



Yuxing InfoTech Investment Holdings Limited

裕興科技投資控股有限公司*

(Incorporated in Bermuda with limited liability)
Stock Code: 8005

2024
Interim Report



* for identification purposes only

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the directors (the “Director(s)”) of Yuxing InfoTech Investment Holdings Limited (the “Company”) together with its subsidiaries (collectively, the “Group”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

HIGHLIGHTS FOR THE SIX-MONTH PERIOD

- For the six months ended 30 June 2024, revenue of the Group was approximately HK\$120.7 million, representing an increase of 237.5% as compared with the same period of the last fiscal year. The Group recorded the gross profit of approximately HK\$37.7 million for the six months ended 30 June 2024 (30 June 2023: approximately HK\$11.7 million).
- Profit attributable to owners of the Company for the six months ended 30 June 2024 amounted to approximately HK\$53.2 million (30 June 2023: loss of approximately HK\$4.5 million).
- Basic earnings per share for the six months ended 30 June 2024 was approximately HK2.14 cents (30 June 2023: basic loss per share of approximately HK0.18 cent).
- Total equity attributable to owners of the Company as at 30 June 2024 was approximately HK\$1,757.2 million (31 December 2023: approximately HK\$1,705.7 million) or net asset value per share of approximately HK\$0.71 (31 December 2023: approximately HK\$0.69).
- The Board does not recommend the payment of interim dividend for the six months ended 30 June 2024 (30 June 2023: Nil).

INTERIM RESULTS

The board of Directors of the Company (the "Board") is pleased to announce the unaudited condensed consolidated interim financial statements of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2024 together with the comparative figures for the same periods in 2023, prepared in accordance with generally accepted accounting principles in Hong Kong, as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

	Note	Six months ended 30 June 2024 HK\$'000	2023 HK\$'000 Re-presented
Revenue	5	120,737	35,769
Cost of sales		(83,080)	(24,107)
Gross profit		37,657	11,662
Other revenue and net income	5	76,863	43,712
Distribution and selling expenses		(2,873)	(2,414)
General and administrative expenses		(50,833)	(59,564)
Reversal of write-down of cryptocurrencies	7	–	22,593
Other operating expenses		(8,072)	(17,401)
Net changes in fair value of investment properties		574	(1,991)
Profit/(Loss) from operations		53,316	(3,403)
Finance costs	6	(288)	(324)
Share of results of associates		(387)	–
Profit/(Loss) before tax	7	52,641	(3,727)
Income tax expenses	8	(152)	(1,368)
Profit/(Loss) for the period		52,489	(5,095)
Profit/(Loss) attributable to:			
Owners of the Company		53,157	(4,508)
Non-controlling interests		(668)	(587)
		52,489	(5,095)
Earnings/(Loss) per share	10		
– Basic		2.14 cents	(0.18) cent
– Diluted		2.14 cents	(0.18) cent

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

	Six months ended 30 June	
	2024	2023
	HK\$'000	<i>HK\$'000</i>
		<i>Re-presented</i>
Profit/(Loss) for the period	52,489	(5,095)
Other comprehensive loss:		
Item that will not be reclassified to profit or loss:		
Revaluation of property, plant and equipment upon transfer to investment properties		
– Loss on revaluation	–	(2,076)
Items that are reclassified or may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	(1,694)	(11,790)
Total other comprehensive loss for the period	(1,694)	(13,866)
Total comprehensive income/(loss) for the period	50,795	(18,961)
Total comprehensive income/(loss) attributable to:		
Owners of the Company	51,463	(18,374)
Non-controlling interests	(668)	(587)
	50,795	(18,961)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 June 2024	31 December 2023
	<i>Note</i>	HK\$'000 (Unaudited)	<i>HK\$'000</i> <i>(Audited)</i>
NON-CURRENT ASSETS			
Investment properties	11	131,807	131,870
Property, plant and equipment		124,757	146,704
Right-of-use assets		68,226	71,460
Interests in associates		2,622	3,028
Deposits paid	12	5,053	12,853
Financial assets at fair value through profit or loss	13	161,551	141,965
		494,016	507,880
CURRENT ASSETS			
Cryptocurrencies	15	177,516	110,711
Inventories		11,099	32,656
Loans receivable	16	49,872	49,126
Trade and other receivables	12	410,986	451,576
Prepayment for construction	12	–	639
Financial assets at fair value through profit or loss	13	24,820	18,062
Income tax recoverable		555	559
Pledged bank deposits		200	200
Cash and bank balances		50,084	81,677
		725,132	745,206
Assets classified as held-for-sale	17	850,200	850,200
		1,575,332	1,595,406

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30 June 2024	31 December 2023
Note	HK\$'000 (Unaudited)	<i>HK\$'000</i> <i>(Audited)</i>
CURRENT LIABILITIES		
Trade and other payables	18 264,309	347,049
Dividend payables	31	31
Bank and other loans	19 13,957	14,273
Lease liabilities	2,472	2,995
	<u>280,769</u>	<u>364,348</u>
NET CURRENT ASSETS	<u>1,294,563</u>	<u>1,231,058</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>1,788,579</u>	<u>1,738,938</u>
NON-CURRENT LIABILITIES		
Deferred tax liabilities	28,159	28,261
Income tax payable	8,532	8,532
Lease liabilities	219	1,267
	<u>36,910</u>	<u>38,060</u>
NET ASSETS	<u>1,751,669</u>	<u>1,700,878</u>
EQUITY		
Share capital	20 62,193	62,193
Reserves	1,694,974	1,643,511
	<u>1,757,167</u>	<u>1,705,704</u>
Equity attributable to owners of the Company	(5,498)	(4,826)
Non-controlling interests	<u>1,751,669</u>	<u>1,700,878</u>
TOTAL EQUITY	<u>1,751,669</u>	<u>1,700,878</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Attributable to owners of the Company										
	Share capital HK\$'000	Share premium HK\$'000	Statutory reserves HK\$'000	Contributed surplus HK\$'000	Property revaluation reserves HK\$'000	Translation reserves HK\$'000	Other reserves HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
As at 1 January 2024	62,193	280,057	8,668	234,621	84,992	8,333	4,203	1,022,637	1,705,704	(4,826)	1,700,878
Profit for the period	-	-	-	-	-	-	-	53,157	53,157	(668)	52,489
Other comprehensive loss: Exchange differences arising on translation of foreign operations	-	-	-	-	-	(1,694)	-	-	(1,694)	-	(1,694)
Total other comprehensive loss	-	-	-	-	-	(1,694)	-	-	(1,694)	-	(1,694)
Total comprehensive income for the period	-	-	-	-	-	(1,694)	-	53,157	51,463	(668)	50,795
Transactions with owners: <i>Change in ownership interest</i> Acquisition of non-controlling interests without a change in control (note 22)	-	-	-	-	-	-	-	-	-	(4)	(4)
Total transactions with owners	-	-	-	-	-	-	-	-	-	(4)	(4)
As at 30 June 2024	62,193	280,057	8,668	234,621	84,992	6,639	4,203	1,075,794	1,757,167	(5,498)	1,751,669

