



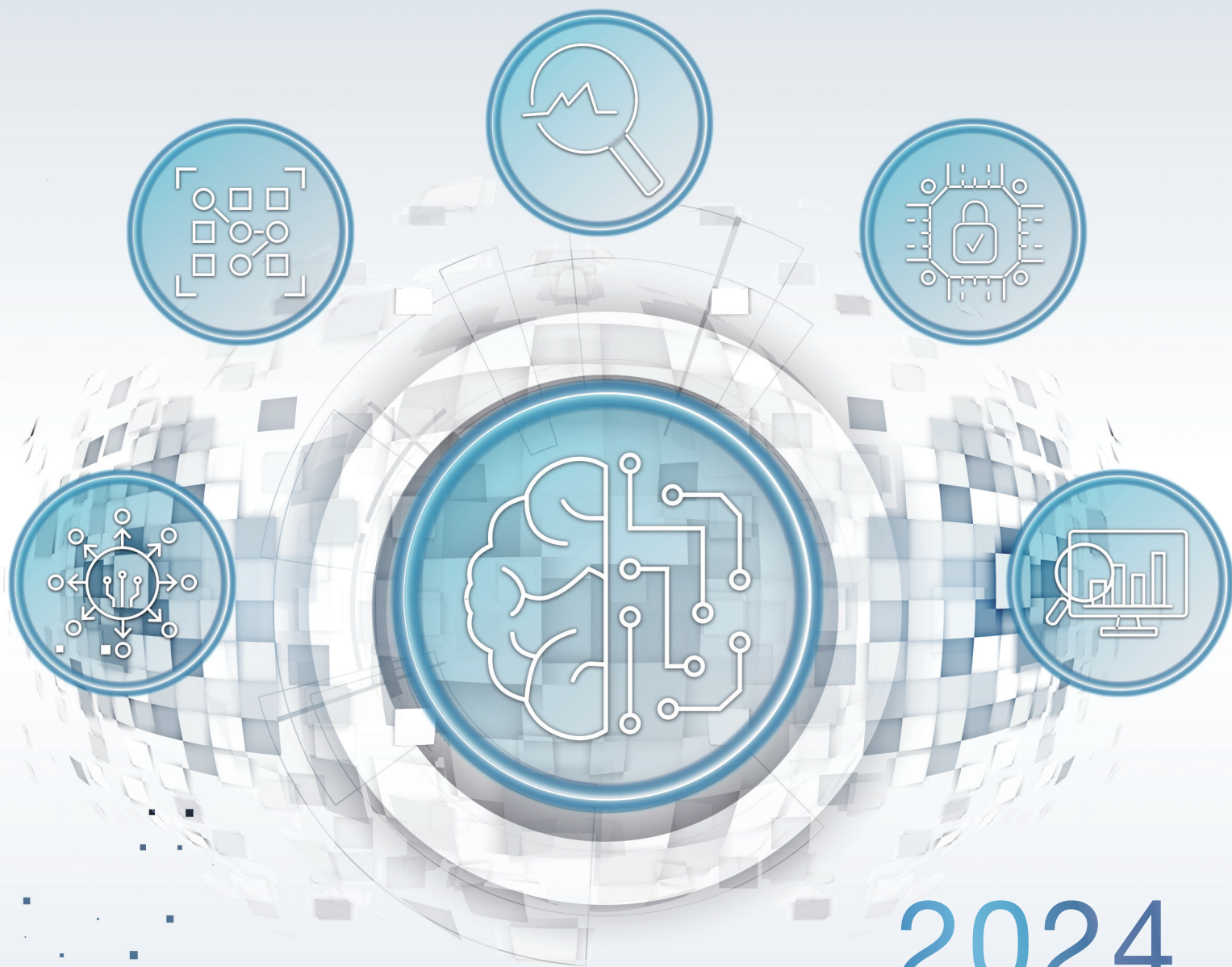
新火科技
SINOHOPE

SINOHOPE TECHNOLOGY HOLDINGS LIMITED

新火科技控股有限公司

(Incorporated in the British Virgin Islands with limited liability)

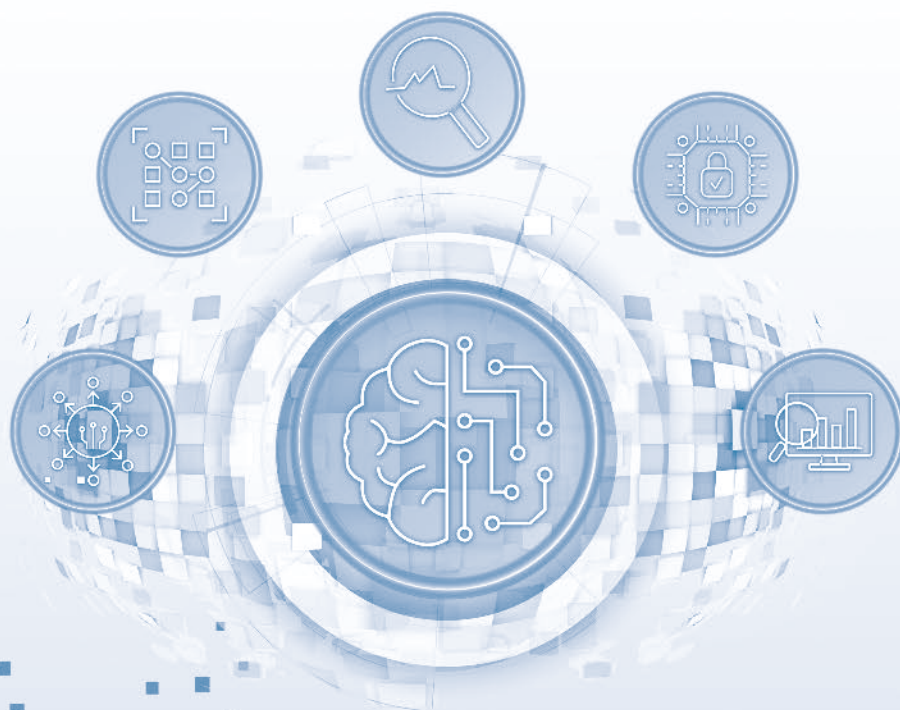
(Stock code: 1611)



2024
INTERIM REPORT

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Corporate Information

BOARD OF DIRECTORS

NON-EXECUTIVE DIRECTOR

Mr. Li Lin (*Chairman*)

EXECUTIVE DIRECTORS

Mr. Du Jun (*Chief Executive Officer*)

Ms. Zhang Li (*Chief Financial Officer*)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Yip Wai Ming

Dr. LAM Lee G., *BBS, JP*

Mr. Yu Chun Kit

AUDIT COMMITTEE

Mr. Yip Wai Ming (*Chairman*)

Dr. LAM Lee G., *BBS, JP*

Mr. Yu Chun Kit

REMUNERATION COMMITTEE

Dr. LAM Lee G., *BBS, JP* (*Chairman*)

Mr. Yip Wai Ming

Mr. Yu Chun Kit

NOMINATION AND CORPORATE GOVERNANCE COMMITTEE

Mr. Yu Chun Kit (*Chairman*)

Mr. Yip Wai Ming

Dr. LAM Lee G., *BBS, JP*

REGISTERED OFFICE

Vistra Corporate Services Centre

Wickhams Cay II

Road Town, Tortola

BVI VG 1110

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 702-3, 7/F,

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PRINCIPAL BANKER

DBS Bank Ltd., Hong Kong Branch

BVI PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Maples Fund Services (Cayman) Limited

PO Box 1093, Boundary Hall

Cricket Square

Grand Cayman

KY1-1102

Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited

17/F, Far East Finance Centre

16 Harcourt Road

Hong Kong

AUDITOR

Moore CPA Limited

801-806 Silvercord, Tower 1

30 Canton Road, Tsimshatsui

Kowloon, Hong Kong

COMPANY SECRETARY

Ms. Lau Ling Yun Agnes

Dear Shareholders,

On behalf of the board (the "Board") of directors (the "Directors") of Sinohope Technology Holdings Limited (the "Company", together with its subsidiaries, the "Group" or "Sinohope Tech"), I am pleased to present the interim report of the Group for the six months ended 31 March 2024 (the "Period 2024").

EXTERNAL ENVIRONMENT

In the first half of 2024, a number of international institutions have raised their expectations for world economic growth in 2024, and the outlook for the world economy has improved compared with the beginning of the year. However, the economic growth rate is still lower than that before the pandemic. At present, the world's economic growth remains resilient, with high inflation showing signs of easing, but it is still facing various challenges and risks such as prolonged high interest rates, debt distress, geopolitical tensions and intensified climate crisis.

Under the influence of the various uncertain risk factors, virtual assets are gradually becoming tools for balancing the risks and returns of modern asset allocation strategies for traditional assets around the world. In the first half of 2024, the U.S. Securities and Exchange Commission (SEC) and the Hong Kong Securities and Futures Commission (SFC) successively approved the listing and trading of Bitcoin Spot ETF and Ethereum Spot ETF products, indicating a new historical point for the virtual asset industry in the near future. Although in the short term, the market stimulus effect of the Bitcoin Spot ETF may not be apparent, in the long term, its existence will significantly improve the compliance and investability of virtual assets, thereby improving the depth and liquidity of the market, which will also help reduce market fluctuations and enhance investors' confidence.

In addition, the approval of Bitcoin and Ethereum Spot ETF in Hong Kong not only provides a new investment option for investors in Asia, but also marks a solid step in Hong Kong's journey to build an international virtual asset financial center, the leading position of which is of great significance to Hong Kong.

BUSINESS OVERVIEW

Driven by the improving global economic environment and favorable virtual asset ETF factors, during the Period 2024, Sinohope Tech's MPC self-custody platform, SINOHOPE, adopted MPC-CMP technology to support users to manage distributed private key fragments and sign collaboratively, mitigating the single-point failure risk of private key and effectively improving transparency and accessibility. Currently, the self-custody products of SINOHOPE have served more than 100 high-net-worth institutional clients, cooperating with a number of leading exchanges at the same time to open up the entire chain of custody, credit and transaction, so that customers no longer have to be concerned with the principal security of the exchanges.

In April 2024, Sinohope Tech officially released the BTC Layer 2 co-managed product, which is a multi-party joint custody of the Bitcoin ecological assets through WaaS access, including the custody of the BTC Layer 1 assets, multi-chain assets, cross-chain bridge assets, BTC Layer 2 assets, etc., jointly maintaining asset security through the MPC co-management solution, and helps BTC Layer 2 solutions implement the Bitcoin layer 2 network infrastructure more safely and quickly and cover a wider range of assets and scenarios. In the first half of 2024, Sinohope Tech has served more than ten BTC L2 companies.

In terms of the core technology of MPC custody, the technical team of Sinohope Tech has published two papers consecutively in IEEE Xplore, one of the world's three major literature databases, focusing on distributed key derivation and 2-n ECDSA Threshold Signature Scheme technology, and obtained patent authorization. Always adhering to the principles of security, compliance, professionalism and diversity of services, Sinohope Tech has built around the strategic position of establishing a "One-Stop Digital Asset Service Platform", using the first-mover advantage in terms of compliant operation to integrate the resources accumulated over the years of development in the industry, creating the industry-leading MPC self-custody platform.

Chairman's Statement

In terms of compliance asset management business, as of the end of Period 2024, Sinohope Asset Management (Hong Kong) Limited ("Sinohope Asset Management") and its partners jointly issued a total of 8 funds, with a total AUM of over US\$70,000,000. At the end of April this year, the first batch of Bitcoin and Ethereum Spot ETF products application by China Asset Management (Hong Kong) Limited ("China AMC"), Bosera Asset Management (International) Co., Limited ("Bosera International") and Harvest Global Investment Limited ("Harvest Global") were approved by the SFC for official listing and trading. In order to further promote the in-depth development of the Virtual Asset Spot ETF in Hong Kong, Sinohope Asset Management has successively announced in-depth cooperation with China AMC, Bosera International and Harvest Global on Bitcoin and Ethereum Spot ETF products.

On 30 April, ChinaAMC Bitcoin ETF and ChinaAMC Ether ETF were successfully listed on The Stock Exchange of Hong Kong (the "Stock Exchange"), and Sinohope Asset Management participated in investing in such ETF products and providing resource support as a key partner. Sinohope Asset Management cooperated with China AMC to provide investors in Asia with new and safe investment options to participate in the wave of digital assets, and contribute to the compliance, stability and prosperity of virtual assets in Hong Kong.

On the same day, Sinohope Asset Management announced the signing of a strategic cooperation MOU with Bosera International to jointly promote the development of Virtual Asset Spot ETF in Hong Kong. Both parties will jointly explore the cooperation opportunities of the Bitcoin Spot ETF under its approval in Hong Kong, and jointly realise the reforming effect of virtual assets in the innovation of financial technology in Hong Kong.

On 1 May, Sinohope Asset Management announced the signing of a strategic cooperation MOU with Harvest Global to jointly promote the development of Hong Kong Virtual Asset ETF. In the process of the issuance of Bitcoin and Ethereum Spot ETF products by Harvest Global, Sinohope Asset Management closely communicated with Harvest Global and provided professional advice and resource support as a licenced institution. Both parties will also jointly explore project cooperation opportunities in the fields of blockchain technology, financial technology, digital assets, tokenisation and Web3.

In addition, in order to help more developers and enterprises enter the field of Web3 more quickly and conveniently, and attract more outstanding talents and develop more innovative applications for the development of Web3 in Hong Kong at the same time, in November 2023, Sinohope Tech launched a one-stop Web3 product construction solution for developers based on its experiences in full-stack research and development of public chain. This solution provides full-stack blockchain technology and infrastructure support for developers, including complete L1 public chain design, L2 OP/ZK expansion, DeFi/NFT/GameFi applications, MPC/AA wallet service integration, etc., aiming to meet developers' needs for constructing Web3 products quickly, securely and conveniently with low barriers of entry.

MACROCOSMIC POINT

Each technological revolution in history tells us that the key to success is not only the early exposure to technology and the practice of such, but also the in-depth understanding of the nature of technology, the precise grasp of market trends, and the keen insight into future development. This extraordinary perspective is a key factor in reaping the benefits of Web3.

Since 2022, the HKSAR Government's series of initiatives have demonstrated its active strategic presence and leadership in the global digital economy stage. Hong Kong is gradually building a responsible and sustainable Web3 ecosystem.

The HKSAR Government has taken a number of concrete steps to promote digital assets. For example, through the issuance of blockchain-based tokenised green bonds, the HKSAR demonstrated its ability to use blockchain technology to innovate financial instruments. In addition, the success of the Bitcoin and Ethereum ETFs launched by the Stock Exchange has provided investors with more diversified investment options, and has also set a new benchmark for HKSAR in the field of global digital asset trading. Hong Kong's active promotion of research on e-HKD also reflects its forward-looking mindset in exploring Central Bank Digital Currency (CBDC). In terms of regulation, Hong Kong has broadened the scope of participants in the digital asset market and enhanced the transparency and security of the market by issuing virtual asset trading and asset management licences to institutions that can serve retail investors.

