>(Note 2)</i>
Diamond State <i>(Note 1)</i>	214,428,488	Beneficial owner	68.94%
Mr. Cheng Ting Kong <i>(Note 1)</i>	214,428,488	Interest through a controlled corporation	68.94%

Notes:

1. According to the record in the register kept under section 336 of the SFO, Diamond State, which 100% of issued share capital is owned by Mr. Cheng Ting Kong and he is therefore deemed to be interested in 214,428,488 shares of the Company.
2. The percentage has been adjusted based on the total number of shares of the Company in issue as at 30 June 2023 (i.e. 311,036,000 shares).

SHARE OPTION

On 29 June 2018, a resolution was passed in the 2018 annual general meeting of the Company to adopt a share option scheme (the “**Share Option Scheme**”).

The Listing Committee of the Stock Exchange has granted the listing of, and permission to deal in the shares of the Company which may fall to be issued pursuant to the exercise of the options which was granted and/or may be granted under the Share Option Scheme subsequently.

The following is a summary of the principal terms of the Share Option Scheme.

Share Option Scheme

Purpose

To provide an incentive or a reward to eligible persons for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group.

Participants

Eligible participants include:

Any directors or employees, consultants and/or advisers, the eligible participants also include any business or joint venture partners, contractors, agents or representatives, suppliers, producers or licensors, licensees (including sub-licensee) or distributors, of the Group or any person who, in the sole discretion of the Board, has contributed or may contribute to the Group.

Exercise price

Determined by the Board and shall not be less than the higher of:

- (a) the closing price of (1) one share as stated in the Stock Exchange’s daily quotation sheets at the offer date, which must be a business day;
- (b) the average closing price of (1) one share as stated in the Stock Exchange’s daily quotation sheets for the (5) five business days immediately preceding the offer date; and
- (c) the nominal value of the share on the offer date, provided that in case of fractional prices, the exercise price per share shall be rounded upwards to the nearest whole cents.

Total number of shares available for issue and the percentage of the issued share capital that it represents as at the date of this interim announcement

38,946,392 shares, being approximately 12.5% of the issued shares of the Company, including the shares which may be issued upon exercise of all outstanding options to be granted and those granted but remain unexercised under the Share Option Scheme.

Maximum entitlement of each participant

Not exceed 1% of the shares in issue in any 12-month period.

Period within which the securities must be taken up under the option

Subject to the discretion by the Board and, in the absence of which, from the date of acceptance to the earlier of the date on which such option lapses and 10 years from the date of offer.

Minimum period for which an option must be held before it can be exercised

Subject to the discretion by the Board.

Acceptance of the option

Acceptance of the option must be made within 30 days after the date of offer and HK\$1.00 must be paid as a consideration for the grant of option.

Amount payable on acceptance

HK\$1.00 payable upon acceptance of the offer.

Remaining life of the scheme

The scheme will be valid and effective until 28 June 2028, after which no further options will be granted but the provisions of the scheme shall remain in full force and effect in all other respects. Options complying with the provisions of the Listing Rules which are granted during the duration of the scheme and remain unexercised immediately prior to 28 June 2028 shall continue to be exercisable in accordance with their terms of grant, notwithstanding the expiry of the scheme.

Employees and other eligible participants

The following table discloses movements of the Company's share options during the periods ended 30 June 2023:

Name	Date of grant	Exercise price HK\$	Exercisable period	Number of share options				Closing price of the Shares immediately before the date on which the Share Options were granted	
				Outstanding at 1.1.2023	Granted during the period	Exercised during the period	Lapsed/ cancelled during the period		Outstanding at 30.6.2023
Executive director									
Yau Chak Fung	28.9.2021	11.04	1,555,180 options (28.9.2022 to 27.9.2031)	3,110,360	—	—	—	3,110,360	11.04
			1,555,180 options (28.3.2023 to 27.9.2031)						
Lin Junwei	28.9.2021	11.04	155,518 options (28.9.2022 to 27.9.2031)	311,036	—	—	—	311,036	11.04
			155,518 options (28.3.2023 to 27.9.2031)						
Yeung Tong Seng Terry	18.1.2022	17.14	1,555,180 options (28.9.2022 to 27.9.2031)	3,110,360	—	—	—	3,110,360	17.02
			1,555,180 options (28.3.2023 to 27.9.2031)						
Senior management									
Li Ting Ting	28.9.2021	11.04	500,000 options (28.9.2022 to 27.9.2031)	1,000,000	—	—	—	1,000,000	11.04
			500,000 options (28.3.2023 to 27.9.2031)						
Luk Wai Keung	28.9.2021	11.04	155,518 options (28.9.2022 to 27.9.2031)	311,036	—	—	—	311,036	11.04
			155,518 options (28.3.2023 to 27.9.2031)						
				<u>7,842,792</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>7,842,792</u>	