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Attributable to owners of the Company										
	Share capital HK\$'000	Share premium HK\$'000	Statutory reserves HK\$'000	Contributed surplus HK\$'000	Property revaluation reserves HK\$'000	Translation reserves HK\$'000	Other reserves HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
As at 1 January 2023	62,193	280,057	8,668	234,621	84,992	16,136	4,201	1,136,291	1,827,159	(1,222)	1,825,937
Loss for the period	-	-	-	-	-	-	-	(4,508)	(4,508)	(587)	(5,095)
Other comprehensive loss:											
Revaluation of property, plant and equipment upon transfer to investment properties	-	-	-	-	(2,076)	-	-	-	(2,076)	-	(2,076)
- Loss on revaluation	-	-	-	-	-	(11,790)	-	-	(11,790)	-	(11,790)
Exchange differences arising on translation of foreign operations	-	-	-	-	-	(11,790)	-	-	(13,866)	-	(13,866)
Total other comprehensive loss	-	-	-	-	(2,076)	(11,790)	-	(4,508)	(18,374)	(587)	(18,961)
Total comprehensive loss for the period	-	-	-	-	(2,076)	(11,790)	-	(4,508)	(18,374)	(587)	(18,961)
Transactions with owners:											
<i>Change in ownership interest</i>	-	-	-	-	-	-	2	-	2	2	4
Changes in ownership interests in a subsidiary that do not result in a loss of control (note 22)	-	-	-	-	-	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	-	-	2	-	2	2	4
As at 30 June 2023	62,193	280,057	8,668	234,621	82,916	4,346	4,203	1,131,783	1,808,787	(1,807)	1,806,980

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW (UNAUDITED)

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
OPERATING ACTIVITIES		
Cash used in operations	(22,499)	(42,561)
Income tax (paid)/refund, net	(152)	188
Net cash used in operating activities	(22,651)	(42,373)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(8,664)	(31,225)
Purchase of investment properties	(305)	-
Decrease/(Increase) in prepayment for construction	639	(17,347)
Interest received	1,477	4,401
Grant of new loans receivable	-	(4,338)
Repayment of loans receivable	-	4,338
Dividend received	7	434
Net cash used in investing activities	(6,846)	(43,737)
FINANCING ACTIVITIES		
Principal elements of lease payments	(1,487)	(1,388)
Repayment of bank loans	(237)	-
Interest paid	(288)	(324)
Net cash used in financing activities	(2,012)	(1,712)
Net decrease in cash and cash equivalents	(31,509)	(87,822)
Cash and cash equivalents at beginning of reporting period	81,877	177,289
Effect of foreign exchange rate changes	(84)	(747)
Cash and cash equivalents at end of reporting period	50,284	88,720
Analysis of the balances of cash and cash equivalents:		
- Cash and bank balances	50,084	88,520
- Pledged bank deposits with maturity less than three months	200	200
	50,284	88,720

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Yuxing InfoTech Investment Holdings Limited (the “Company”) is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The address of the registered office of the Company is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The principal place of business in Hong Kong is Unit 5-6, 9/F, Enterprise Square Three, No. 39 Wang Chiu Road, Kowloon Bay, Kowloon, Hong Kong.

The principal activity of the Company is investment holding. The Company’s subsidiaries are principally engaged in the businesses of information home appliances (“IHA”), internet data centre (“IDC”), investing and leasing.

2. BASIS OF PREPARATION

The Group’s unaudited condensed consolidated interim financial statements for the six months ended 30 June 2024 have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure provisions of the GEM Listing Rules. These condensed consolidated interim financial statements are unaudited but have been reviewed by the Company’s audit committee.

These unaudited condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2023. They have been prepared on the historical cost basis, except for investment properties and financial assets at fair value through profit or loss (“FVPL”), which are measured at fair value.

The accounting policies used in preparing these unaudited condensed consolidated interim financial statements are consistent with those used in the Group’s audited consolidated financial statements for the year ended 31 December 2023, except for the adoption of the new/revised Hong Kong Financial Reporting Standards (“HKFRSs”) and HKASs which are relevant to the Group’s operation and are effective for the Group’s financial year beginning on 1 January 2024 as described below.

Amendments to HKAS 1	Classification of Liabilities as Current or Non-Current
Amendments to HKAS 1	Non-Current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback

The adoption of these amendments to HKASs and HKFRSs did not result in substantial changes to the Group’s accounting policies and amounts reported for the current and prior periods.

3. FAIR VALUE MEASUREMENTS

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair Value Measurement*. The level into which a fair value measurement classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 (highest level): quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly; and
- Level 3 (lowest level): unobservable inputs for the assets or liabilities.

The Group engages independent professional qualified valuers to perform valuations of certain financial instruments, including financial assets at fair value through profit or loss categorised into Level 3 of the fair value hierarchy. The professional valuers prepare valuation reports with analyses of changes in fair value measurement at each reporting date. The valuations are reviewed and approved by the Directors. The valuation process and results are discussed with the audit committee twice a year to coincide with the reporting dates.