Sinohope Tech is based in Hong Kong and has the first-mover advantage in terms of compliance. Owing to the support of the government and the continuous improvement of local supervision, we believe that as long as we seize the opportunity and focus on the development strategy and core business direction set out by the Company, we can provide differentiated high-quality products and services to the industry and customers. Exploring business direction with a broad vision, we will continue to be optimistic about the development prospects of Hong Kong in the fields of virtual assets, financial technology and Web3 in the future. We will continuously monitor the regulatory developments and improve our business layout. The future development of the Company will be full of potential and imagination.

OUTLOOK

In 2024, we will continue to utilize the expertise and experience of Sinohope Tech in the aspects of virtual asset custody core technology and compliant virtual asset fund management. For the purposes of providing customers with more professional one-stop virtual asset services experience and establishing a leading profile of Sinohope Tech in the financial technical services industry of Web3 in Asia-Pacific region and across the globe, we will focus the Company's business on three core aspects, namely innovative development of one-stop product solutions, comprehensive deepening of compliant asset management business and diversified development of public chain ecosystem.

In the aspect of virtual asset custody and transaction, Sinohope Tech will integrate the one-stop product solutions, expand the business scope of TCSP compliant custody and activate the virtual asset custody and transaction services to enable customers to complete all the business procedures via one product entry. Sinohope Tech will provide customers with comprehensive procedure service from deposit and withdrawal and asset custody to asset management through the integration of upstream and downstream products.

In the aspect of virtual asset custody technology, Sinohope Tech will continue to innovate and research the core custody technologies, such as distributed key derivation and threshold signature, which will ensure a high security and operational transparency for the assets of customers while providing customers with more efficient and convenient experience and continuously promoting the integration of traditional finance and emerging finance in different situations.

In the aspect of compliant asset management business, with the compliant license, Sinohope Tech will continue to optimize the virtual asset fund product mix of Sinohope Asset Management in order to provide a more diversified virtual asset investment fund portfolio for customers. Furthermore, Sinohope Asset Management will also continue to strengthen cooperation on the innovation of ETF product diversification with the spot virtual asset ETF issuers in Hong Kong, bringing customers regularized, safe and smooth investment experience.

Chairman's Statement

In the aspect of promoting the diversified development of the public chain ecosystem, considering the continuous popularity of the current Bitcoin ecosystem, Sinohope Tech will continue to promote and accelerate the layout and development of the Bitcoin ecosystem in 2024, provide underlying technical support and financial support for the Bitcoin ecosystem developers, help outstanding developers explore and innovate the Bitcoin ecosystem, and help developers build business applications that lead the future of the industry on a stress-free, more mature and convenient technical foundation. The Group believes that as long as it adheres to long-term beliefs, forward-looking layout and steady development of compliant business, it will be able to bring reasonable returns to the Group and Shareholders in the future.

On behalf of the Board,

Li Lin

Chairman

Hong Kong, China

27 May 2024

Management Discussion and Analysis

MATERIAL EVENTS

Connected Transaction In Relation to the Subscription of New Shares Under Specific Mandate And Subscription of New Shares Under Specific Mandate

On 26 April 2023, the Company and Mr. Du Jun entered into the Subscription Agreement I pursuant to which the parties conditionally agreed that Mr. Du Jun shall subscribe for, and the Company shall allot and issue, 74,700,000 Subscription Shares I at the Subscription Price. The Subscription Price is HK\$2.08 per Subscription Share, and the aggregate Subscription Price of all Subscription Shares I of HK\$155,376,000.00 payable by Mr. Du Jun shall be payable in cash upon completion of the Subscription I. Since Mr. Du Jun is the chief executive officer and an executive director of the Company and therefore is a connected person of the Company under Chapter 14A of the Listing Rules, transactions contemplated under Subscription Agreement I constituted a connected transaction of the Company under Chapter 14A of the Listing Rules.

On 26 April 2023, the Company also entered into the Subscription Agreement II, with ON CHAIN Technology LIMITED pursuant to which the Company has conditionally agreed to allot and issue, and On Chain has conditionally agreed to subscribe for, an aggregate of 82,300,000 Subscription Shares II at the Subscription Price HK\$2.08.

On 10 October 2023, a total of 157,000,000 Subscription Shares were allotted and issued to Mr. Du Jun and ON CHAIN Technology LIMITED, pursuant to the terms of Subscription Agreement I and Subscription Agreement II, at the Subscription Price of HK\$2.08 per Subscription Share.

Terms defined above would have the same meaning as those defined in the announcement of the Company dated 26 April 2023.

For details, please refer to the announcements of the Company dated 26 April 2023, 30 June 2023, 28 July 2023 and 10 October 2023, and the circular of the Company dated 6 July 2023.

Change of the Company's name and stock short name

On 13 September 2023, the Company changed its English name from "New Huo Technology Holdings Limited" to "Sinohope Technology Holdings Limited". As regards the dual foreign name in Chinese of the Company, it remains unchanged as "新火科技控股有限公司".

With effect from 9:00 a.m. on 16 October 2023, the Company changed its stock short name from "NEW HUO TECH" to "SINOHOPE TECH" in English. The Chinese stock short name remains unchanged.

For details, please refer to the Company's announcements dated 3 August 2023, 31 August 2023, 18 September 2023 and 12 October 2023 and circular dated 10 August 2023.

Grant of Share Options

On 16 October 2023, subject to acceptance of the grantees, an aggregate of 25,400,000 shares options to subscribe for 25,400,000 ordinary shares of HK\$0.001 each in the Company was granted to certain eligible participants at the exercise price of HK\$1.89 per share of the Company, under the share option scheme adopted by the Company on 27 October 2016 and amended on 17 November 2020, 30 March 2023 and 28 July 2023 respectively. The closing price of the shares of the Company immediately before the date of grant was HK\$1.84.

For details, please refer to the Company's announcement dated 16 October 2023.

Management Discussion and Analysis

Change of Shareholding by a Director

On 20 October 2023, Avenir Capital Inc. transferred 116,582,974 Shares and Everlasting Capital Limited transferred 8,438,274 Shares respectively (in aggregate 125,021,261 Shares, or representing approximately 26.83% of the entire issued share capital of the Company) to Avenir Cayman Holding Limited (the "Share Transfer"). Avenir Capital Inc. and Everlasting Capital Limited are both wholly-owned by Mr. Li Lin ("Mr. Li").

Immediately following the Share Transfer, Avenir Cayman Holding Limited, which is ultimately controlled by Mr. Li, became interested in an aggregate of 125,021,261 Shares, representing approximately 26.83% of the entire issued share capital of the Company as at completion of Share Transfer.

For details, please refer to the Company's announcement dated 26 October 2023.

Major and Connected Transactions: Disposal of Equity Interests in New Huo Solutions Limited, HBTPower Limited, and HBTPower Inc.

On 25 August 2023 (after trading hours of the Stock Exchange),

- (i) the Company as Vendor I and Avenir Cayman Holding Limited as the Purchaser entered into the Sale and Purchase Agreement (Solutions) in relation to the disposal of equity interests of New Huo Solutions Limited, pursuant to which (i) Vendor I has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the Solutions Sale Shares, representing the entire issued share capital of New Huo Solutions Limited, and (ii) Vendor I has conditionally agreed to assign the Solutions Sale Debt to the Purchaser, at the consideration of HK\$205,706,355.00; and
- (ii) Sinohope Digital Service Limited (formerly known as New Huo Digital Limited), a direct wholly owned subsidiary of the Company, as Vendor II, entered into the Sale and Purchase Agreement (HBTPower) (together with the Sale and Purchase Agreement (Solutions), the "Disposal Agreements"), pursuant to which (i) Vendor II has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the HBTPower Sale Shares, representing 80% of the entire issued share capital of HBTPower Limited and 80% of the entire issued share capital of HBTPower Inc., and (ii) Vendor II has conditionally agreed to assign the HBTPower Sale Debt to the Purchaser, at the consideration of USD6,624,740.00 (equivalent to approximately HK\$52,002,023.00).

Since Mr. Li Lin was interested in approximately 40.47% of the issued shares of the Company as at the date of entering into the Disposal Agreements, he was therefore a connected person of the Company under Rule 14A.07 of the Listing Rules. As Avenir Cayman Holding Limited was ultimately controlled by Mr. Li Lin, Avenir Cayman Holding Limited was an associate of Mr. Li Lin and therefore a connected person of the Company under Chapter 14A of the Listing Rules. As at the date of entering into the Disposal Agreements, Vendor II was a wholly owned subsidiary of the Company. Hence, the transaction contemplated under the said disposal agreement constituted a connected transaction of the Company under Chapter 14A of the Listing Rules.

The Directors considered that the remaining business of the Group after the Disposal, including cryptocurrency trading, provision of technology solution services and provision of asset management services through its licensed corporation in Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance (the "SFO"), has constituted the major source of revenue for the Group from 2022. The Group expected that the above restructuring could reduce its debt burden and allow the Group to focus its resources on other core business given the current financial position. The Group expected that the Disposal will not have a material effect on the Group's business operation.

At the extraordinary general meeting of the Company held on 7 December 2023, all the proposed resolutions as set out in the notice of the extraordinary general meeting dated 17 November 2023 were duly passed by the Shareholders by way of poll.

On 11 January 2024, the disposal of HBTPower Limited was completed. On 9 February 2024, the disposal of New Huo Solutions Limited was completed. On 12 March 2024, the disposal of HBTPower Inc. was completed.

Upon completion of the said disposal, the three target companies, namely HBTPower Limited, New Huo Solutions Limited and HBTPower Inc. (collectively, the "Target Companies") ceased to be subsidiaries of the Company. Accordingly, the financial results of each of the Target Companies were no longer consolidated into the consolidated financial statements of the Company. Net proceeds from the Disposal, after deducting the administrative and external expenses, were approximately HK\$257.1 million.

For details, please refer to the Company's announcements dated 25 August 2023, 15 September 2023, 16 October 2023, 17 November 2023, 7 December 2023 and 12 March 2024 and circular dated 17 November 2023 and the terms defined above have the same meanings as those defined therein.

Update on the FTX incident and its impact on the Group's financial position

On 14 November 2022, Hbit Limited, a wholly-owned subsidiary of the Company, had a balance of approximately USD18.1 million cryptocurrencies deposited in cryptocurrency exchange FTX ("FTX"), out of which approximately USD13.2 million was client's asset based on the clients' trading request and approximately USD4.9 million was asset of Hbit Limited. As FTX group entities, including FTX, filed for bankruptcy protection in the United States on 11 November 2022, the cryptocurrency assets may not be able to be withdrawn from FTX (the "Incident").

The Company had performed impairment assessment on the FTX Deposits and concluded that the recoverable amount of the FTX Deposits (the "Recoverable Amount") would be less than its original amounts deposited in FTX. As set out in the annual report for the year ended 30 September 2023 dated 28 December 2023, for the purpose of impairment assessment, the Recoverable Amount was determined with reference to the market price less incremental costs for assignment of the FTX Claims. An impairment loss of approximately HK\$85,897,000 was recognised for the year ended 30 September 2023, representing approximately 60.6% of the original amounts.

During the Period 2024, a reversal of impairment loss of HK\$78,810,000 has been recognised in profit or loss based on the re-assessment.

In order to preserve the value of the FTX Deposits, the Company began to search for buyers to purchase the FTX Claims. On 24 May 2024, Hbit Limited, a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with a Buyer (whose ultimate beneficial owner is an independent third party) to dispose of the FTX Claim at a consideration of US\$19,500,088.87 (equivalent to approximately HK\$152,219,643.73). On 28 May 2024, the said disposal was completed and the Company received the said consideration.

For details, please refer to the Company's announcements dated 14 November 2022, 22 February 2024, 24 May 2024 and 4 June 2024 and the terms defined above have the same meanings as those defined therein.

Management Discussion and Analysis

PERFORMANCE REVIEW

The Group recorded a total revenue of approximately HK\$655.6 million for the six months ended 31 March 2024 ("Period 2024"), representing a decrease of approximately 72.6% or HK\$1,741.5 million from approximately HK\$2,397.1 million for the six months ended 31 March 2023 ("Period 2023").

The gross profit of the Group was approximately HK\$32.1 million for Period 2024 as compared to the gross loss of approximately HK\$14.4 million for Period 2023.

The Group recorded a net profit of approximately HK\$101.2 million for Period 2024 compared to the net loss of approximately HK\$232.4 million for Period 2023.

Basic and diluted earnings per share of the Group for Period 2024 was HK21.42 cents (Period 2023: basic and diluted loss per share of HK78.17 cents).

BUSINESS REVIEW

Provision of technology solution services

The Group, through Sinohope Digital Limited which is a company with limited liability incorporated under the laws of Seychelles and a wholly-owned subsidiary of the Company, provides technology solution to global customers in blockchain, virtual assets, as well as other innovative technology sectors. The technology solution services include data centre service, cloud-related service, and Software-as-a-service.

The technology solution business dropped and has a revenue of approximately HK\$2.9 million during Period 2024 compared to approximately HK\$7.1 million for Period 2023. The decrease is mainly due to the disposal of Win Techno Inc., which is a company with limited liability incorporated under the laws of Japan and principally engages in provision of data centre and cloud-based services, in November 2022.

Virtual asset ecosystem

(i) Asset management

The Group has commenced and carried on asset management businesses through Sinohope Asset Management (Hong Kong) Limited ("Sinohope Asset Management" and formerly known as "New Huo Asset Management (Hong Kong) Limited"). Sinohope Asset Management was incorporated in Hong Kong with limited liability for carrying on businesses in Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO.

Sinohope Asset Management's vision is to bridge the gap between traditional and virtual asset investments and offer integrated investment solutions to professional investors. The products integrate traditional financial assets and virtual assets and cover the primary and secondary markets.

As at 31 March 2024, Sinohope Asset Management is managing eight funds containing virtual assets, namely BitMind Trend Fund SP, Evolving Investment Crypto Multi-Strategy Fund SP, SINOHOPE Multi Strategy Crypto Fund SP, Progressive Asset Management SP, Alpha Blockchain SP1 (as sub-investment manager), two private equity funds for blockchain mining related businesses and one private equity fund for blockchain/web3 businesses. Sinohope Asset Management also provides consulting service in relation to asset management and fund management. Sinohope Asset Management only provides services to professional investors, as defined in the SFO and its subsidiary legislation.

During the Period 2024, the revenue generated from the provision of asset management services and consultancy services was approximately HK\$17.2 million and HK\$0.8 million respectively. As at 31 March 2024, the value of asset under management amount to approximately US\$81.8 million.

(ii) Trust and custodian business

This type of business was being carried out through Sinohope Trust Company Limited (the “Sinohope Trust HK” which was formerly known as “New Huo Trust Company Limited”) and Sinohope Digital Limited during Period 2024.

Sinohope Trust HK, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company, obtained a certificate issued by the Registrar of Companies under section 78(1) the Trustee Ordinance (Cap. 29 of the laws of Hong Kong) for registration as a trust company. The trust and custody services provided by the Group include the safekeeping, settlement and other customised services of its clients’ assets.

Sinohope Digital Limited, a company incorporated in Seychelles and an indirectly wholly-owned by the Company, has registered as Money Service Business (MSB) pursuant to the Bank Secrecy Act (BSA) regulations at 31 CFR 1022.380(a)-(f), administered by the Financial crimes Enforcement Network (FinCEN). During Year 2024, the MPC self-custody business launched WaaS (Wallet-as-a-Service), which is a comprehensive set of MPC digital asset custody wallet infrastructure for Web3 developers. Institutions can construct and compile MPC enterprise-level wallets in a more secure and swift manner to serve tens of millions of users and help businesses develop rapidly.