As at 1 January 2023, the total number of share options available for grant under the Share Option Scheme was 31,103,600. As no share options was granted during the period, the total number of share options available for grant under the Share Option Scheme was 31,103,600 as at 30 June 2023.

The number of shares that may be issued in respect of options granted under all share option schemes during the year divided by the weighted average number of ordinary shares in issue for the year is 0.1.

The estimated fair value of the share options granted under the Scheme on 28 September 2021 to executive directors and senior management was approximately HK\$25,243,000 and HK\$9,213,000 respectively. In addition, the estimated fair value of the share options granted under the Scheme on 18 January 2022 to an executive director was approximately HK\$35,360,000.

Accordingly, the Group recognised the total expense of approximately HK\$6,276,000 (2022: HK\$32,325,000) for the Period in relation to share options granted by the Company.

DIRECTORS' INTERESTS IN CONTRACTS

No contract of significance to which the Company or any of its subsidiaries or its holding company, was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the Period under review or any time during the Period under review save and except for the transactions disclosed as connected and/or related party transactions in accordance with the requirements of the Listing Rules and accounting principles generally accepted in Hong Kong.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares for the Period.

CORPORATE GOVERNANCE

In the opinion of the Directors, save as disclosed below, the Company has complied with the code provisions as set out in the Corporate Governance Code and Corporate Governance Report ("CG Code") set out in Appendix 14 of the Listing Rules throughout the Period.

Under the Code Provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The role of chief executive officer were shared among the members of the Board during the reporting period. There is no time schedule to change this structure, as the Directors consider that this structure provides the Group with consistent leadership in the Company's decision making process and operational efficiency. The Board shall review this arrangement from time to time to ensure appropriate and timely action is taken to meet changing circumstances.

Under the Code provision B.2.4 of the CG Code, where all the independent non-executive directors have served more than nine years on the Board, the Company should appoint a new independent non-executive director on the Board at the forthcoming annual general meeting. The Company is identifying suitable candidate for the position of independent non-executive director of the Company.

The Company reviews its corporate governance practices from time to time to ensure compliance with the CG Code.

AUDIT COMMITTEE

The Company has established an Audit Committee with written terms of reference in accordance with the Listing Rules. The primary duties of the Audit Committee are to review the Company's interim and annual reports and accounts and to provide advice and comments thereon to the Board. The Audit Committee is also responsible for reviewing internal control procedures of the Group. The Audit Committee comprises of three independent non-executive Directors, namely Mr. Fung Tze Wa (Chairman), Mr. Ting Wong Kacee and Mr. Tse Ting Kwan.

The Audit Committee has reviewed the unaudited condensed consolidated financial statements for the Period.

CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code, set out in Appendix 10 to the Listing Rules as its code of conduct regarding securities transactions of the Directors. On specific enquiries made, all directors have confirmed that they have complied with the required standard as set out in the Model Code during the Period.

Employees who are likely to be in possession of unpublished price sensitive information of the Company are also subject to compliance with guidelines on no less exacting terms than the Model Code.

By order of the Board
Imperium Technology Group Limited
Cheng Ting Kong
Chairman

Hong Kong, 25 August 2023

As at the date of this announcement, the executive directors of the Company are Mr. Cheng Ting Kong, Ms. Yeung So Mui, Mr. Lin Junwei, Mr. Yau Chak Fung and Mr. Yeung Tong Seng Terry; and the independent non-executive directors of the Company are Mr. Fung Tze Wa, Mr. Ting Wong Kacee and Mr. Tse Ting Kwan.