Financial assets measured at fair value on a recurring basis

	As at 30 June 2024			
	Carrying Amount	Level 1	Level 2	Level 3
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<i>Financial assets at fair value through profit or loss</i>				
Listed equity securities				
– Hong Kong	9,765	9,765	–	–
– Outside Hong Kong	416	416	–	–
Unlisted equity securities	161,551	–	21,417	140,134
Unlisted investment fund	<u>14,639</u>	<u>14,639</u>	<u>–</u>	<u>–</u>

3. FAIR VALUE MEASUREMENTS (Continued)

Financial assets measured at fair value on a recurring basis (Continued)

	As at 31 December 2023			
	Carrying	Level 1	Level 2	Level 3
	Amount HK\$'000	HK\$'000	HK\$'000	HK\$'000
Financial assets at fair value through profit or loss				
Listed equity securities				
– Hong Kong	16,608	16,608	–	–
– Outside Hong Kong	1,454	1,454	–	–
Unlisted equity securities	<u>141,965</u>	<u>–</u>	<u>20,437</u>	<u>121,528</u>

During the six months ended 30 June 2024 and 2023, there was no transfer between Level 1 and Level 2, or transfer into or out of Level 3 fair value measurements.

Valuation techniques and inputs in Level 2 fair value measurement

Included in financial assets at fair value through profit or loss are unlisted equity securities trading in the Over-the-Counter market in the United States amounted to approximately HK\$21,417,000 (31 December 2023: approximately HK\$20,437,000). The fair value of unlisted equity securities is determined using broker quotes.

Movements in Level 3 fair value measurements

The details of the movements of the recurring fair value measurements categorised as Level 3 for the six months ended 30 June 2024 and 2023 are shown as follows:

	Financial assets at fair value through profit or loss	
	30 June 2024 HK\$'000	30 June 2023 HK\$'000
At beginning of the reporting period	121,528	103,943
Net changes in fair value recognised in profit or loss	<u>18,606</u>	<u>9,084</u>
At end of the reporting period	<u>140,134</u>	<u>113,027</u>

3. FAIR VALUE MEASUREMENTS (Continued)

Valuation techniques and inputs in Level 3 fair value measurement

As at 30 June 2024

Description	Fair value HK\$'000	Valuation techniques	Unobservable inputs	Range	Increase/ (Decrease) in unobservable inputs	Favourable/ (Unfavourable) impact on profit or loss HK\$'000
<i>Financial assets at fair value through profit or loss</i>						
- Unlisted equity securities	68,356	Market comparable companies	Enterprise-value-to-revenue ratio	10.681	10% (10%)	13,995 (13,995)
	7,537	Income approach	Discount rate	19.9%	10% (10%)	(3,118) 4,116
	64,241	Income approach	Discount rate	19.3%	10% (10%)	(24,608) 32,995

As at 31 December 2023

Description	Fair value HK\$'000	Valuation techniques	Unobservable inputs	Range	Increase/ (Decrease) in unobservable inputs	Favourable/ (Unfavourable) impact on profit or loss HK\$'000
<i>Financial assets at fair value through profit or loss</i>						
- Unlisted equity securities	49,750	Market comparable companies	Enterprise-value-to-revenue ratio	10.617	10% (10%)	12,496 (12,496)
	7,537	Income approach	Discount rate	19.9%	10% (10%)	(3,118) 4,116
	64,241	Income approach	Discount rate	19.3%	10% (10%)	(24,608) 32,995

4. SEGMENT INFORMATION

Information reported to executive Directors and chief executive officer of the Company, being the chief operating decision-makers (“CODM”), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

The Group’s reportable segments under HKFRS 8 are as follows:

- IHA: Sales and distribution of IHA and complementary products and provision of ancillary services
- IDC: Development, construction, operation, mergers, acquisitions and leasing out of properties used as IDC and facilities used in IDC
- Investing: Investing in digital assets and financial instruments
- Leasing: Leasing out of properties

Other operations segment of the Group mainly consists of trading of miscellaneous goods, provision of office and smart-home living solution services and provision of distribution storage services.

For the purpose of assessing the performance of the operating segments and allocating resources between segments, the executive Directors assess segment profit or loss before tax without allocation of interest income from bank deposits, other corporate income and administrative costs, finance costs and share of results of associates and the basis of preparing such information is consistent with that of the unaudited condensed consolidated interim financial statements.

The CODM make decisions according to the operating results of such segment. No analysis of segment asset and segment liability is presented as the CODM does not regularly review such information for the purposes of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

Inter-segment sales transactions are charged at prevailing market rates.

4. SEGMENT INFORMATION (Continued)

Segment revenue and results

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

For the six months ended 30 June 2024:

	IHA HK\$'000	IDC HK\$'000	Investing HK\$'000	Leasing HK\$'000	Other operations HK\$'000	Elimination HK\$'000	Consolidated HK\$'000
REVENUE	93,337	27,400	-	-	-	-	120,737
OTHER REVENUE AND NET INCOME/(LOSS)	54	-	66,528	8,689	-	(13)	75,258
NET CHANGES IN FAIR VALUE OF INVESTMENT PROPERTIES	-	-	-	574	-	-	574
Segment revenue	<u>93,391</u>	<u>27,400</u>	<u>66,528</u>	<u>9,263</u>	<u>-</u>	<u>(13)</u>	<u>196,569</u>
RESULTS							
Segment results	<u>5,083</u>	<u>13,280</u>	<u>57,595</u>	<u>6,152</u>	<u>(6,820)</u>	<u>-</u>	75,290
Unallocated corporate income							1,225
Interest income from bank deposits							380
Other unallocated corporate expenses							(23,579)
Profit from operations							53,316
Finance costs							(288)
Share of results of associates							(387)
Profit before tax							52,641
Income tax expenses							(152)
Profit for the period							<u>52,489</u>