During the Period 2024, the revenue generated from the provision of custodial services was approximately HK\$0.4 million. The types of assets custodied under the business include virtual asset, fiat currency, financial instrument or any type of other assets.

(iii) Virtual asset lending and cryptocurrency trading business

During the Period 2024, the Group has provided (i) virtual asset lending business to clients and the Group received virtual assets collateral under its virtual asset lending arrangements with clients; (ii) over-the-counter (the “OTC”) virtual asset trading business to trade virtual assets with corporate and individual customers through its trading platforms; and (iii) trade virtual assets in cryptocurrency exchange. The revenue and lending management services income generated from the virtual asset lending and trading business has an aggregate amount of approximately HK\$0.7 million.

The OTC trading business generates income through trading spreads from clients who buy and/or sell virtual assets through our platform. Current clients include high-net-worth-individuals and professional investors.

The revenue from cryptocurrency trading business is approximately HK\$621.0 million and the Group recognised a gross profit of approximately HK\$7.7 million during the Period 2024, compared to a gross loss of approximately HK\$14.8 million for Period 2023.

Management Discussion and Analysis

(iv) Virtual asset mining-related business

The Group had its own compliant virtual asset mining-related business including but not limited to investing in virtual asset mining related fund. During the Period 2024, the Group has, through New Huo Solutions Limited (the “New Huo Solutions”), invested in the funds below.

New Huo Solutions invested in New World Pioneer Mining Fund 1 LPF which was established for the purpose of making investment in the cryptocurrency mining ecosystem. The total subscription amount made by New Huo Solutions was US\$10 million (equivalent to approximately HK\$78 million). The New World Pioneer Mining Fund 1 LPF, through an intermediate entity, invested in 100% equity interest in FIL Limited. FIL Limited was accounted as a joint venture and recorded a share of profit of approximately HK\$5.1 million for the Period 2024.

New Huo Solutions invested in New Era Pioneer Mining Fund 1 LPF (the “New Era Fund”) which is established for the purpose of making investment in the cryptocurrency mining ecosystem. The total subscription amount made by New Huo Solutions was approximately US\$4.8 million (equivalent to approximately HK\$37.5 million). The New Era Fund recorded a profit of approximately HK\$5.2 million during the Period 2024.

As a result of the global economy downturn and ongoing bear market in virtual assets, the Group disposed the cryptocurrency mining related business and Funds to Avenir Cayman Holding Limited, the ultimate beneficial owner of which is Mr. Li, and to settle part of the outstanding loans. The disposal of New Huo solutions was completed in February 2024 at the consideration of HK\$205,706,355.00.

NON-OPERATING EXPENSES OVERVIEW

Other income and losses

Other Income and losses, which includes government grants, loss on disposal of subsidiaries, impairment losses, sundry income and interest income, has decreased by approximately HK\$3.8 million from other losses of approximately HK\$4.0 million for Period 2023 to other losses of approximately HK\$0.2 million for Period 2024. The decrease was mainly due to the decrease of loss on disposal of subsidiaries.

Administrative expenses

Administrative expenses have decreased by approximately HK\$51.7 million or 48.9% from approximately HK\$105.8 million for Period 2023 to approximately HK\$54.1 million for Period 2024, which was due to the continuous optimisation of company cost management.

Finance costs

Finance costs have decreased by approximately HK\$3.4 million or 42.4% from approximately HK\$8.1 million for Period 2023 to approximately HK\$4.7 million for Period 2024, which was due to the decrease of other borrowings.

Profit/(loss) before income tax

The Group's profit before income tax for Period 2024 was approximately HK\$99.3 million as compared to the loss before income tax of approximately HK\$219.9 million for Period 2023. The profit before income tax was due to the reversal of provision of impairment loss of approximately HK\$78.8 million in relation to the failure to withdraw cryptocurrency assets from crypto exchange FTX as disclosed in the Company's announcement dated 14 November 2022, 22 February 2024, 24 May 2024, and 4 June 2024.

Income tax credit

Income tax credit increased from approximately HK\$1.2 million for Period 2023 to approximately HK\$1.9 million for Period 2024, representing an increase of approximately HK\$0.7 million.

Profit/(loss) after income tax

The Group's profit after income tax for Period 2024 was approximately HK\$101.2 million as compared to the loss after income tax from continuing operations of approximately HK\$218.7 million for Period 2023.

Dividend

The Directors do not recommend the payment of an interim dividend for Period 2024 (Period 2023: Nil).

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

We finance our operations primarily through cash generated from operations, bank and other borrowings. The Group's net liquidity position as at 31 March 2024, together with the position as at 30 September 2023 is summarised below:

	At 31 March 2024 HK\$'000	At 30 September 2023 HK\$'000
Cash and cash equivalents	44,853	320,161
Less: Other borrowings	–	(467,205)
Net cash	44,853	(147,044)

Cash and cash equivalents were denominated in Hong Kong Dollars, US Dollars, Renminbi and Singapore Dollars.

As at 31 March 2024, the Group do not have any borrowings (As at 30 September 2023, the effective interest rate on the Group's floating rate borrowing ranges from 2.1% to 4.1% per annum).

Management Discussion and Analysis

CASH FLOW FROM OPERATING ACTIVITIES

Net cash used in operating activities was approximately HK\$52.3 million for Period 2024 (Period 2023: net cash used in operating activities was approximately HK\$164.1 million). The decrease in cash outflow in Period 2024 was due to the Company's cost management initiative.

CASH FLOW FROM INVESTING ACTIVITIES

Net cash generated from investing activities was approximately HK\$0.7 million for Period 2024 compared to net cash used in investing activities of approximately HK\$68.3 million for Period 2023. The inflow for Period 2024 mainly resulted from interest received from bank deposits and bank balances.

CASH FLOW FROM FINANCING ACTIVITIES

Net cash used in financing activities was approximately HK\$223.0 million for Period 2024 compared to approximately HK\$37.4 million used in financing activities for Period 2023. The outflow for Period 2024 was mainly due to repayment of loan from a related company.

CAPITAL EXPENDITURE

Capital expenditure in Period 2024, financed by internal resources and credit facilities, amounted to approximately HK\$24,000 (Period 2023: HK\$63 million).

TREASURY MANAGEMENT

During Period 2024, there has been no material change in the Group's funding and treasury policies. The Group had a sufficient level of cash and banking facilities for the conduct of its trade in the normal course of business.

We closely review our trade receivable balances and any overdue balances on an ongoing basis and only trade with creditworthy parties. To manage liquidity risk, we closely monitor the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

For exchange risk management, the Group's foreign currency risk is mainly concentrated on the fluctuation of the US dollar against Renminbi and Singapore Dollars. During Period 2024, the Group did not enter into any financial instrument for hedging purpose. The Group seeks to manage its foreign currency exposures by constructing natural hedges as well as entering into certain forward foreign exchange contracts to minimise any currency risks, when necessary.

CAPITAL STRUCTURE

The Company has no outstanding borrowings as at 31 March 2024 (30 September 2023: HK\$467.2 million). As at 31 March 2024, the Group's gearing ratio was 0% (30 September 2023: 218.5%). Gearing ratio equals total borrowings divided by net asset value as at the end of the reporting period.

CHARGES ON GROUP ASSETS

As at 31 March 2024, there were no other material charges on group assets (30 September 2023: 238,027 filecoins with carrying amount of approximately HK\$10,596,000 were pledged for cryptocurrency mining business).

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During Period 2024, save as disclosed above, there were no other material acquisitions or disposals of subsidiaries and associated companies by the Group.

CONTINGENT LIABILITIES

As at 31 March 2024, the Group did not have any material contingent liabilities (30 September 2023: HK\$Nil).

MAJOR CUSTOMERS AND MAJOR SUPPLIERS

Sales to the largest customer and the five major customers respectively accounted for 28.7% and 64.6% of total revenue of the Group for the Period 2024.

Purchases from the largest supplier and the five largest suppliers respectively accounted for 30.2% and 67.9% of total purchases of the Group for Period 2024.

As at the date of the interim financial statements, as far as the Directors were aware of, none of the Directors, their associates, or any shareholder of the Company had any interest in the aforementioned customers or suppliers of the Company.

COMMITMENTS

As at 31 March 2024, the Group did not have any capital commitments in respect of purchase of property, plant and equipment (30 September 2023: HK\$Nil).

RISK RELATED TO VIRTUAL ASSETS AND RELATED VIRTUAL ASSET BUSINESS

The fast-developing nature of virtual asset markets including evolving regulations, custody and trading mechanisms, the dependency on information technology integrity and security, as well as valuation and volume volatility all subject to the virtual assets and business of the Group to unique risks. The Directors consider that such risks and uncertainties are largely related to information technology, safekeeping of virtual assets, fluctuation of asset prices, compliance, and the ever-evolving nature of the markets. As the industry is in a growing stage, the Group has been implementing an operational infrastructure to support business development and growth. These initiatives include expanding IT infrastructure and hiring additional management personnel with an emphasis on experience in legal, regulatory, compliance, financial reporting, operations and technology development.

RISKS RELATED TO SAFEKEEPING OF ASSETS

The Group maintains virtual assets in both “hot” (connected to the internet) and “cold” (not connected to the internet) wallets. “Hot” wallets are more susceptible to cyber-attacks or potential theft due to the fact they are connected to the public internet. Also, the virtual assets that kept in other crypto exchanges may have recovery risk if the crypto exchanges go bankrupt. To mitigate such risks, the Group has implemented guidelines and risk control protocols to adjust the level of virtual assets maintained in “hot” wallets and other crypto exchanges. The Group has implemented appropriated security controls and has risk mitigation processes in place.

Management Discussion and Analysis

PRICE RISK OF VIRTUAL ASSETS

The Group received cryptocurrencies collateral under lending arrangements with counterparties. Since the Group is able to utilise such collateral for its own economic benefits, it is recorded as cryptocurrencies of the Group with a corresponding liability due to the counterparties recorded, under liabilities due to counterparties measured at fair value through profit or loss in non-current or current liabilities. The Group also held cryptocurrencies itself. The volatility and unpredictability of the price of cryptocurrencies relative to fiat currencies could cause impact to the Group's performance. The Group provides trust and custody services to its clients. Such assets constitute trust assets and are not accounted for as assets of the Group and do not give rise to liabilities to the relevant customers. Accordingly, the Group has no price volatility exposure from these holdings.

RISKS RELATED TO ANTI-MONEY LAUNDERING

During the Period 2024, the Group has provided trust and custody services to its clients. Any person who carries on a trust business in Hong Kong has to comply with the relevant requirements of the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Chapter 615 of the Laws of Hong Kong) and the guidelines issued by the Companies Registry of Hong Kong. To mitigate such risks, the Group has implemented policies and procedures for Anti-Money-Laundering (AML) and Know-Your-Client (KYC) that are initiated during the client onboarding process and are applied by way of continuous monitoring and reporting. In enhancing these policies and procedures, we have also considered industry best-practice and the recommendations of the Financial Action Task Force (FATF).

FOREIGN CURRENCY RISK

The Group's principal operating subsidiaries carry out their operations in USA, Hong Kong, the Mainland China and Singapore. Entities in the Group regularly transact in currencies other than their respective functional currencies with regard to the sale and purchase of products. As a consequence, certain trade receivables and borrowings are denominated in foreign currencies. During Period 2024, the Group did not enter into any financial instrument for hedging purpose. The Group seeks to manage its foreign currency exposures by constructing natural hedges as well as entering into certain foreign exchange contracts to minimise any currency exposure risks, when necessary.

SIGNIFICANT INVESTMENT

Reference is made to the announcements of the Company dated 8 February 2022, 4 March 2022 and 29 April 2022 in relation to the subscription and deemed disposal of interests in New World Pioneer Mining Fund 1 LPF (the "Fund") and the announcement of the Company dated 21 February 2022 in relation to the subscription of interest of Sinohope Investment SPC (the "Fund Company"), and the announcement of the Company dated 25 August 2023, 15 September 2023, 16 October 2023, 17 November 2023, 7 December 2023 and 12 March 2024 and the circular dated 17 November 2023 in relation to, among which, the disposal of entire equity interest in New Huo Solutions Limited.

Management Discussion and Analysis

On 7 February 2022, New Huo Solutions Limited (formerly known as Huobi Solutions Limited), a direct wholly-owned subsidiary of the Company, entered into a subscription agreement with HB Venture Management Limited (the “General Partner”), pursuant to which New Huo Solutions Limited subscribed for 100% partnership interest in the Fund at a consideration of US\$10 million (equivalent to approximately HK\$78 million). On 4 March 2022, Chainup Technic Limited (“Chainup Technic”), entered into a subscription agreement with the General Partner, pursuant to which Chainup Technic also subscribed for partnership interest in the Fund at a consideration of USDT 10 million (equivalent to approximately HK\$78 million). Upon completion thereof, the partnership interest in the Fund held by New Huo Solutions Limited was diluted from 100% to 50%.

On 21 February 2022, New Huo Solutions Limited entered into a subscription agreement with the Fund Company, pursuant to which New Huo Solutions Limited subscribed for the shares attributable to NH Multi Strategy Crypto Fund SP (formerly known as Huobi Multi Strategy Crypto Fund SP), a segregated portfolio of the Fund Company (the “Segregated Portfolio”), at a consideration of US\$15 million (equivalent to approximately HK\$117 million).

Upon the completion of disposal of New Huo Solutions Limited on 9 February 2024 and as at 31 March 2024, the Group no longer has had any significant investment held with a value of 5% or more of the Group’s total assets.

During the Period 2024, the Group had the following significant investments held with a value of 5% or more of the Group’s total assets:

No.	Name of the investments	Investment costs	Carrying amount as at 9 February 2024	Percentage of investments held as at 9 February 2024	Performance as at 9 February 2024	Size of investments as at 9 February 2024 compared to the Group’s total assets as at 31 March 2024	Total amount of dividends received for the Period 2024
1	New World Pioneer Mining Fund 1 LPF	US\$10 million (equivalent to approximately HK\$78 million)	HK\$62.9 million	50%	Profit of HK\$5.1 million	19.0%	-
2	NH Investment SPC – NH Multi-Strategy Crypto Fund SP	US\$15 million (equivalent to approximately HK\$117.1 million)	HK\$134.2 million	96.60%	Profit of HK\$24.2 million	40.6%	-

Management Discussion and Analysis

1 New World Pioneer Mining Fund 1 LPF

The Fund is a Hong Kong limited partnership fund, registered under the Limited Partnership Fund Ordinance (Cap. 637 of the laws of Hong Kong), of which New Huo Solutions Limited is the sole limited partner. The Fund is established for the purpose of making investments in the industry of the cryptocurrency mining ecosystem. The Fund intends to acquire, among others, interests in companies that are engaged in cryptocurrency mining activities and companies that support or otherwise facilitate the cryptocurrency mining ecosystem. The Fund may also acquire interests in mining equipment directly or indirectly through intermediate entities. The Fund aims to make investments that will generate income streams from mining activities or capital appreciation during the investment period of the Fund. Investments may be structured as equity interests, revenue sharing arrangements or other interests as the general partner determines. The Fund's interests in the portfolio investments and temporary investments may be held directly or through one or more special purpose vehicles.