4. SEGMENT INFORMATION (Continued)

For the six months ended 30 June 2023:

	IHA HK\$'000	IDC HK\$'000	Investing HK\$'000	Leasing HK\$'000	Other operations HK\$'000	Elimination HK\$'000	Consolidated HK\$'000
REVENUE	24,122	11,535	-	-	112	-	35,769
OTHER REVENUE AND NET (LOSS)/INCOME	(851)	-	35,498	4,181	21	(15)	38,834
NET CHANGES IN FAIR VALUE OF INVESTMENT PROPERTIES	-	-	-	(1,991)	-	-	(1,991)
Segment revenue	<u>23,271</u>	<u>11,535</u>	<u>35,498</u>	<u>2,190</u>	<u>133</u>	<u>(15)</u>	<u>72,612</u>
RESULTS							
Segment results	<u>(6,023)</u>	<u>(2,087)</u>	<u>41,551</u>	<u>(129)</u>	<u>(10,421)</u>	<u>-</u>	22,891
Unallocated corporate income							4,225
Interest income from bank deposits							653
Other unallocated corporate expenses							<u>(31,172)</u>
Loss from operations							(3,403)
Finance costs							<u>(324)</u>
Loss before tax							(3,727)
Income tax expenses							<u>(1,368)</u>
Loss for the period							<u>(5,095)</u>

4. SEGMENT INFORMATION (Continued)

Geographical information

The Group operates in the following principal geographical areas: the PRC, Hong Kong, Australia, the United States and other overseas markets.

The following table sets out information about the geographical location of (a) the Group's revenue; and (b) other revenue and net income other than unallocated corporate net income and interest income from bank deposits. The geographical location of customers is based on the location at which the services were provided or the goods were delivered. The geographical location of other revenue and net income is based on the location at which other revenue and net income is generated.

(a) Revenue

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Australia	63,338	8,497
The United States	17,400	2,535
The PRC	19,557	9,777
Hong Kong	13,652	9,823
Other overseas markets	6,790	5,137
	<u>120,737</u>	<u>35,769</u>

4. SEGMENT INFORMATION (Continued)

Geographical information

(b) Other revenue and net income

	Six months ended 30 June 2024				
	IHA HK\$'000	Investing HK\$'000	Leasing HK\$'000	Other operations HK\$'000	Consolidated HK\$'000
Hong Kong	616	66,528	4	-	67,148
The PRC	(562)	-	8,672	-	8,110
	<u>54</u>	<u>66,528</u>	<u>8,676</u>	<u>-</u>	<u>75,258</u>

	Six months ended 30 June 2023				
	IHA HK\$'000	Investing HK\$'000	Leasing HK\$'000	Other operations HK\$'000	Consolidated HK\$'000
Hong Kong	(362)	34,770	-	-	34,408
The PRC	(489)	728	4,166	21	4,426
	<u>(851)</u>	<u>35,498</u>	<u>4,166</u>	<u>21</u>	<u>38,834</u>

5. REVENUE, OTHER REVENUE AND NET INCOME

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Revenue		
<i>Revenue recognised at a point in time under HKFRS 15:</i>		
IHA:		
Sale of goods	87,211	24,125
Ancillary service income	6,126	109
IDC:		
Rental income from IDC properties and facilities	27,400	11,535
	<u>120,737</u>	<u>35,769</u>
Other revenue		
Dividend income from listed securities	7	434
Rental income from investment properties	8,431	4,203
Interest income calculated using the effective interest method:		
Interest income from bank deposits	380	653
Interest income from loans receivable	1,097	3,748
	<u>9,915</u>	<u>9,038</u>
Other net income		
Foreign exchange gains/(losses), net	58	(273)
Net fair value gains on financial assets at fair value through profit or loss	11,574	34,759
Gain/(Loss) on disposal of property, plant and equipment	1,114	(26)
Gain/(Loss) on utilisation of cryptocurrencies	6	(9)
Gain on disposal of cryptocurrencies	53,855	–
Sundry income	341	223
	<u>66,948</u>	<u>34,674</u>
	<u>76,863</u>	<u>43,712</u>

6. FINANCE COSTS

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Borrowing costs for bank and other loans	213	240
Imputed interest expenses on lease liabilities	75	84
	<u>288</u>	<u>324</u>

7. PROFIT/(LOSS) BEFORE TAX

Profit/(Loss) before tax has been arrived at after charging/(crediting) the following items:

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Reversal of write-down of cryptocurrencies	–	(22,593)
Reversal of write-down of inventories, net	(388)	(64)
Amortisation of intangible assets	–	16,368
Depreciation of right-of-use assets	3,142	3,598
Depreciation of property, plant and equipment (<i>Note</i>)	23,075	17,913
– Allocated to cost of cryptocurrencies	(10,402)	(13,498)
	<u> </u>	<u> </u>

Note:

Depreciation of property, plant and equipment for the six months ended 30 June 2024 included depreciation of IDC facilities of approximately HK\$4,790,000 (30 June 2023: approximately HK\$3,615,000) recognised as cost of sales for the period.

8. INCOME TAX EXPENSES

The taxation charged/(credited) to profit or loss represents:

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Current tax expenses/(credit)		
PRC corporate income tax	152	(188)
Overseas withholding tax	—	1,556
	<u>152</u>	<u>1,368</u>

No Hong Kong Profits Tax has been provided for the six months ended 30 June 2024 and 2023 as the Group did not have any assessable profit from Hong Kong for both periods.

The income tax provision in respect of operations in the PRC is calculated at the corporate income tax ("CIT") rate of 25% on the estimated assessable profits for the six months ended 30 June 2024 and 2023 based on existing legislation, interpretations and practices in respect thereof. Certain subsidiaries of the Company have been designated as "Small-Scale and Low-Profit Enterprises" which are charged at the effective preferential CIT rates of 5% (30 June 2023: 5%) on condition that the annual taxable income was no more than RMB1.0 million or between RMB1.0 million to RMB3.0 million for the six months ended 30 June 2024.

The operation of the Group in the United States is subject to the United States Federal and State Income Tax. For the six months ended 30 June 2024 and 2023, the United States Federal and State Income Tax has not been provided as the Group did not generate any assessable profit in the United States.

Under the United States domestic tax laws, a foreign person is subject to 30% income tax on the gross amount of certain United States-source (non-business) income. As such, withholding tax is provided at 30% for the interest income derived from the loans to a wholly-owned subsidiary in the United States by the Company for the six months ended 30 June 2023. Withholding tax has not been provided for the six months ended 30 June 2024 because no interest income was charged to the subsidiary during the period.

The operation of the Group in Germany is subject to the Germany Corporate Tax and Municipal Trade Tax. For the six months ended 30 June 2024 and 2023, the Germany Corporate Tax and Municipal Trade Tax has not been provided as the Group did not generate any assessable profit in Germany.

9. DIVIDENDS

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2024 (30 June 2023: Nil).

10. EARNINGS/(LOSS) PER SHARE

The calculation of the basic and diluted earnings/(loss) per share attributable to owners of the Company is based on the following data:

	Six months ended 30 June	
	2024 HK\$'000	2023 HK\$'000
Profit/(Loss) attributable to owners of the Company	<u>53,157</u>	<u>(4,508)</u>
	'000	'000
Issued ordinary shares at 1 January and 30 June	<u>2,487,705</u>	<u>2,487,705</u>
Weighted average number of ordinary shares for basic earnings/(loss) per share	2,487,705	2,487,705
Weighted average number of ordinary shares for diluted earnings/(loss) per share	<u>2,487,705</u>	<u>2,487,705</u>
Earnings/(Loss) per share:		
– Basic	2.14 cents	(0.18) cent
– Diluted (Note)	<u>2.14 cents</u>	<u>(0.18) cent</u>

Note:

Diluted earnings/(loss) per share was the same as the basic earnings/(loss) per share as there were no dilutive potential ordinary shares in existence during the six months ended 30 June 2024 and 2023.

11. INVESTMENT PROPERTIES

	30 June 2024 HK\$'000	31 December 2023 HK\$'000
At beginning of the reporting period	131,870	934,696
Additions	305	54,810
Net changes in fair value	574	(6,248)
Re-classified as assets held-for-sale	–	(850,200)
Exchange realignment	(942)	(1,188)
At end of the reporting period	<u>131,807</u>	<u>131,870</u>

12. TRADE AND OTHER RECEIVABLES AND PREPAYMENT FOR CONSTRUCTION

	30 June 2024 HK\$'000	31 December 2023 HK\$'000
Trade receivables	75,088	132,356
Less: Loss allowance	(16,407)	(16,407)
	<u>58,681</u>	<u>115,949</u>
Receivables from disposal of a subsidiary	257	257
Earnest money paid for acquisition of intangible assets	62,452	62,900
Other receivables, net of loss allowance	22,151	15,465
Prepayments and deposits, net of loss allowance	272,498	269,858
Prepayment for construction	–	639
	<u>416,039</u>	<u>465,068</u>
Current portion	410,986	452,215
Non-current portion	5,053	12,853
	<u>416,039</u>	<u>465,068</u>

12. TRADE AND OTHER RECEIVABLES AND PREPAYMENT FOR CONSTRUCTION (Continued)

Notes:

- (a) The ageing analysis of trade receivables (net of loss allowance) by invoice date at the end of the reporting period is as follows:

	30 June 2024 HK\$'000	31 December 2023 HK\$'000
0–30 days	15,476	49,516
31–60 days	7,804	27,963
61–90 days	3,002	14,001
Over 90 days	32,399	24,469
	58,681	115,949

- (b) Earnest money of RMB57,000,000 (equivalent to approximately HK\$62,452,000) (31 December 2023: RMB57,000,000 (equivalent to approximately HK\$62,900,000)) was paid for the procurement of hash-rate capacity which was recognised as intangible assets of the Group. The earnest money will be refunded to the Group upon settlement of the remaining outstanding payables for the procurement of hash-rate capacity (note 18(b)(i)).
- (c) Included in prepayments and deposits, net of loss allowance are the following balances:
- (i) Trading deposits of a total sum of approximately RMB190,082,000 (equivalent to approximately HK\$208,263,000) (31 December 2023: approximately RMB190,082,000 (equivalent to approximately HK\$209,757,000)) were paid to Zhongda Bocheng Energy Technology (Shenzhen) Limited* (中達博誠能源科技(深圳)有限公司) (“Zhongda Bocheng”), an independent third party for the purchase of cryptocurrency mining machines which will be held for trading purpose. On the other hand, RMB110,000,000 (equivalent to approximately HK\$120,522,000) (31 December 2023: RMB110,000,000 (equivalent to approximately HK\$121,386,000)) were received from Zhongda Bocheng as a performance bond, which is not available to set-off against the trading deposits aforesaid and recognised as other payables (note 18(b)(ii)). The Group partially terminated the purchase of cryptocurrency mining machines and the trading deposits of approximately RMB49,977,000 (equivalent to approximately HK\$54,757,000) will be refunded to the Group before 31 December 2024 in accordance with the termination agreement signed with Zhongda Bocheng. For the remaining prepayments of approximately RMB140,105,000 (equivalent to approximately HK\$153,506,000), the Group and Zhongda Bocheng entered into an extension agreement to extend the delivery of the cryptocurrency machines to December 2024.

* For identification purposes only

12. TRADE AND OTHER RECEIVABLES AND PREPAYMENT FOR CONSTRUCTION (Continued)

Notes: (Continued)

(c) (Continued)

- (ii) Earnest money of an aggregate of US\$3,200,000 (equivalent to approximately HK\$24,960,000) (31 December 2023: US\$3,200,000 (equivalent to approximately HK\$24,960,000)) was paid to an independent third party (the "Vendor") for a global sale project under a corporation agreement (the "Agreement"). The interest of a wholly-owned subsidiary of the Vendor was charged as collateral of such earnest money. During the year ended 31 December 2023, the Group had notified the Vendor for termination of the Agreement and is in negotiation with the Vendor in the refund of such earnest money.