In late March 2022, the Fund through an intermediate entity invested in 100% equity interests in Fil Limited, a company incorporated in Hong Kong with limited liability, which principally engages in the businesses that generate income streams from performing cryptocurrency mining activities.

2 NH Investment SPC – NH Multi-Strategy Crypto Fund SP

The Fund Company is a segregated portfolio company incorporated under the laws of the Cayman Islands with limited liability on 4 September 2020. The Segregated Portfolio consisted of cash and cryptocurrency assets acquired on the secondary market and principally invests in the Top 200 Coins and virtual assets futures, including cryptocurrencies or derivatives that are linked to the Top 50 Coins.

On 25 August 2023, the Company as Vendor and Avenir Cayman Holding Limited as the Purchaser entered into the Sale and Purchase Agreement (Solutions), pursuant to which (i) Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the Solutions Sale Shares, representing the entire issued share capital of New Huo Solutions, and (ii) Vendor has conditionally agreed to assign the Solutions Sale Debt to the Purchaser, at the consideration of HK\$205,706,355.00. The completion of the disposal of New Huo Solutions took place on 9 February 2024, and thereafter ceased to be a subsidiary of the Company and the financial results of New Huo Solutions were no longer consolidated into the consolidated financial statements of the Company.

As at 31 March 2024, there is no other significant investments held by the Group with a value of 5% or more of the Group's total assets.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2024, the Group had 79 employees (30 September 2023: 87 employees) working in the Mainland China, HKSAR, and Singapore. The total employment costs (including Directors' remuneration and mandatory provident fund contributions) for Period 2024 amounted to approximately HK\$33.9 million (Period 2023: HK\$62.2 million). The decrease in staff cost was mainly due to the reduction of the number of employees and the decrease of severance fee payment. The Company's remuneration policy is set out by the remuneration committee of the Company on the basis of the employees' merit, qualifications and competence. The Group has also adopted certain bonus programs, which are determined annually based on certain criteria including performance of the Company and individual employees. Other benefits including share option schemes, insurance policies, retirement benefit plans are offered to eligible employees.

EVENTS AFTER THE REPORTING PERIOD

Disclosable transaction in relation to disposal of FTX Claim

On 24 May 2024, Hbit limited, a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Ceratosaurus Investors, L.L.C., an independent third party of the Company, in relation to the disposal of the entire interest in FTX claim at a consideration of US\$19,500,088.87 (equivalent to approximately HK\$152,219,643.73) representing approximately 107.8% of original amounts of the FTX Claim. On 28 May 2024, the said disposal was completed and the Company received the said consideration.

For details, please refer to the Company's announcements dated 14 November 2022, 22 February 2024, and 24 May 2024 and 4 June 2024.

OUTLOOK

In 2024, we will continue to utilize the expertise and experience of Sinohope Tech in the aspects of virtual asset custody core technology and compliant virtual asset fund management. For the purposes of providing customers with more professional one-stop virtual asset services experience and establishing a leading profile of Sinohope Tech in the financial technical services industry of Web3 in Asia-Pacific region and across the globe, we will focus the Company's business on three core aspects, namely innovative development of one-stop product solutions, comprehensive deepening of compliant asset management business and diversified development of public chain ecosystem.

In the aspect of virtual asset custody and transaction, Sinohope Tech will integrate the one-stop product solutions, expand the business scope of TCSP compliant custody and activate the virtual asset custody and transaction services to enable customers to complete all the business procedures via one product entry. Sinohope Tech will provide customers with comprehensive procedure service from deposit and withdrawal and asset custody to asset management through the integration of upstream and downstream products.

In the aspect of virtual asset custody technology, Sinohope Tech will continue to innovate and research the core custody technologies, such as distributed key derivation and threshold signature, which will ensure a high security and operational transparency for the assets of customers while providing customers with more efficient and convenient experience and continuously promoting the integration of traditional finance and emerging finance in different situations.

In the aspect of compliant asset management business, with the compliant license, Sinohope Tech will continue to optimize the virtual asset fund product mix of Sinohope Asset Management in order to provide a more diversified virtual asset investment fund portfolio for customers. Furthermore, Sinohope Asset Management will also continue to deepen cooperation on the innovation of ETF product diversification with the spot virtual asset ETF issuers in Hong Kong, bringing customers regularized, safe and smooth investment experience.

Condensed Consolidated Statement of Profit or Loss

	Notes	Six months ended 31 March	
		2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited) (re-presented)
Continuing operations			
Revenue	6		
Cryptocurrency trading business		620,989	2,384,836
Other business		34,619	12,259
		655,608	2,397,095
Cost of sales and services			
Cryptocurrency trading business		(613,316)	(2,399,589)
Other business		(10,151)	(11,894)
		(623,467)	(2,411,483)
Gross profit/(loss)		32,141	(14,388)
Other income and losses	7	(158)	(3,995)
Fair value gain on cryptocurrencies		42,165	8,213
Reversal of/(provision for) expected credit loss on other assets	15	78,810	(99,410)
Administrative expenses		(54,093)	(105,796)
Share of result of a joint venture		5,080	3,608
Finance costs	8	(4,679)	(8,130)
Profit/(loss) before income tax	9	99,266	(219,898)
Income tax credit	10	1,901	1,223
Profit/(loss) for the period from continuing operations		101,167	(218,675)
Discontinued operations			
Loss for the period from discontinued operation	11	–	(13,684)
Profit/(loss) for the period		101,167	(232,359)

Condensed Consolidated Statement of Profit or Loss

	Notes	Six months ended 31 March	
		2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited) (re-presented)
Profit/(loss) for the period attributable to owners of the Company			
– from continuing operations		99,813	(227,822)
– from discontinued operations		–	(13,684)
		99,813	(241,506)
Profit for the period attributable to non-controlling interests			
– from continuing operations		1,354	9,147
– from discontinued operations		–	–
		1,354	9,147
		101,167	(232,359)
	Notes	Six months ended 31 March	
		2024 HK cents (Unaudited)	2023 HK cents (Unaudited) (re-presented)
Basic and diluted earnings/(loss) per share			
– from continuing operation (HK cents)	13	21.42	(73.74)
– from discontinued operation (HK cents)		–	(4.43)
		21.42	(78.17)

Condensed Consolidated Statement of Other Comprehensive Income

	Six months ended 31 March	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited) (re-presented)
Profit/(loss) for the period	101,167	(232,359)
Other comprehensive income		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences arising on the translation of financial statements of foreign operations	(729)	96
Reclassification of foreign currency translation reserve upon disposal of subsidiaries	331	7,064
Item that will not be reclassified subsequently to profit or loss:		
Change in fair value of equity instruments at fair value through other comprehensive income	–	(40)
Other comprehensive (loss)/income for the period, net of tax	(398)	7,120
Total comprehensive income/(loss) for the period	100,769	(225,239)
Total comprehensive income/(loss) for the period attributable to:		
Owners of the Company	99,415	(234,386)
Non-controlling interests	1,354	9,147
	100,769	(225,239)
Total comprehensive income/(loss) attributable to owners of the Company		
– from continuing operations	99,415	(234,386)
– from discontinued operations	–	–
	99,415	(234,386)

Condensed Consolidated Statement of Financial Position

	Notes	At 31 March 2024 HK\$'000 (Unaudited)	At 30 September 2023 HK\$'000 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	14	355	1,094
Other receivables	15	–	76,063
Total non-current assets		355	77,157
Current assets			
Cryptocurrencies		51,888	15,051
Trade and other receivables	15	232,064	64,411
Time deposits with original maturity of over three months		1,500	1,500
Cash and bank balances		44,853	320,161
		330,305	401,123
Assets classified as held for sale		–	270,364
Total current assets		330,305	671,487
Current liabilities			
Other payables and accruals		13,628	12,549
Other borrowings	16	–	359,107
Tax payable		–	412
		13,628	372,068
Liabilities associated with assets classified as held for sale		–	52,562
Total current liabilities		13,628	424,630
Net current assets		316,677	246,857
Total assets less current liabilities		317,032	324,014
Non-current liabilities			
Other borrowings	16	–	108,098
Deferred tax liabilities	17	–	2,140
		–	110,238
Net assets		317,032	213,776
EQUITY			
Share capital	18	466	309
Reserves	21	316,566	204,299
Amounts recognised in other comprehensive income and accumulated in equity relating to asset held for sale		–	1,742
Total equity attributable to owners of the Company		317,032	206,350
Non-controlling interests		–	7,426
Total equity		317,032	213,776

Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 March 2024

	Unaudited										
	Share capital HK\$'000 (note 18)	Share premium HK\$'000 (notes 19 and 21)	Share option reserve HK\$'000 (note 21)	Other reserve HK\$'000 (note 21)	Capital reserve HK\$'000	Fair value reserve HK\$'000 (note 21)	Translation reserve HK\$'000 (note 21)	Accumulated losses HK\$'000	Attributable to owners of the Company HK\$'000	Non- controlling interest HK\$'000	Total HK\$'000
At 1 October 2023	309	112,251	74	101,135	324,605	(1,808)	317	(330,533)	206,350	7,426	213,776
Equity-settled share based compensation expenses (note 20)	-	-	6,789	-	-	-	-	-	6,789	-	6,789
Transfer of share option reserve upon the lapse of share options	-	-	(659)	-	-	-	-	659	-	-	-
Transfer of capital reserve to share capital and share premium upon completion of share subscription	157	324,448	-	-	(324,605)	-	-	-	-	-	-
Reversal of fair value gain on loan modification from a related party, net of deferred tax (note 16)	-	-	-	(9,341)	-	-	-	-	(9,341)	-	(9,341)
Transactions with owners	157	324,448	6,130	(9,341)	(324,605)	-	-	659	(2,552)	-	(2,552)
Profit for the period	-	-	-	-	-	-	-	99,813	99,813	1,354	101,167
Other comprehensive income/(expense)											
Exchange differences arising on the translation of financial statements of foreign operations	-	-	-	-	-	-	(729)	-	(729)	-	(729)
Reclassification of foreign currency translation reserve upon disposal of a subsidiary	-	-	-	-	-	-	331	-	331	-	331
Total comprehensive income/(expense) for the period	-	-	-	-	-	-	(398)	99,813	99,415	1,354	100,769
Transfer of fair value reserve to accumulated losses upon derecognition of FVTOCI	-	-	-	-	-	1,808	-	(1,808)	-	-	-
Gain on disposal of a subsidiary	-	-	-	13,819	-	-	-	-	13,819	-	13,819
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	(8,780)	(8,780)
At 31 March 2024	466	436,699	6,204	105,613	-	-	(81)	(231,869)	317,032	-	317,032

For the six months ended 31 March 2023

	Unaudited										
	Share capital HK\$'000 (note 18)	Share premium HK\$'000 (notes 19 and 21)	Share option reserve HK\$'000 (note 21)	Other reserve HK\$'000 (note 21)	Fair value reserve HK\$'000 (note 21)	Statutory reserve HK\$'000 (note 21)	Translation reserve HK\$'000 (note 21)	Accumulated losses HK\$'000	Attributable to owners of the Company HK\$'000	Non- controlling interest HK\$'000	Total HK\$'000
At 1 October 2022	309	112,251	1,652	98,030	2,609	7,956	(22,568)	(65,310)	134,929	12,157	147,086
Equity-settled share based compensation expenses (note 20)	-	-	35	-	-	-	-	-	35	-	35
Transfer of share option reserve upon the lapse of share options	-	-	(867)	-	-	-	-	867	-	-	-
Fair value gain on loan from a related party measured at fair value on inception and modification, net of deferred tax (note 16)	-	-	-	4,014	-	-	-	-	4,014	-	4,014
Transactions with owners	-	-	(832)	4,014	-	-	-	867	4,049	-	4,049
Loss for the period	-	-	-	-	-	-	-	(241,506)	(241,506)	9,147	(232,359)
Other comprehensive income/(expense)											
Change in fair value of equity instrument at fair value through other comprehensive income	-	-	-	-	(40)	-	-	-	(40)	-	(40)
Exchange differences arising on the translation of financial statements of foreign operations	-	-	-	-	-	-	96	-	96	-	96
Reclassification of foreign currency translation reserve upon disposal of a subsidiary	-	-	-	-	-	-	7,064	-	7,064	-	7,064
Total comprehensive income/(expense) for the period	-	-	-	-	(40)	-	7,160	(241,506)	(234,386)	9,147	(225,239)
At 31 March 2023	309	112,251	820	102,044	2,569	7,956	(15,408)	(305,949)	(95,408)	21,304	(74,104)

Condensed Consolidated Statement of Cash Flows

		Six months ended 31 March	
		2024	2023
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Notes			
Cash flows from operating activities			
	Profit/(loss) before income tax		
	– for continuing operations	99,266	(219,898)
	– for discontinued operations	–	(13,062)
		99,266	(232,960)
	Adjustments for:		
	Depreciation of property, plant and equipment	9 279	6,429
	Depreciation of right-of-use assets	9 –	12,471
	Equity-settled share-based compensation expenses	6,789	35
	Gain on disposal of property plant and equipment	–	(1,364)
	Imputed interest expense on other loans from a related company	8 4,419	6,548
	Interest expenses on other loan from a former controlling shareholder	8 –	973
	Interest expenses on bank borrowings	8 –	156
	Interest expenses on lease liabilities	8 260	2,289
	Interest expenses on other loan from a related company	8 –	740
	Interest income	7 (759)	(14)
	Provision for impairment loss on property, plant and equipment	7 481	–
	Provision for impairment loss on inventories	9 –	3,482
	Loss on disposal of a subsidiary	7 1,216	7,064
	(Reversal of)/provision for expected credit loss on other assets	15 (78,810)	99,410
	Fair value loss/(gain) on financial asset at fair value through profit or loss	7 –	415
	Fair value gain on cryptocurrencies	(42,165)	(8,213)
	Share of result of a joint venture	(5,080)	(3,608)
	Operating loss before working capital changes	(14,104)	(106,147)
	Decrease in inventories	–	10,280
	(Increase)/decrease in cryptocurrencies	(29,538)	137,700
	Increase in trade and other receivables	(9,134)	(104,880)
	Decrease in amount due from a joint venture	–	54
	Increase in trade and other payables	1,079	25,769
	Decrease in collateral payables	–	(101,169)
	<i>Cash used in operations</i>	(51,697)	(138,393)
	Income tax paid	(651)	(25,721)
	<i>Net cash used in operating activities</i>	(52,348)	(164,114)

Condensed Consolidated Statement of Cash Flows

	Notes	Six months ended 31 March	
		2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Cash flows from investing activities			
Purchase of property, plant and equipment		(24)	(17,444)
Deposit paid for property, plant and equipment		–	(45,521)
Decrease in pledged bank deposit		–	7,850
Purchase of financial assets at fair value through profit and loss		–	(21,904)
Proceeds from disposal of property, plant and equipment		–	2,615
Proceeds from disposal of a subsidiary		–	4,449
Decrease in time deposits with original maturity of over three months		–	1,600
Interest received on bank deposits and balances		759	14
<i>Net cash generated from/(used in) investing activities</i>		735	(68,341)
Cash flows from financing activities			
Net cash (outflow)/inflow from other loans from a related company		(223,041)	79,912
Net cash outflow from other loan from a former controlling shareholder		–	(30,000)
Net cash outflow in trust receipts and export loans		–	(678)
Repayment of principal portion of lease liabilities		–	(8,803)
Repayment of interest portion of lease liabilities		–	(2,289)
Interest paid on bank borrowings		–	(156)
Interest paid on other loan from former controlling shareholder		–	(605)
<i>Net cash (used in)/generated from financing activities</i>		(223,041)	37,381
Net decrease in cash and cash equivalents		(274,654)	(195,074)
Cash and cash equivalents at beginning of the period		320,161	322,633
Effect of foreign exchange rate changes		(654)	(5,295)
Cash and cash equivalents classified as held for sale		–	(86,241)
Cash and cash equivalents at end of the period		44,853	36,023
Analysis of the balance of cash and cash equivalents			
Cash and bank balances		44,853	36,023

MAJOR NON-CASH TRANSACTIONS

During the six months ended 31 March 2024, the Group settled the outstanding loan from a related company by offsetting with the consideration receivable from disposal of subsidiaries amounting to HK\$257,923,000.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 March 2024

1. GENERAL INFORMATION

Sinohope Technology Holdings Limited (the “Company”) was incorporated in the British Virgin Islands (the “BVI”) as a limited liability company on 27 December 1990 and its shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 21 November 2016. The address of the Company’s registered office is Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands and its principal place of business is Unit 702–3, 7/F, 100 Queen’s Road Central, Central, Hong Kong.