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Note	30 June 2024 HK\$'000	31 December 2023 HK\$'000
Equity securities listed in Hong Kong	(a)	9,765	16,608
Equity securities listed outside Hong Kong	(a)	416	1,454
Money market funds	(a)	14,639	–
Unlisted equity securities	(b)	161,551	141,965
		<u>186,371</u>	<u>160,027</u>
Current portion		24,820	18,062
Non-current portion		161,551	141,965
		<u>186,371</u>	<u>160,027</u>

Notes:

- (a) The fair value of listed equity securities and money market funds are based on quoted market prices in active markets at the end of the reporting period.
- (b) The investments in unlisted equity securities comprised of companies incorporated in the Cayman Islands and Hong Kong of approximately HK\$140,134,000 (31 December 2023: approximately HK\$121,528,000) which are not held for trading and the equity securities actively traded in the Over-the-Counter market in the United States of approximately HK\$21,417,000 (31 December 2023: approximately HK\$20,437,000).

The valuation techniques and inputs applied for fair value measurement have been disclosed in note 3.

14. INVESTMENT PORTFOLIO

The Group's ten largest investments, including individual investments with value exceeding 5% of the Group's total assets, as at 30 June 2024 and 31 December 2023 with brief description of the investee companies are as follows:

As at 30 June 2024

Stock code	Name of investee company	Note	Number of shares held	Effective shareholding interest	Acquisition cost HK\$'000	Fair value HK\$'000	Accumulated unrealised holding gain/(loss) arising on revaluation from the date of acquisition to 30 June 2024 HK\$'000	Net gain/(loss) for the year ended 30 June 2024 HK\$'000	Dividend received for the year ended 30 June 2024 HK\$'000	Classification of financial assets
	Listed equity securities									
0641	CHTC Fong's International Company Limited	(a)	1,176,000	0.11%	2,629	382	(2,247)	91	-	FVPL
1918	Sunac China Holdings Limited	(b)	250,000	*	469	52	(417)	(16)	-	FVPL
8137	Honbridge Holdings Limited	(c)	43,212,000	0.44%	58,395	8,686	(49,709)	(6,871)	-	FVPL
9988	Alibaba Group Holdings Limited	(d)	7,500	*	712	529	(183)	(38)	7	FVPL
LU	Lufax Holding Ltd (American depository shares)	(f)	22,500	*	9,427	416	(9,011)	(123)	-	FVPL
	Money market funds									
	Industrial and Commercial Bank of China Limited	(g)	N/A	N/A	14,638	14,638	-	-	-	FVPL
	Unlisted equity securities									
DDIY	DDI Global Inc (American depository shares)	(h)	100,000,000	9.47%	78,000	68,356	(9,644)	18,606	-	FVPL
	HK Zwoord Limited (American depository shares)	(i)	662,600	-	12,729	21,417	8,688	980	-	FVPL
	Profound View Group	(k)	918	8.41%	48,000	64,241	(16,241)	-	-	FVPL

The above investments represented in aggregate over 99% in value of the Group's investments. Apart from the ten largest investments listed above, the Group also held various other individual investments with value representing below 1% of the Group's total assets at 30 June 2024.

* The effective shareholding interest is below 0.01%.

14. INVESTMENT PORTFOLIO (Continued)

As at 31 December 2023

Stock code	Name of investee company	Note	Number of shares held	Effective shareholding interest	Acquisition cost HK\$'000	Fair value HK\$'000	Accumulated unrealised holding gain/(loss) arising on revaluation from the date of acquisition to 31 December 2023 HK\$'000	Net gain/(loss) for the year ended 31 December 2023 HK\$'000	Dividend received for the year ended 31 December 2023 HK\$'000	Classification of financial assets
Listed equity securities										
0641	CHTC Fong'S International Company Limited	(a)	1,176,000	0.11%	2,629	291	(2,338)	(180)	-	FVPL
1918	Sunec China Holdings Limited	(b)	250,000	*	469	68	(401)	(401)	-	FVPL
8137	Honbridge Holdings Limited	(c)	43,212,000	0.44%	58,395	15,557	(42,838)	648	-	FVPL
9988	Alibaba Group Holdings Limited	(d)	7,500	*	712	567	(145)	(145)	-	FVPL
CNG.L	China Nonferrous Gold Ltd	(e)	7,070,134	1.85%	21,707	914	(20,793)	(1,041)	-	FVPL
LU	Lufax Holding Ltd (American depositary shares)	(f)	90,000	*	9,427	539	(8,888)	(838)	62	FVPL
Unlisted equity securities										
DIDY	APAL Holdings Limited	(h)	100,000,000	9.47%	78,000	49,750	(28,250)	10,697	-	FVPL
	DDI Global Inc (American depositary shares)	(i)	662,600	-	12,729	20,437	7,708	4,008	-	FVPL
	HK Zouid Limited	(j)	-	10%	11,800	7,537	(4,263)	(2,825)	-	FVPL
	Profound View Group	(k)	918	8.41%	48,000	64,241	16,241	16,925	-	FVPL

The above investments represented in aggregate over 99% in value of the Group's investments. Apart from the ten largest investments listed above, the Group also held various other individual investments with value representing below 1% of the Group's total assets as at 31 December 2023.

* The effective shareholding interest is below 0.01%.