The Company is an investment holding company and its subsidiaries (collectively, referred to as the “Group”) are principally engaged in the provision of technology solution services, a varieties of services in virtual asset ecosystem, such as asset management, trust and custodian business and cryptocurrency trading. These business segments are the basis upon which the Group reports its primary segment information.

To the best of the knowledge, information and belief of the directors of the Company, upon issuance of new ordinary shares of the Company to Mr. Du Jun and ON CHAIN Technology LIMITED on 10 October 2023, the beneficial interest of Mr. Li Lin (李林) (“Mr. Li”) in the issued share capital of the Company was decreased from 40.47% to 26.83%, and further decreased to 19.53% on 29 January 2024 due to a share capital restructuring by a corporate shareholder in which Mr. Li has been interested in.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

(a) Basis of preparation

The unaudited condensed consolidated financial statements (the “Interim Financial Statements”) have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) and Hong Kong Accounting Standard 34, “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong (the “Listing Rules”).

The Interim Financial Statements have been prepared under the historical cost basis except for cryptocurrencies and financial assets at fair value through other comprehensive income (“FVTOCI”).

These Interim Financial Statements have been prepared with the same accounting policies adopted in the consolidated financial statements for the year ended 30 September 2023 (the “2023 Annual Financial Statements”), except for those that relate to new standards or interpretations effective for the first time for periods beginning on or after 1 October 2023. Details of the new standards/interpretation adopted for the first time in the current period and their effect on the Group’s accounting policies are set out in note 2(b).

The Interim Financial Statements are presented in Hong Kong Dollars (“HK\$”), which is also the functional currency of the Company. All values are rounded to the nearest thousand (“HK\$’000”), unless otherwise stated.

The Interim Financial Statements do not include all of the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the 2023 Annual Financial Statements.

The Interim Financial Statements is unaudited but have been reviewed by the Audit Committee.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 March 2024

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES – *continued*

(b) New and amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following new or amended to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) that are relevant to the Group’s operations and first effective for the current accounting period of the Group.

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform-Pillar Two Model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

The adoption of these new or amended HKFRSs did not have significant impact on the Group’s financial performance and financial position. The Group has not early applied any new or amended HKFRSs that is not yet effective for the current accounting period.

(c) New and amendments to HKFRSs in issue but not yet effective

The following new and amended HKFRSs, potentially relevant to the Group’s financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group’s current intention is to apply these changes on the date become effective.

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ²
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current ²
Amendments to HKAS 1	Non-current Liabilities with Covenants ²
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ²
Amendments to HKAS 21	Lack of Exchangeability ³

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2024.

³ Effective for annual periods beginning on or after 1 January 2025.

The above new and amendments to existing standards do not expect to have a material impact on the Interim Consolidated Financial Statements of the Group. The Group will adopt the new and amended HKFRSs to existing standards when they became effective.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of Interim Financial Statements in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the Interim Financial Statements, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation and uncertainty were the same as those applied to the 2023 Annual Financial Statements.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 March 2024

4. FINANCIAL RISK MANAGEMENT AND VIRTUAL ASSET ECOSYSTEM RISK

The Group is exposed to a variety of financial risks: market risk (including foreign currency risk, interest rate risk and price risk), credit risk and liquidity risk and virtual asset ecosystem risk. The Group's overall risk management focuses on unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by key management under the policies approved by the Board of Directors (the "Board"). The Group does not have written risk management policies. However, the Board meets regularly and co-operates closely with key management to identify and evaluate risks and to formulate strategies to manage financial risks.

The Interim Financial Statements does not include all risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the 2023 Annual Financial Statements. There have been no changes in any risk management policies since the year end 30 September 2023.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's credit risk primarily relates to the Group's time deposits and bank balances, trade receivables and other receivables. The maximum exposure to credit risk in the event that the counterparties fail to perform their obligations as at end of the financial period in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the statement of financial position. In order to minimise the risk, the Board closely monitors overdue debts. The recoverable amount of each individual debt is reviewed at each reporting period and adequate allowance for doubtful debts has been made for irrecoverable amounts. In this regard, the Board considers that credit risk associated with the Group's trade receivables and other receivables is significantly reduced.

(i) Time deposit and bank balances

The Group expects that there is no significant credit risk associated with cash deposits at banks since they are substantially deposited at state-owned banks and reputable banks. Management does not expect that there will be any significant losses from non-performance by these counterparties.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 March 2024

4. FINANCIAL RISK MANAGEMENT AND VIRTUAL ASSET ECOSYSTEM RISK – *continued*

Credit Risk – *continued*

(ii) Trade receivables

The Group applies the simplified approach to provide for expected credit losses (“ECLs”) prescribed by HKFRS 9 “Financial instruments” (“HKFRS 9”), which permits the use of the lifetime ECL provision for all trade receivables. To measure the ECLs, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The ECLs also incorporate forward-looking information.

As at 31 March 2024, no trade receivables (30 September 2023: trade receivables of HK\$4,490,000) were contributed by the top five customers. The Group has monitoring procedures to ensure that follow up action is taken to recover overdue debts. The Group applies the simplified approach to provide for ECLs prescribed by HKFRS 9, which permits the use of the lifetime ECL provision for all trade receivables. To measure the ECLs, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The ECLs also incorporate forward-looking information. The Group has identified the GDP and the unemployment rate of the countries in which it sells the goods and renders the services to be the most relevant factors, and accordingly adjusts the ECL rates based on expected changes in these factors. The ECL rate of collectively assessed trade receivables that were neither past due nor impaired is 0.06% (30 September 2023: 0.06%), past due between 0 to 60 days is 0.37%-1.21% (30 September 2023: 0.37%-1.21%) and past due more than 60 days is 6.55% (30 September 2023: 6.55%). The Directors consider that there are no significant credit risk on trade receivables due to the past payment history and taking into account of the sound financial performance and position of the debtors to meet contractual cash flow obligations in the near term. Accordingly, the ECL on trade receivables was assessed to be minimal and no provision was made for the period (30 September 2023: HK\$Nil).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 March 2024

4. FINANCIAL RISK MANAGEMENT AND VIRTUAL ASSET ECOSYSTEM RISK – *continued*

Credit Risk – *continued*

(iii) Other receivables

The Group has adopted general approach to measure ECLs on financial assets included in prepayments and other receivables, and other financial assets at amortised cost. Under the general approach, the Group applies the “3-stage” impairment model for ECLs measurement based on change in credit risk since initial recognition as follows:

- Stage 1: If the credit risk of the financial instrument has not increased significantly since initial recognition, the financial instrument is included in Stage 1.
- Stage 2: If the credit risk of the financial instrument has increased significantly since its initial recognition but is not deemed to be credit-impaired, the financial instrument is included in Stage 2.
- Stage 3: If the financial instrument is credit-impaired, the financial instrument is included in Stage 3.

The ECLs for financial instruments in Stage 1 are measured at an amount equivalent to 12-month ECLs whereas the ECLs for financial instruments in Stage 2 or Stage 3 are measured at an amount equivalent to lifetime ECLs.

When determining whether the risk of default has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group’s historical experience and informed credit risk assessment and including forward-looking information.

Having regard to industry practice and relevant regulation, as well as the background and behaviour of the debtors/counterparties, the Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due unless the Group has reasonable and supportable information that demonstrates otherwise. In addition, the Group considers that a financial asset to be in default when: (i) the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is more than 90 days past due, unless the Group has reasonable and supportable information to demonstrate that a more lagging default criteria is more appropriate.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 March 2024

4. FINANCIAL RISK MANAGEMENT AND VIRTUAL ASSET ECOSYSTEM RISK – *continued*

Credit risk – *continued*

(iii) Other receivables – *continued*

At the end of the reporting period, the Group assesses whether a financial asset is credit-impaired. A financial asset is considered as credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

- (a) significant financial difficulty of the debtor;
- (b) a breach of contract, such as a default or past due event;
- (c) granting a concession to the debtors that the debtor would not otherwise consider for economic or contractual reasons relating to the debtor's financial difficulty; or
- (d) it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

As at 31 March 2024, the Group has amount due from a former subsidiary with principal amount of HK\$81,513,000 (30 September 2023: HK\$81,513,000). The management of the Company considered that the credit risk has not increased significantly since initial recognition and is included in Stage 1 where 12-month ECL is recognised.

As at 31 March 2024, the provision for ECL for the amount due from a former subsidiary was at HK\$5,460,000 (30 September 2023: HK\$5,460,000).

The Directors believe that there is no material credit risk inherent in the Group's outstanding balances of other receivables. Accordingly, the ECL rate was assessed to have minimal changes since 30 September 2023, no additional provision was recognised for the Period 2024.

As at 31 March 2024, the Group has other assets with original deposited amounts of HK\$141,748,000 (30 September 2023: HK\$141,748,000). Based on the result of the provision assessment, a reversal of impairment loss of HK\$78,810,000 has been recognised in profit or loss for the six months ended 31 March 2024 (six months ended 31 March 2023: a provision of impairment loss of HK\$99,410,000). For details, please refer to 15(b).

Liquidity risk

The Group's objective is to ensure that adequate funds are available to meet commitments associated with its financial liabilities.

The Group manages its liquidity needs by carefully monitoring short-term and long-term cash outflows on a regular basis. The Group mainly utilises cash to meet its liquidity requirements for periods up to 30 days. Funding for long-term liquidity needs will be considered when liquidity requirements in the long term are identified.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 March 2024

4. FINANCIAL RISK MANAGEMENT AND VIRTUAL ASSET ECOSYSTEM RISK – continued

Liquidity risk – continued

The table below analyses the Group's financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the reporting date to the contracted maturity date. The contractual maturity analysis below is based on the undiscounted cash flows of the financial liabilities and the earliest date the Group can be required to pay.

	Carrying amount HK\$'000	Total contractual undiscounted cash flows HK\$'000	Within 1 year or on demand HK\$'000	More than 1 year but not exceeding 2 years HK\$'000	More than 2 years but not exceeding 5 years HK\$'000	More than 5 years HK\$'000
As at 31 March 2024 (Unaudited)						
Non-derivative financial liabilities:						
Other payables and accruals	13,628	13,628	13,628	-	-	-
	13,628	13,628	13,628	-	-	-
As at 30 September 2023 (Audited)						
Non-derivative financial liabilities:						
Other payables and accruals	12,549	12,549	12,549	-	-	-
Other borrowings (note 16)	467,205	480,966	369,513	111,453	-	-
	479,754	493,515	382,062	111,453	-	-

Fair value measurement

The fair value measurement of the Group's financial statements assets and liabilities utilises market observable inputs and data as far as possible. Input used in determining fair value measurements are categorised into different levels based on how observable inputs used in the valuation technique utilised (the "fair value hierarchy") are:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within level that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 March 2024

4. FINANCIAL RISK MANAGEMENT AND VIRTUAL ASSET ECOSYSTEM RISK – *continued*

Fair value measurement – *continued*

(i) **Financial instruments and non-financial assets/liabilities measured at fair value**

At the end of the reporting period, cryptocurrencies, included in the consolidated financial statements require measurement at, and disclosure of, fair value.

The valuation techniques and significant unobservable inputs used in determining the fair value measurement of level 2 and level 3 financial instruments, as well as the relationship between key unobservable inputs and fair value are set out in notes (iii) and (iv) below.

(ii) **Financial instruments not measured at fair value**

Financial instruments not measured at fair value include cash and bank balances, trade and other receivables, time deposit, other payables and accruals, and other borrowings.

The fair values of the Group's current financial assets and liabilities are not materially different from their carrying amounts because of the immediate or short-term maturity of these financial assets and liabilities.

The fair values of non-current financial assets/liabilities for disclosure purposes are estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for similar financial instruments.

(iii) **Information about level 2 fair value measurement**

The fair values of the financial instruments included in the level 2 category have been determined with reference to generally accepted pricing models based on quoted prices for identical or similar or liabilities in markets that are not active.

(iv) **Information about level 3 fair value measurement**

The fair values of the financial instruments, included in the level 3 category have been determined by the Directors. The fair value of unlisted equity investment is determined using the market approach based on recent transaction prices.

(v) **Cryptocurrencies**

The fair values of cryptocurrencies were determined based on quoted market price as at end of Period 2024.

(vi) **Other assets**

The recoverable amount of the FTX Deposit has been determined based on their fair value less costs of disposal. The fair value of the FTX Deposit is level 2 fair value measurement and with reference to price quoted by online claim pricing service providers (the "Quote"). The costs of disposal were estimated based on the incremental costs for assignment of the FTX Deposits, such as agency fees.

The key input to determine the fair value of the FTX Deposit is the "Quote". A higher in the "Quote" would result in an increase in the fair value of the FTX Deposit, and vice versa.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 March 2024

4. FINANCIAL RISK MANAGEMENT AND VIRTUAL ASSET ECOSYSTEM RISK – continued

Fair value hierarchy

The following table provides an analysis of financial statements assets and liabilities measured at fair value by level of fair value hierarchy:

Assets/liabilities measured at fair value:

Recurring fair value measurement

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets for identical assets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
As at 31 March 2024 (Unaudited)				
Assets				
Cryptocurrencies	51,888	–	–	51,888
	51,888	–	–	51,888

As at 30 September 2023 (Audited)

Assets				
Cryptocurrencies	15,051	–	–	15,051
Asset held for sale				
Cryptocurrencies	64,759	–	–	64,759
Financial asset at FVTOCI – unlisted equity investment	–	–	7,961	7,961
	64,759	–	7,961	72,720

Reconciliation of fair value measurements categorised within Level 3 of the fair value hierarchy

	Asset held for sale Unlisted equity investment HK\$'000
At 30 September 2023/1 October 2023	7,961
Disposal of subsidiaries (note 22(a))	(7,961)
At 31 March 2024	–

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 March 2024

4. FINANCIAL RISK MANAGEMENT AND VIRTUAL ASSET ECOSYSTEM RISK – continued

Fair value hierarchy – continued

Assets/liabilities measured at fair value: – continued

Reconciliation of fair value measurements categorised within Level 3 of the fair value hierarchy – continued

There was no transfer under the fair value hierarchy classification during the six months ended 31 March 2024 and the year ended 30 September 2023.

5. SEGMENT INFORMATION

As disclosed in Note 11, the Group ceased its existing contract manufacturing operations upon the disposal of the shareholding in Pantene Industrial Co. Limited (“Pantene”) and its subsidiaries (the “Pantene Group”) during the year ended 30 September 2023 and its contract manufacturing business was classified as discontinued operations. Comparative figures have been re-presented to reflect the cessation of the contract manufacturing business as discontinued operations, and segment information in this note only includes only continuing operations.

The Group has determined its operating segments and prepared segmental information based on regular internal financial information reported to the chief operating decision makers, i.e. the executive Directors of the Company, who are responsible for making strategic decisions. The executive Directors review the Group’s internal reporting in order to assess performance and allocate resources and have determined the operating segments based on these reports.

During the six months ended 31 March 2024 and 2023, the Group principally operates in one business segment, which is virtual assets ecosystem. Other businesses were considered relatively insignificant for the six months ended 31 March 2024 and 2023.

Geographical information

The Group’s operations are mainly located in the People’s Republic of China (the “PRC”) (including Hong Kong Special Administrative Region (“HKSAR”)). The revenue information above is based on the location of the customers or location of trading cryptocurrencies.

Revenue from major customers, each of them accounting for 10% or more of the Group’s revenue of each segment for the period, is set out below:

	Six months ended 31 March	
	2024 HK\$’000 (Unaudited)	2023 HK\$’000 (Unaudited) (re-presented)
Continuing operations:		
Customer A	–	1,912,785
Customer B	187,999	–
Customer C	91,762	–

All of the Group’s non-current assets are located in the PRC (including HKSAR).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 March 2024

6. REVENUE

Revenue mainly includes cryptocurrency trading, provision of technology solution services and provision of virtual asset ecosystem for the period.

The Group's disaggregated revenue from its major products and service lines are as follows:

	Six months ended 31 March	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited) (re-presented)
Continuing operations		
Cryptocurrency trading	620,989	2,384,836
Revenue recognised at a point in time	620,989	2,384,836
Cryptocurrency mining services	12,583	–
Provision of asset management services	17,250	3,613
Provision of custodian services	356	717
Provision of lending management services	716	879
Provision of technology solution services	2,922	7,050
Provision of consultancy services	792	–
Revenue recognised over time	34,619	12,259
Total revenue	655,608	2,397,095

7. OTHER INCOME AND LOSSES

	Six months ended 31 March	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited) (re-presented)
Loss on disposal of subsidiaries	(1,216)	(7,064)
Fair value loss on financial asset at FVTPL	–	(415)
Government grants	–	276
Interest income on bank deposits and balances	759	14
Impairment loss on property, plant and equipment	(481)	–
Sundry income	780	3,194
	(158)	(3,995)

The government grant for the six months ended 31 March 2023 represent the subsidy under the Employment Support Scheme provided by the HKSAR Government. There are no unfulfilled conditions relating to the grants.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 March 2024

8. FINANCE COSTS

	Six months ended 31 March	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited) (re-presented)
Continuing operations		
Imputed interest on other loans from a related company (note 16)	4,419	6,548
Interest on other loan from a related company	–	740
Interest expenses on lease liabilities	260	842
	4,679	8,130

9. PROFIT/(LOSS) BEFORE INCOME TAX

	Six months ended 31 March	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited) (re-presented)
Continuing operations		
Profit/(loss) before income tax is arrived at after charging:		
Cost of inventories recognised as expenses		
– cryptocurrency trading business	613,316	2,399,589
Depreciation of property, plant and equipment	279	4,537
Depreciation of right-of-use assets	–	7,456
Short term lease expenses	1,844	–
Employee benefit expenses (including Directors' remuneration)	33,871	62,155
Discontinued operations		
Loss before income tax is arrived at after charging:		
Cost of inventories recognised as expenses		
– other business	–	95,747
Provision for impairment loss on inventories	–	3,482
Depreciation of property, plant and equipment	–	1,892
Depreciation of right-of-use assets	–	5,015
Employee benefit expenses (including Directors' remuneration)	–	10,479

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 March 2024

10. INCOME TAX CREDIT

Income tax (credit)/expense for the period comprises:

	Six months ended 31 March	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited) (re-presented)
Current income tax:		
Provision for the period		
HKSAR	239	(100)
Deferred tax (note 17)	(2,140)	(1,123)
Income tax credit	(1,901)	(1,223)

Hong Kong profits tax is calculated at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits for the period, except for the first HK\$2,000,000 of a qualified entity's assessable profit which is calculated at the rate of 8.25%, in accordance with the new two-tiered tax rate regime.

The PRC corporate income tax charge was determined in accordance with the relevant laws and regulations in Mainland China, and was assessed at a rate of 25% (2023: 25%).

Taxation arising in other jurisdictions is provided on the estimated taxable profits arising in those jurisdictions at the prevailing local rates.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 March 2024

11. DISCONTINUED OPERATION

Disposal of entire equity interest in the Pantene Group

The principal business and activity of the Pantene Group is sale and distribution of power-related and electrical/electronic products in the PRC (the "Contract Manufacturing Business"). Upon the completion of the disposal of the Pantene Group, the Group ceased to engage in the Contract Manufacturing Business. Accordingly, the operation of Contract Manufacturing Business was classified as discontinued operation.

The loss for the period ended 31 March 2023 from the discontinued operations is set out below. The comparative figures in the consolidated statement of profit or loss and other comprehensive income have been re-presented as discontinued operations.

The loss for the period from discontinued operations

	Six months ended 31 March 2023 HK\$'000 (Unaudited) (re-presented)
Revenue	108,786
Cost of sales	(99,229)
Gross profit	9,557
Other income and gains	1,676
Selling and distribution expenses	(739)
Administrative expenses	(20,980)
Finance costs	(2,576)
Loss before income tax	(13,062)
Income tax expense	(622)
Loss for the period	(13,684)

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 March 2024

12. DIVIDENDS

The Directors do not recommend the payment of an interim dividend for the six months ended 31 March 2024 and 2023.

13. EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to owners of the Company by the weighted average number of ordinary shares of 465,960,665 (31 March 2023: 308,960,665) in issue or issuable during the period.

	Six months ended 31 March	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited) (re-presented)
Profit/(loss) attributable to owners of the Company		
– for continuing operations	99,813	(227,822)
– for discontinued operations	–	(13,684)
	99,813	(241,506)
	Share	Share
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	465,960,665	308,960,665

Diluted earnings/(loss) per share

The computation of diluted earnings/(loss) per share for the periods ended 31 March 2024 and 2023 do not assume the exercise of certain share options since their assumed exercise for both periods would have an anti-dilutive effect.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 March 2024

14. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

Additions to property, plant and equipment in the period amounted to HK\$24,000 (31 March 2023: HK\$17,444,000).

No items of plant and machinery were disposed of during the six months ended 31 March 2024 (six months ended 31 March 2023: net book value of HK\$1,251,000 were disposed, resulting in a gain on disposal of HK\$1,364,000).

15. TRADE AND OTHER RECEIVABLES

	Notes	At 31 March 2024 HK\$'000 (Unaudited)	At 30 September 2023 HK\$'000 (Audited)
Amount due from a former subsidiary		81,513	81,513
Less: provision for expected credit loss		(5,460)	(5,460)
	(a)	76,063	76,063
Other assets		141,748	141,748
Less: provisions for impairment		(7,087)	(85,897)
Other assets, net	(b)	134,661	55,851
Trade receivables	(c)	16,559	4,490
Rental and other deposit and prepayments		3,006	2,894
Other receivables		1,775	1,176
		21,340	8,560
		232,064	140,474
Analysed into:			
Current portion		232,064	64,411
Non-current portion		–	76,063

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 March 2024

15. TRADE AND OTHER RECEIVABLES – *continued*

- (a) As at 31 March 2024 and 30 September 2023, amount due from a former subsidiary of HK\$81,513,000 was unsecured, interest-free and repayable on or before 31 December 2024.

The management of the Company considered that the credit risk has not increased significantly since initial recognition and the loss allowance is measured at an amount equal to 12-month ECLs. During the six months ended 31 March 2024, no loss allowances have been recognised in profit or loss.

- (b) On 11 November 2022, FTX group entities, including cryptocurrency exchange FTX (“FTX”), has filed for bankruptcy protection in the United States. For details, please refer to the Company’s announcement dated 14 November 2022.

The Group thereafter completed the submission of a claim of FTX Deposits against FTX to the liquidator of FTX (“FTX Claims”). As at 31 March 2024, the Group had fiat currencies and cryptocurrencies deposited in FTX with original amounts of HK\$107,169,000 (30 September 2023: HK\$107,169,000) and HK\$34,579,000 (30 September 2023: HK\$34,579,000), respectively (“FTX Deposits”).

During the six months ended 31 March 2024, the Group was not able to withdraw the FTX Deposits from FTX as the bankruptcy proceedings of FTX have not yet been completed. The Group was actively searching for potential purchaser to purchase the FTX Claims.

For the purpose of impairment assessment, the recoverable amount of the FTX Deposit has been determined based on their fair value less costs of disposal, which is calculated based on available market price less incremental costs for assignment of the FTX Claims.

Based on the result of the provision assessment, a reversal of impairment loss of HK\$78,810,000 (six months ended 31 March 2023: a provision of impairment loss of HK\$99,410,000) has been recognised in profit or loss for the six months ended 31 March 2024.

On 24 May 2024, Hbit Limited, a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with a buyer (whose ultimate beneficial owner is an independent third party) to dispose of the FTX Claim at a consideration of US\$19,500,088.87 (equivalent to approximately HK\$152,219,643.73). As at the date of the interim financial statements, the said disposal has not yet been completed.

- (c) As at 30 September 2023, included in trade receivables was amounts due from related companies amounting to HK\$2,950,000 in which Mr. Li Lin, a director of the Company, has beneficial interests. The amount is unsecured, interest-free and trade in nature.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 March 2024

15. TRADE AND OTHER RECEIVABLES – continued

As at the reporting date, the aging analysis of trade receivables, based on invoice date, is as follows:

	At 31 March 2024 HK\$'000 (Unaudited)	At 30 September 2023 HK\$'000 (Audited)
0-60 days	15,309	1,484
61-90 days	–	1,005
91-120 days	64	1,007
More than 120 days	1,186	994
	16,559	4,490

The Group allows credit periods ranging from 14 to 30 days (30 September 2023: 14 to 30 days) to its trade customers depending on their credit status and geographical location during the period. The directors of the Company consider that the carrying amounts of trade and other receivables approximate to their fair values.

The aging analysis of the Group's trade receivables, based on due date, is as follows:

	At 31 March 2024 HK\$'000 (Unaudited)	At 30 September 2023 HK\$'000 (Audited)
Neither past due nor impaired	5,854	747
0-60 days past due	9,455	1,005
61-90 days past due	64	1,007
91-120 days past due	62	994
Over 120 days past due	1,124	737
	16,559	4,490

Trade receivables that were past due but not impaired related to a large number of customers for whom there has been no recent history of default. Based on the past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit risk.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 March 2024

16. OTHER BORROWINGS

	At 31 March 2024 HK\$'000 (Unaudited)	At 30 September 2023 HK\$'000 (Audited)
Other borrowings (unsecured) comprise:		
Loans from a related company	–	467,205
	–	467,205
Other borrowings are repayable as follows:		
Within one year or on demand	–	359,107
More than one year but not exceeding two years	–	108,098
	–	467,205
Analysed into:		
Non-current	–	108,098
Current	–	359,107
	–	467,205

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 March 2024

16. OTHER BORROWINGS – *continued*

Other borrowings – Loan from a related company

2019 Shareholder's Facility

Under a facility agreement dated 26 September 2019 and the extension letters with Avenir Cayman Holding Limited (formerly known as Huobi Cayman Holding Limited) ("Avenir"), the then immediate holding company of the Company, pursuant to which Avenir agreed to make available to the Company an unsecured revolving facility up to the maximum aggregate amount of HK\$471,000,000 (the "2019 Shareholder's Facility"). The 2019 Shareholder's Facility does not bear any interest and will be utilised by the Company for the purpose of general working capital and business development.

As at 30 September 2023, the 2019 Shareholder's Facility with carrying amount of HK\$359,107,000 will be expired on 30 September 2024.

On 3 November 2023, the Group made a partial repayment of HK\$37,678,000 and a reversal of fair value gain of HK\$966,000 (net of reversal of deferred tax liability of HK\$159,000) was debited to other reserves for the period ended 31 March 2024.

On 8 February 2024, the Group made a partial repayment of HK\$73,911,000 and a reversal of fair value gain of HK\$1,346,000 (net of reversal of deferred tax liability of HK\$222,000) was debited to other reserves for the period ended 31 March 2024.

On 12 March 2024, the Group has settled the outstanding loan by offsetting the consideration of disposal of subsidiary amounting to HK\$257,923,000 and a reversal of fair value gain of HK\$4,028,000 (net of reversal of deferred tax liability of HK\$665,000) was debited to other reserves for the period ended 31 March 2024.

2022 Shareholder's Facility

Under a facility agreement dated 5 May 2022 with Avenir, the then immediate holding company of the Company, pursuant to which Avenir agreed to make available to the Company an unsecured revolving facility up to the maximum aggregate amount of US\$40,000,000 (the "2022 Shareholder's Facility"). The 2022 Shareholder's Facility does not bear any interest and will be utilised by the Company for the purpose of general working capital and business development.

As at 30 September 2023, the 2022 Shareholder's Facility with carrying amount of HK\$30,815,000 will be expired on 4 May 2025.

During the period ended 31 March 2024, the Company made a full repayment of the outstanding loan amounting to USD4,000,000 or HK\$31,398,000 on 8 February 2024. A reversal of fair value gain of HK\$454,000 (net of reversal of deferred tax liability HK\$75,000) was debited to the other reserves and the loan being settled during the period.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 March 2024

16. BANK AND OTHER BORROWINGS – *continued*

Other borrowings – Loan from a related company – *continued*

2022 Shareholder’s FTX Facility

Under a facility agreement dated 13 November 2022 with Avenir, the then immediate holding company of the Company, pursuant to which Avenir agreed to make available to the Company an unsecured non-revolving facility up to the maximum aggregate amount of US\$14,000,000 (the “2022 Shareholder’s FTX Facility”) and expired on 12 March 2023. The 2022 Shareholder’s FTX Facility does not bear any interest and will be utilised by the Company for the purpose of covering client asset liability arising from the failure to withdraw cryptocurrency asset from FTX.

As at 30 September 2023, the 2022 Shareholder’s FTX Facility with carrying amount of HK\$77,283,000 will be expired on 14 November 2024. The FTX Facility has been settled in November 2023.

During the period ended 31 March 2024, the Company made a full repayment of the outstanding loan amounting to US\$10,199,455 or HK\$80,053,000 on 3 November 2023. A reversal of fair value gain of HK\$1,758,000 (net of reversal of deferred tax liability of HK\$290,000) was debited to other reserves and the loan being settled during the period.