14. INVESTMENT PORTFOLIO (Continued)

Notes:

- (a) CHTC Fong's International Company Limited ("CHTC") was incorporated in Bermuda with limited liability, and its ordinary shares are listed on The Stock Exchange of Hong Kong Limited (Stock Code: 0641). CHTC is principally engaged in manufacture and sale of dyeing and finishing machines, manufacture and sale of stainless-steel casting products and trading of stainless-steel supplies. For the six months ended 30 June 2024, the unaudited consolidated loss attributable to owners of CHTC was approximately HK\$44,989,000 (30 June 2023: approximately HK\$78,059,000) with basic and diluted loss per share of HK4.09 cents (30 June 2023: HK7.09 cents). As at 30 June 2024, its unaudited consolidated total equity attributable to the owners was approximately HK\$1,134,048,000 (31 December 2023: approximately HK\$1,184,173,000 (audited)).
- (b) Sunac China Holdings Limited ("Sunac") was incorporated in the Cayman Islands with limited liability, and its ordinary shares are listed on The Stock Exchange of Hong Kong Limited (Stock Code: 1918). Sunac is principally engaged in property development and investment, cultural and tourism city construction and operation, property management services and other services in the PRC. For the six months ended 30 June 2024, the unaudited consolidated loss attributable to owners of Sunac was approximately RMB14,957,186,000 (30 June 2023: approximately RMB15,366,849,000) with basic and diluted loss per share of RMB1.79 (30 June 2023: RMB2.86). As at 30 June 2024, its unaudited consolidated total equity attributable to the owners was approximately RMB47,962,851,000 (31 December 2023: approximately RMB62,428,917,000 (audited)).
- (c) Honbridge Holdings Limited ("Honbridge") was incorporated in the Cayman Islands as an exempted company with limited liability, and its ordinary shares are listed on The Stock Exchange of Hong Kong Limited (Stock Code: 8137). Honbridge is principally engaged in the exploration of mineral resources and the production of lithium batteries. For the six months ended 30 June 2024, the unaudited consolidated loss attributable to owners of Honbridge was approximately HK\$42,484,000 (30 June 2023: approximately HK\$38,759,000) with basic and diluted loss per share of HK0.44 cent (30 June 2023: HK0.40 cent). As at 30 June 2024, its unaudited consolidated total equity attributable to the owners was approximately HK\$4,290,627,000 (31 December 2023: approximately HK\$4,988,185,000 (audited)).
- (d) Alibaba Group Holding Limited ("Alibaba") was incorporated in the Cayman Islands with limited liability, and its ordinary shares are listed on The Stock Exchange of Hong Kong Limited (Stock Code: 9988). Alibaba is principally engaged in providing e-commerce and technology infrastructure services to merchants, brands, retailers, and businesses to market, sell, and operate using the Internet. For the year ended 31 March 2024, the audited consolidated profit attributable to owners of Alibaba was approximately RMB79,741,000,000 with basic and diluted earnings per share of RMB3.95 and RMB3.91, respectively. As at 31 March 2024, its audited consolidated total equity attributable to the owners was approximately RMB986,544,000,000.

14. INVESTMENT PORTFOLIO (Continued)

Notes: (Continued)

- (e) China Nonferrous Gold Ltd (“CNG”) was incorporated in the Cayman Islands with limited liability, and its ordinary shares were listed on the Alternative Investment Market (“AIM”) under the London Stock Exchange (Stock Code: CNG.L). CNG is principally engaged in mineral exploration and development in Tajikistan. Pursuant to AIM Rule 41, the shares of CNG were cancelled from trading on AIM with effect from 28 May 2024.
- (f) Lufax Holding Ltd (“Lufax”) was incorporated in the Cayman Islands with limited liability, and its American depository shares (“ADS”) (each representing two ordinary shares) are listed on the New York Stock Exchange (Stock Code: LU). Lufax is principally engaged in offering financial products to small and micro businesses as a financial services empowering institution in the PRC. For the six months ended 30 June 2024, the unaudited consolidated loss attributable to owners of Lufax was approximately RMB1,662,535,000 (30 June 2023: profit of approximately RMB1,637,325,000) with basic and diluted loss per ADS of RMB2.90 (30 June 2023: basic and diluted earnings per ADS of RMB2.86). As at 30 June 2024, its unaudited consolidated total equity attributable to the owners was approximately RMB81,032,909,000 (31 December 2023: approximately RMB92,142,488,000 (audited)).
- (g) The money market fund administrated by Industrial and Commercial Bank of China Limited principally invests in low risk and high liquidity financial instruments. The objective of the fund is pursuing superior return compared with similar products in the market and ensuring the stability of the investment capital. During the six months ended 30 June 2024, the quoted annualised daily return rate ranging from 1.7% to 2.3% per annum (31 December 2023: Nil).
- (h) APAL Holdings Limited (“APAL”) was incorporated in the Cayman Islands with limited liability. APAL is principally engaged in the business of global aircraft leasing, aircraft trading, securitised aircraft leasing financial products, aircraft parts trading, maintenance of aircraft, dismantling aircraft and other related consulting services. As at 30 June 2024, the fair value of the entire unlisted equity securities is approximately HK\$721,849,000 (31 December 2023: approximately HK\$525,359,000) by reference to the valuation provided by an independent professional qualified valuer using direct comparison approach with unobservable inputs.

14. INVESTMENT PORTFOLIO (Continued)

Notes: (Continued)

- (i) DiDi Global Inc. (“DiDi”) was incorporated in the Cayman Islands with limited liability, and its American depository shares are traded in the Over-the-Counter market (Stock Code: DIDIY) in the United States. Didi is principally engaged in operating mobility technology platforms which offer a wide range of app-based services including ride-hailing, taxi hailing, chauffeur and other forms of shared mobility, certain energy and vehicle services, food delivery, intra-city freight, and financial services. As at 30 June 2024, the shares of DiDi held by the Group at fair value is approximately HK\$21,417,000 (31 December 2023: approximately HK\$20,437,000).
- (j) HK Zxoud Limited (“Zxoud”) was incorporated in Hong Kong with limited liability. Zxoud is principally engaged in the business of developing cloud-based codec technology and distributed storage technology. As at 30 June 2024, the fair value of the entire unlisted equity securities as estimated by the Directors is approximately US\$11,900,000 (equivalent to approximately HK\$92,820,000) (31 December 2023: approximately US\$11,900,000 (equivalent to approximately HK\$92,820,000)) by reference to the valuation provided by an independent professional qualified valuer, which was performed on 31 December 2023 using discounted cash flow method.
- (k) Profound View Group (“Profound”) was incorporated in the Cayman Islands with limited liability. Profound and its subsidiaries are principally engaged in the business of biotechnology and new drug research and development. As at 30 June 2024, the fair value of the entire unlisted equity securities as estimated by the Directors is approximately RMB699,500,000 (equivalent to approximately HK\$766,407,000) (31 December 2023: approximately RMB699,500,000 (equivalent to approximately HK\$763,864,000)) by reference to the valuation provided by an independent professional qualified valuer which was performed on 31 December 2023 using discounted cash flow method.