Imputed interest on loans from a related company

For the six months ended 31 March 2024, imputed interest of HK\$4,419,000 (with related deferred tax credit of HK\$729,000) (31 March 2023: HK\$6,548,000 (with related deferred tax credit of HK\$1,081,000)) has been charged to the condensed consolidated statement of profit or loss (notes 8 and 17).

17. DEFERRED TAX LIABILITIES

The followings are the deferred tax liabilities recognised and the movements thereon in the current and prior periods.

	Loan from a related company measured at fair value HK\$'000 (Unaudited)
Carrying amount at 1 October 2023	2,140
Credit to the condensed consolidated statement of profit or loss (note 10)	(2,140)
Carrying amount at 31 March 2024	–

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 March 2024

18. SHARE CAPITAL

	Number of ordinary shares of HK\$0.001 each Share	Amount HK\$'000
Authorised:		
At 1 October 2022, 30 September 2023 and 31 March 2024	500,000,000	500
Issued and fully paid:		
At 1 October 2022 (Audited), 30 September 2023 (Audited) and 1 October 2023	308,960,665	309
Issue of shares (note (i))	157,000,000	157
At 31 March 2024 (Unaudited)	465,960,665	466

Notes:

- (i) An extraordinary general meeting was held on 28 July 2023 in which the resolution to approve the proposed subscription of 157,000,000 new ordinary shares of par value of HK\$0.001 each (the "Subscription Shares"), at the subscription price of HK\$2.08 per Subscription Share (the "Subscription") was passed by the shareholders of the Company.

The proceeds of the Subscription were fully received by the Company on 25 September 2023 and the proceeds, net of related expenses, of HK\$324,605,000 were credited to capital reserve.

The Subscription was completed on 10 October 2023 and 157,000,000 ordinary shares have been issued on 10 October 2023. Approximately HK\$157,000 representing the par value of 157,000,000 new ordinary shares were credited to share capital from capital reserve. In addition, HK\$324,448,000 representing the difference between the subscription price and the par value was credited to share premium from capital reserve.

Please refer to the announcements and circular of the Company dated 26 April 2023, 30 June 2023, 6 July 2023, 28 July 2023 and 10 October 2023 for details of the Subscription.

- (ii) All the shares issued during the reporting period ranked *pari passu* in all respects with the then existing shares in issue.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 March 2024

19. SHARE PREMIUM

	HK\$'000
At 1 October 2022 (Audited)	112,251
Issue of shares (note 18(i))	324,448
At 30 September 2023 (Audited), 1 October 2023 and 31 March 2024 (Unaudited)	436,699

20. EQUITY-SETTLED SHARE-BASED PAYMENT TRANSACTIONS

The Company has adopted a share option scheme for eligible participants of the Group on 27 October 2016, which remains in force for 10 years from the date of adoption. Participants may include: any employee (full time or part-time) of any member of the Group, any director (including executive, non-executive or independent non-executive directors) and chief executive officers of any member of the Group.

The total number of shares available for issue under the scheme was originally 30,000,000, representing 10% of the issued share capital of the Company immediately following the commencement of dealings in the shares of the Company on the Stock Exchange of Hong Kong (the "Previous Share Mandate Limit"). The refreshment of the Previous Share Mandate Limit was approved by the Shareholders of the Company at the annual general meeting on 19 March 2021, allowing the Company to grant further options under the Share Option Scheme for subscription of up to a total of 30,742,766 Shares, which represents 10% of the Company's shares in issue as at the date of the approval of the refreshed limit.

The number of shares issued and to be issued in respect of which options granted and which may be granted to any individual in any 12-month period up to the date of the grant, shall not exceed 1% of the shares of the Company in issue. Any further grant of options in excess of this limit must be separately approved by the Company's shareholders in a general meeting with such grantee and his/her close associates abstaining from voting. Any grant of an option to a Director, chief executive or substantial shareholder of the Company (or any of their respective associates) must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the option).

Where any grant of options to a substantial shareholder of the Company or an independent non-executive Director (or any of their respective associates) will result in the total number of shares issued and to be issued upon exercise of all options already granted and to be granted to such person under the scheme and any other share option scheme of the Company (including options exercised, cancelled and outstanding) in any 12-month period up to and including the date of grant representing in aggregate over 0.1% of the shares in issue, such further grant of options is required to be approved by shareholders at a general meeting of the Company, with voting to be taken by way of a poll.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 March 2024

20. EQUITY-SETTLED SHARE-BASED PAYMENT TRANSACTIONS – *continued*

Upon acceptance of an option to subscribe for shares, the eligible participant shall pay HK\$1 to the Company as consideration for the grant. The subscription price of a share subject to options granted under the scheme shall be a price determined by the Board and notified to a participant and shall be at least the higher of:

- (i) the closing price of the shares as stated in the Stock Exchange of Hong Kong's daily quotations sheet on the date of the grant of the option;
- (ii) the average closing price of the shares as stated in the Stock Exchange of Hong Kong's daily quotations sheets for the five trading days immediately preceding the date of the grant of the option; and
- (iii) the nominal value of a share on the date of the grant of the option.

After considering (i) the current remuneration package (including performance bonus) of the management and employees; and (ii) other incentive programme of the Group currently in place, the Board, as a commercial decision, has amended the schedule for vesting of options under the share option scheme to the effect that one-fourth of the options shall be vested in the holders of options on each anniversary of the first 4 years from the date of grant with effect from 17 November 2020. The amendments shall not apply to the outstanding options as at 17 November 2020 which have already been granted but remain unexercised under the share option scheme. For details, please refer to the Company's announcements dated 19 October 2020, 22 October 2020, 17 November 2020 and the circular of the Company dated 22 October 2020 respectively.

On 30 March 2023, taking into account of the consultation conclusion published by the Stock Exchange on 29 July 2022, the Company has amended the Scheme to align with the amendments to the Listing Rules relating to the share schemes of listed issuers which had taken effect from 1 January 2023. Pursuant to the Scheme as amended, the vesting period of share options shall be no less than 12 months and the share options shall be vested on the 1st anniversary of the date on which a share option is granted to a grantee. For details, please refer to the Company's circular dated 1 March 2023 and announcement dated 30 March 2023.

In order to ensure the practicability and flexibility of the share option scheme, the Board and the remuneration committee of the Board are of the view that the vesting date of the share options should not be strictly limited to the 1st anniversary of the date on which a share option is granted to a grantee. The Board and the remuneration committee of the Board are of the view that at their discretion, the vesting period of the share options could be longer than one financial year which would allow the Company to assess the grantee's performance on a sustainable basis and encourage the grantee's continuous growth. On 28 July 2023, the share option scheme was amended to the effect that the vesting period of the share options could be longer than one financial year, after having been approved at the extraordinary general meeting held on 28 July 2023.

For details, please refer to the Company's circular dated 6 July 2023 and announcement dated 28 July 2023.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 March 2024

20. EQUITY-SETTLED SHARE-BASED PAYMENT TRANSACTIONS – *continued*

Share options granted on 2 July 2020:

On 2 July 2020, the Company granted 880,000 share options to certain employees with an exercise price of HK\$3.28 per share. The share options vest over a period of three years starting from the date of the grant by one-third each anniversary and will be fully vested on 2 July 2023. The share options vested are exercisable immediately but not exceeding ten years from the date of the grant.

The fair value of the options granted on 2 July 2020 has been calculated by an external valuer using the Black-Scholes Option Pricing Model. The assumptions used were as follows:

	Granted on 2 July 2020
Grant date share price	HK\$3.28
Exercise price	HK\$3.28
Expected volatility	36.68%
Contractual option life	10 years
Risk-free rate	0.643%
Expected dividend yield	0%

The expected volatility is based on historical price volatility of similar listed companies in the past few years. The risk-free rate is the yields of Hong Kong government bonds and treasury bills as extracted from Bloomberg as at 2 July 2020. At the date the options were granted on 2 July 2020, this was determined to be 0.643%. The dividend yield of the Company of 0% has been adopted.

Based on the fair values derived from the above pricing model, the fair value of the share options granted on 2 July 2020 was approximately HK\$1,204,000 (HK\$1.3687 each), of which HK\$35,000 (31 March 2022: HK\$86,000) have been charged as share-based compensation expenses to profit or loss for the six months ended 31 March 2023.

The assumptions used in computing the fair value of the share options are based on management's best estimate. The valuation of options is dependent upon a number of variables using subjective assumptions. Any changes in the variables may materially affect the estimation of the fair value of an option.

There was no market vesting condition or non-market performance condition associated with the options granted.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 March 2024

20. EQUITY-SETTLED SHARE-BASED PAYMENT TRANSACTIONS – continued

Share options granted on 16 October 2023:

On 16 October 2023, the Company granted 6,000,000 share options and 19,400,000 share options to management and employees respectively with an exercise price of HK\$1.89 per share.

The share options to management vest over a period of three years starting from the date of the grant by two-thirds of the options vested on first anniversary and one-sixth of the options vested on remaining anniversary and will be fully vested on 16 October 2026.

The share options to employees' vest over a period of four years starting from the date of the grant by one-fourth each anniversary and will be fully vested on 16 October 2027. The share options vested are exercisable immediately but not exceeding ten years from the date of the grant.

The fair value of the options granted on 16 October 2023 has been calculated by an external valuer using the Binominal Option Pricing Model. The assumptions used were as follows:

	Granted on 16 October 2023
Grant date share price	HK\$1.89
Exercise price	HK\$1.89
Expected volatility	70.79%
Contractual option life	10 years
Risk-free rate	4.22%
Expected dividend yield	0%

The expected volatility is based on historical price volatility of similar listed companies in the past few years. The risk-free rate is the yields of Hong Kong government bonds and treasury bills as extracted from Bloomberg as at 16 October 2023. At the date the options were granted on 16 October 2023, this was determined to be 4.22%. The dividend yield of the Company of 0% has been adopted.

Based on the fair values derived from the above pricing model, the fair value of the share options granted to management on 16 October 2023 was approximately HK\$6,697,000 (HK\$1.1162 each), and the fair value of the share options granted to employees on 16 October 2023 was approximately HK\$19,941,000 (HK\$1.0279), of which HK\$6,789,000 have been charged as share-based compensation expenses to profit or loss for the six months ended 31 March 2024.

The assumption used in computing the fair value of the share options are based on management's best estimate. The valuation of options is dependent upon a number of variables using subjective assumptions. Any changes in the variables may materially affect the estimation of the fair value of an option.

There was no market vesting condition or non-market performance condition associated with the options granted.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 March 2024

20. EQUITY-SETTLED SHARE-BASED PAYMENT TRANSACTIONS – continued

The movement in the number of share options under the share options scheme are as follows:

For the six months ended 31 March 2024

	Date of grant	Exercise price HK\$	Outstanding at 1 October 2023	Granted during the period	Exercised during the period	Forfeited during the period	Lapsed during the period	Outstanding at 31 March 2024
Executive Director								
Mr. Du Jun [#]	16/10/2023	1.89	-	3,000,000	-	-	-	3,000,000
Management (employee)								
	16/10/2023	1.89	-	3,000,000	-	-	-	3,000,000
Employees								
	16/10/2023	1.89	-	19,400,000	-	(2,600,000)	-	16,800,000
Employees								
	2/7/2020	3.28	53,334	-	-	-	(53,334)	-
			53,334	25,400,000	-	(2,600,000)	(53,334)	22,800,000
Weighted average exercise price			HK\$3.28	HK\$1.89	-	HK\$1.89	HK\$3.28	HK\$1.89

[#] Appointed as the director of the Company on 30 November 2022.

Note:

The weighted average closing price of the shares immediately before the dates of exercise of options during the six months ended 31 March 2024 was HK\$1.89.

As at 31 March 2024, the total number of share options outstanding were 22,800,000 (30 September 2023: 53,334).

For the share options outstanding as at 31 March 2024, the weighted average remaining contractual life was 3,486 days (30 September 2023: 2,349 days).

Total share-based compensation expenses of HK\$6,789,000 have been charged to the condensed consolidated statement of profit or loss for the six months ended 31 March 2024 (31 March 2023: share-based compensation expenses of HK\$35,000).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 March 2024

21. RESERVES

The amounts of the Group's reserves and the movements therein for the period are presented in the condensed consolidated statement of changes in equity on page 21 of this report.

Share premium

The share premium comprises the excess of the proceeds received over the par value of the shares of the Company issued at a premium, less the amount of expenses incurred in connection with the issue of the shares and on exercise of share options, the amount previously recognised in the share option reserve is transferred to share premium.

Share option reserve

The fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period with a corresponding increase in the share option reserve. At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest and the impact of the revision of these estimates, if any, is recognised in the statement of profit or loss over the remaining vesting period, with a corresponding adjustment to the share option reserve.

At the time when the options are exercised, the amount previously recognised in the share option reserve is transferred to the share premium. When the share options are forfeited or are still not exercised at the expiry date, the amount previously recognised in the share option reserve is transferred to retained profits/accumulated losses.

Other reserve

The other reserve represents the deemed contribution from the Company's shareholders or its related companies with respect to (i) waiver of loans from/amount due to shareholders or its related companies; (ii) fair value gain on interest-free loans from shareholders or its related company; and (iii) gain on disposal of subsidiaries to related companies.

Fair value reserve

The fair value reserve (non-recycling) comprises the cumulative net change in the fair value of financial assets designated at FVTOCI under HKFRS 9 that are held at the end of the reporting period.

Statutory reserve

In accordance with the relevant laws and regulations of the PRC, the PRC subsidiaries are required to appropriate 10% of its profit after tax, prepared in accordance with the accounting regulation in the PRC, to the statutory reserve fund until the statutory reserve balance reaches 50% of the registered capital. Such reserve may be used to reduce any losses incurred or to increase capital.

Translation reserve

The translation reserve comprises the exchange differences arising on the translation of the financial statements of foreign operations.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 March 2024

22. DISPOSAL OF SUBSIDIARIES

(a) Disposal of New Huo Solutions Limited

On 25 August 2023, the Group entered into a sale and purchase agreement (“SPA”) with Avenir Cayman Holding Limited (“the Purchaser”), a company controlled by Mr. Li, to dispose of the entire equity interests in New Huo Solutions Limited (“Solutions”), a subsidiary of the Company, at a consideration of HK\$205,706,355. The proceeds receivable amounting to HK\$205,706,355 was offset with other borrowing owing by the Group to the Purchaser. The disposal was completed in February 2024.

Details of the disposal are as follows:

	HK\$'000
<hr/>	
Analysis of assets and liabilities over which control was lost:	
Assets:	
Property, plant and equipment	2,969
Financial Assets at Fair Value through Other Comprehensive Income	7,961
Financial Assets at Fair Value through profit or loss	38,923
Investment in a joint venture	62,585
Cryptocurrencies	100,240
Cash and bank balances	29,972
Amount due from a related company	216
Other receivables	319
	<hr/>
	243,185
Liabilities:	
Other Payable	(23,820)
C/A with a related company	(3,171)
Other tax payable	(708)
Deferred tax liabilities	(42)
	<hr/>
	(27,741)
Net assets disposed of a subsidiary	215,444
Cumulative exchange differences in respect of the net assets of the subsidiary reclassified from equity to profit or loss on loss of control of the subsidiary	263
Non-controlling interests	(8,785)
Loss on disposal recognised in profit or loss	(1,216)
	<hr/>
Total consideration	205,706

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 March 2024

22. DISPOSAL OF SUBSIDIARIES – continued

(b) Disposal of HBTPower Limited and HBTPower Inc.

On 25 August 2023, the Group, through a wholly owned subsidiary, entered into a SPA with the Purchaser to dispose of its 80% equity interest in both HBTPower Limited and HBTPower Inc., respectively (collectively known as “HBTPower”) at a consideration of US\$6,624,740 (equivalent to approximately HK\$52,002,023). The proceeds receivable amounting to HK\$52,002,023 was offset with other borrowing owing by the Group to the Purchaser. The disposal was completed in March 2024.

Details of the disposal are as follows:

	HK\$'000
Analysis of assets and liabilities over which control was lost:	
Assets:	
Right-of-use assets	26,126
Deposits	46,221
	<hr/> 72,347
Liabilities:	
Other tax payable	(29,219)
Deferred tax liabilities	(4,945)
	<hr/> (34,164)
Net assets disposed of a subsidiary	38,183
Gain on disposal recognised in other reserve	13,819
	<hr/> 52,002

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 March 2024

23. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in the financial statements, the Group entered into the following significant transactions with related parties during the period.

	Six months ended 31 March	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Assets management income from a related company*	606	–
Assets management income from a related company#	2,176	–
Assets management income from former subsidiaries®	14,343	–
Custodian services income from related companies*	–	45
Referral services income from related companies*	–	54

* Related companies are companies in which Mr. Li Lin, a Director of the Company, has beneficial interests.

Related company is a fund company in which Mr. Li Lin and Mr. Du Jun, the Directors of the Company, have significant beneficial interests.

® Former subsidiaries are companies in which Mr. Li Lin, a Director of the Company, has beneficial interests. The Group has completed the disposal of Solutions to Mr. Li Lin in February 2024 and Solutions and its subsidiaries ceased to be subsidiaries of the Company and become related parties of the Group.

The above transactions were conducted on mutually agreed terms.

Compensation of the key management personnel of the Group, including Directors' remuneration, is as follows:

	Six months ended 31 March	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Directors' fees	2,120	2,223
Salaries, discretionary bonus, allowances and other benefits	556	1,876
Retirement benefits scheme contributions	27	18
Equity-settled share-based payment expenses	1,213	–
	3,916	4,117

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 March 2024

24. EVENTS AFTER THE REPORTING PERIOD

As disclosed in the Company's announcement dated 24 May 2024, the Group entered into a sale and purchase agreement with a third party to dispose the entire interest in FTX Claims at a consideration of US\$19,500,088.87, which will be repayable by the purchaser to the Group in cash upon completion of the disposal. Details are set out in the Company's announcement dated 24 May 2024 and 4 June 2024.

25. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

The unaudited Interim Financial Statements of the Group were approved and authorised for issue in accordance with a resolution of the Board of Directors on 27 May 2024.

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

As at 31 March 2024, so far as is known to the Directors, the interests or short positions of the Directors and chief executive of the Company and its associated corporations in the ordinary shares (the "Shares") of the Company (within the meaning of Part XV of the SFO which are required to be notified to the Company and the Stock Exchange pursuant to divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken or deemed to have taken under such provisions of the SFO) or which are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 of the Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

(a) Long Positions in the Company's shares and underlying shares

Name of Director	Capacity	Number of Shares interested (L) (Note 1)	Approximate percentage of shareholding (*)
Mr. Li Lin ("Mr. Li") (Note 2)	Interest in controlled corporation (Note 3)	90,990,474	19.53%
Mr. Du Jun ("Mr. Du") (Note 4)	Beneficial owner (Note 5)	83,682,305	17.96%

(*) The percentage has been calculated based on 465,960,665 Shares in issue as at 31 March 2024.

Notes:

- The letter "L" denotes the person's long position in the Shares.
- Mr. Li is the non-executive director of the Company.
- Avenir Investment Limited is a beneficial owner holding 90,990,474 Shares. Since Avenir Investment Limited is wholly owned by Avenir Holdings Limited, which is in turn wholly owned by Avenir Capital Inc., and Avenir Capital Inc. is wholly owned by Mr. Li, Mr. Li therefore is deemed to be interested in the Shares held by Avenir Investment Limited for the purpose of Part XV of the SFO.
- Mr. Du is an executive Director and chief executive officer of the Company.
- Mr. Du is interested in 83,682,305 Shares. He is a beneficial owner of 80,682,305 Shares and has been granted 3,000,000 share options of the Company, which shall entitle him to subscribe for 3,000,000 Shares upon exercise of all such share options.

Other Information

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

As at 31 March 2024, the interests or short positions of those persons (other than the Directors or chief executive of the Company whose interests are disclosed above) in the Shares as recorded in the register required to be kept pursuant to section 336 of the SFO were as follows:

Name of shareholders	Capacity/nature of interest	Number of Shares interested	Approximate percentage of shareholding (*)
Mr. Li	Interest of controlled corporation (Note 1)	90,990,474	19.53%
Avenir Capital Inc.	Interest of controlled corporation (Note 1)	90,990,474	19.53%
Avenir Holdings Limited	Interest of controlled corporation (Note 1)	90,990,474	19.53%
Avenir Investment Limited	Beneficial owner (Note 1)	90,990,474	19.53%
Mr. Du	Beneficial owner (Note 2)	83,682,305	17.96%
Mr. Zhong Gengfa	Interest of controlled corporation (Note 3)	82,300,000	17.66%
ON CHAIN Technology LIMITED	Beneficial owner (Note 3)	82,300,000	17.66%
Mr. Shen Nan Peng ("Mr. Shen")	Interest of controlled corporation (Note 4)	39,000,629	8.37%
SNP China Enterprises Limited	Interest of controlled corporation (Note 4)	39,000,629	8.37%
HSG Holding Limited	Interest of controlled corporation (Note 4)	39,000,629	8.37%
HongShan Capital Venture Fund IV, L.P.	Interest of controlled corporation (Note 4)	30,529,406	6.55%
HSG Venture IV Management, L.P.	Interest of controlled corporation (Note 4)	30,529,406	6.55%
HSG CV IV Senior Holdco, Ltd.	Interest of controlled corporation (Note 4)	30,529,406	6.55%
HSG CV IV Holdco, Ltd.	Beneficial owner	30,529,406	6.55%

(*) The percentage has been calculated based on 465,960,665 shares in issue as at 31 March 2024.

Notes:

1. Avenir Investment Limited holds 90,990,474 Shares, representing approximately 19.53% of the total issued share capital of the Company. Avenir Investment Limited is a wholly owned subsidiary of Avenir Holdings Limited, whose sole shareholder is Avenir Capital Inc.. Since Avenir Capital Inc. is wholly owned by Mr. Li, Mr. Li is deemed to be interested in the shared hold by Avenir investment Limited for the purpose of Part XV of the SFO.
2. Mr. Du is the beneficial owner of 80,682,305 Shares and 3,000,000 underlying interest in Shares in respect of the share options of the Company which shall entitle him to subscribe for 3,000,000 Shares upon exercise of all such share options. Hence, Mr. Du is deemed to be interested in 83,682,305 Shares for the purpose of Part XV of the SFO.
3. Mr. Zhong Gengfa holds 100% interest in the total issued share capital of ON CHAIN Technology LIMITED. Therefore, Mr. Zhong is deemed to be interested in the 82,300,000 Shares held by ON CHAIN Technology LIMITED for the purpose of Part XV of the SFO.
4. HSG CV IV Holdco, Ltd. holds 30,529,406 Shares, representing approximately 6.55% of the total issued share capital of the Company. HSG CV IV Holdco, Ltd. is a wholly-owned subsidiary of HSG CV IV Senior Holdco, Ltd., whose sole shareholder is HongShan Capital Venture Fund IV, L.P. The general partner of HongShan Capital Venture Fund IV, L.P. is HSG Venture IV Management, L.P., whose general partner is HSG Holding Limited. HSG Holding Limited is a wholly-owned subsidiary of SNP China Enterprises Limited, a company wholly owned by Mr. Shen. In addition, Zhen Partners Fund I, L.P. ("Zhen Partners") holds 8,471,223 Shares, representing approximately 1.82% of the total issued share capital of the Company. HSG Holding Limited, through several intermediate entities is interested in more than 33.3% limited partnership interest in Zhen Partners, and therefore HSG Holding Limited is deemed to be interested in the 8,471,223 Shares. Since HSG Holding Limited is wholly owned by SNP China Enterprises Limited, which is in turn wholly owned by Mr. Shen, both SNP China Enterprises Limited and Mr. Shen are deemed to be interested in such 8,471,223 Shares as well. In light of the above, pursuant to Part XV of the SFO, Mr. Shen, SNP China Enterprises Limited and HSG Holding Limited are deemed to be interested in a total number of 39,000,629 Shares, representing approximately 8.37% of the total issued share capital of the Company as at the Latest Practicable Date.
5. The letter "L" denotes the long position in the Shares.

Other Information

Save as disclosed above, as at 31 March 2024, so far as is known to the Directors, the Company has not been notified of any other interests or short positions in the ordinary shares of the Company which had been recorded in the register required to be kept under section 336 of the SFO.

SHARE OPTION SCHEME

The following is a summary of the principal terms of the share option scheme (the “Scheme”) adopted by way of written resolutions passed on 27 October 2016 and amended with effect from 17 November 2020 and 30 March 2023 and 28 July 2023. The terms of the Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules.

The Scheme is a share incentive scheme and has been established for the purpose of recognising and acknowledging the contributions eligible participants have made to the Group. The Scheme is valid and effective for a period of ten years commencing on the date of adoption of the Scheme, unless terminated earlier by the shareholders of the Company (the “Shareholders”) in general meeting.

Participants of the Scheme may include: (a) any full-time or part-time employee of the Company and its subsidiaries; and (b) any director (including executive, non-executive or independent non-executive directors) and chief executive officers of the Company and its subsidiaries.

Upon the passing of the resolution at the annual general meeting of the Company in 2021 for the approval of refreshment of share options limit (the “Refreshment”), the total number of Shares available for issue under the Scheme and any other share option schemes was 30,742,766, representing around 10% of the issued share capital of the Company as at the date of the said annual general meeting of the Company and 6.60% of the issued share capital of the Company as at the date of this interim report.

The number of share options available for grant under the Scheme at the end of the Period 2024 is 5,342,766. The aggregate number of shares which may be issued upon exercise of all outstanding options granted and to be exercised under the Scheme and any other share option schemes of the Company, must not in aggregate exceed 10% of the Company’s shares in issue. The shareholders’ approval may be sought by the Company in general meeting for refreshing the 10% limit under the Scheme after three years from the date of shareholders’ approval for the last refreshment, such refreshment within the aforementioned three-year period must be approved by the Shareholders subject to the requirements under Rule 17.03C(1) of the Listing Rules.

The maximum entitlement of share options of each eligible person under the Scheme shall not exceed 1% of the shares of the Company. Where any grant of share options under the Scheme to an eligible person would result in the shares issued and to be issued in respect of all share options and awards granted under the share schemes of the Company (including the Scheme and any other share schemes of the Company (as defined under the Listing Rules), where applicable, but excluding any share option lapsed in accordance with the terms of the Scheme) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 1% of the shares of the Company in issue (i.e. the 1% Individual limit), such grant must be separately approved by the Shareholders in general meeting of the Company with such eligible person and his/her close associates (or associates if the eligible person is a connected person) abstaining from voting.

Subject to the terms in the Scheme, each grant of the share options and awards granted under the share schemes of the Company (which include the Scheme and any other share schemes (as defined under the Listing Rules), where applicable) to a Director, chief executive (other than a proposed Director or a proposed chief executive of the Company) or substantial shareholder, or any of their respective associates, under the Scheme or any other share schemes (as defined under the Listing Rules) shall comply with the requirements of Rule 17.04 of the Listing Rules and shall be subject to approval by the independent non-executive Directors (excluding independent non-executive Director who is a grantee).

Where any grant of share options or awards under the Scheme to an independent non-executive Director or a substantial shareholder (as defined in the Listing Rules) of the Company, or any of their respective associates, would result in the total number of Shares issued or to be issued upon exercise of all share options and share awards already granted and to be granted (including Options exercised, cancelled and outstanding) under the Scheme, and any other options or share awards under any other share schemes of the Company, to such person any 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the Shares in issue, any such further grant of share options must be approved by the Shareholders at a general meeting of the Company. The grantee, his/her associates and all core connected persons of the Company must abstain from voting in favour at such general meeting (except where any core connected person intends to vote against the proposed grant and his intention to do so has been stated in the aforesaid circular).

Upon acceptance of an option to subscribe for shares, the eligible participant shall pay HK\$1.00 to the Company as consideration for the grant. The subscription price of a share subject to options granted under the Scheme shall be a price determined by the Board and notified to a participant and shall be at least the higher of:

- (i) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheet on the date which share options are offered, which must be a business day;
- (ii) the average closing price of the Shares as stated in the daily quotations sheet of the Stock Exchange for the five (5) business days immediately preceding the date which share options are offered; and
- (iii) the nominal value of a Share.

At the time when the share options are exercised, the amount previously recognised in the share option reserve will be transferred to share premium. When the share options are forfeited or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained profits.

On 16 October 2023, an aggregate of 25,400,000 share options to subscribe for 25,400,000 Shares of HK\$0.001 each in the Company was granted to certain eligible participants at the exercise price of HK\$1.89 per share of the Company. For detail, please refer to the Company's announcement dated 16 October 2023.

The number of Shares that may be issued in respect of the share options granted under the Scheme during the six months ended 31 March 2024 divided by the weighted average number of shares in issue for the six months ended 31 March 2024 is 0.05.

Please refer to Note 20 on page 52 to page 54 for the details of the exercise price and number of share options outstanding during the six months ended 31 March 2024 which have been granted to, exercised and forfeited by the eligible participants.

Other Information

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during Period 2024.

CAPITAL STRUCTURE

The Company has no outstanding borrowings as at 31 March 2024 (30 September 2023: HK\$ 467.2 million). As at 31 March 2024, the Group's gearing ratio was 0% (30 September 2023: 218.5%). Gearing ratio equals total borrowings divided by net asset value as at the end of the reporting period.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard as set out in the Model Code. Specific enquiries have been made of all Directors and all Directors have confirmed that they have fully complied with the required standard of dealings as set out the Model Code during Period 2024 and up to the date of this report.

CORPORATE GOVERNANCE CODE

During the Period 2024, the Company has applied the principles of and complied with all the applicable code provisions set out from time to time in the Corporate Governance Code (the "CG Code") under Part 2 of Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

REVIEW OF INTERIM REPORT BY AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") comprises three independent non-executive Directors, namely Mr. Yip Wai Ming (Chairman), Mr. Yu Chun Kit and Dr. LAM Lee G, *BBS, JP*. The principal duties of the Audit Committee include the review and supervision of the Group's financial reporting systems and internal control procedures and review of the Group's financial information. The Audit Committee has reviewed the unaudited interim results and the unaudited interim condensed consolidated financial statements of the Group for the six months ended 31 March 2024, including the accounting principles and practices adopted by the Group, and discussed internal control and financial reporting matters of the Group.



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