15. CRYPTOCURRENCIES

The amounts represented the cryptocurrencies held by the Group as at the end of the reporting period.

	30 June 2024 HK\$'000	31 December 2023 HK\$'000
Mainstream:		
Bitcoin	41,095	53,849
Ethereum	21,560	56,384
USDC	75,146	478
USDT	39,715	–
	177,516	110,711

Note:

The Bitcoin and Ethereum held by the Group are generated from hash-rate capacity of mining machines, the cryptocurrency mining machines under property, plant and equipment, purchased from the cryptocurrency market and received from redemption of a private investment fund.

At the end of the reporting period, cryptocurrencies were stated at the lower of cost and net realisable value. The Group estimated the net realisable value of the cryptocurrencies with reference to their market prices in the relevant cryptocurrencies markets less the estimated costs necessary to make the sale. No write-down (30 June 2023: reversal of write-down of approximately HK\$22,593,000) of cryptocurrencies was recognised for the six months ended 30 June 2024.

16. LOANS RECEIVABLE

	30 June 2024 HK\$'000	31 December 2023 HK\$'000
Loans receivable from third parties	247,976	247,230
Less: Loss allowance	(198,104)	(198,104)
	49,872	49,126

At the end of the reporting period, the loans receivable comprise:

- (a) A RMB90,000,000 loan to an independent third party borrower, which was secured by a corporate guarantee provided by an independent third party and a personal guarantee provided by a shareholders of the borrower, interest-bearing at 8% per annum and was further extended to be repayable in December 2021.

A further loan extension was granted subject to certain conditions to be fulfilled by the borrower, details of which are disclosed in the Company's announcement dated 16 December 2021. None of the terms under the conditions was completed and the loan extension had not become effective. The Group has continually issued demand letters to the borrower since the date the loan defaulted. A partial repayment was received during the year ended 31 December 2022. Neither the interest nor the principal was settled by the borrower subsequently. As at the date of this announcement, no consent to the repayment schedule was reached by both parties.

At the end of the reporting period, the principal of RMB86,000,000 (equivalent to approximately HK\$96,272,000) (31 December 2023: RMB86,000,000 (equivalent to approximately HK\$96,272,000)) and accrued interest receivable of approximately HK\$18,693,000 (31 December 2023: approximately HK\$18,693,000) were recognised as loans receivable under current assets. Loss allowance of approximately HK\$114,965,000 (31 December 2023: approximately HK\$114,965,000) in respect of this credit impaired loan receivable had been recognised at the end of the reporting period. Details of the loan were disclosed in the Company's announcements dated 19 December 2019, 18 September 2020, 17 December 2020, 16 December 2021 and 11 February 2022 respectively.

16. LOANS RECEIVABLE (Continued)

- (b) A HK\$41,000,000 loan to an independent third party borrower, which was secured by a corporate guarantee provided by a substantial shareholder of the Company, interest-bearing at 8% per annum and was further extended to be repayable in June 2023. Pursuant to the extension of the loan agreement, the loan is further secured by accounts receivable of the borrower of approximately HK\$18,732,000 as collateral, with other terms remain unchanged. No further extension was granted after June 2023. The Group has continually issued demand letters to the borrower since the date the loan defaulted. As at the date of this report, neither the interest nor the principal was settled by the borrower and no consent to the repayment schedule was reached by both parties.

At the end of the reporting period, the principal of HK\$41,000,000 (31 December 2023: HK\$41,000,000) and accrued interest receivable of approximately HK\$2,453,000 (31 December 2023: approximately HK\$2,453,000) were recognised as loans receivable under current assets. Loss allowance of approximately HK\$37,361,000 (31 December 2023: approximately HK\$37,361,000) in respect of this loan receivable had been recognised at the end of the reporting period. Details of the loan were disclosed in the Company's announcements dated 9 December 2019, 12 December 2019, 29 June 2020, 31 December 2020, 31 December 2021, 30 September 2022 and 13 July 2023 respectively.

- (c) A HK\$60,000,000 loan to an independent third party borrower, which was secured by corporate guarantees provided by two independent third parties, interest-bearing at 5% per annum and was further extended to be repayable in March 2024. Pursuant to the extension of the loan agreement, the loan is secured by accounts receivable and deposits of the borrower of approximately HK\$55,403,000 as collateral, with other terms remain unchanged.

A further loan extension was granted subject to certain conditions to be fulfilled by the borrower, details of which are disclosed in the Company's announcement dated 28 March 2024. None of the terms under the conditions was completed and the loan extension had not become effective. The Group has issued demand letters to the borrower since the date the loan defaulted. As at the date of this announcement, neither the interest nor the principal was settled by the borrower.

At the end of the reporting period, the principal of HK\$60,000,000 (31 December 2023: HK\$60,000,000) and accrued interest receivable of approximately HK\$1,504,000 (31 December 2023: approximately HK\$756,000) were recognised as loans receivable under current assets. Loss allowance of approximately HK\$32,557,000 (31 December 2023: approximately HK\$32,557,000) in respect of this loan receivable had been recognised at the end of the reporting period. Details of the loan were disclosed in the Company's announcements dated 18 March 2020, 17 June 2020, 30 September 2021, 1 October 2022, 31 March 2023, 28 September 2023, 28 March 2024 and 3 July 2024 respectively.

16. LOANS RECEIVABLE (Continued)

- (d) A RMB10,000,000 loan to an independent third party borrower, which was unsecured, interest-bearing at 5% per annum and was further extended to be repayable in June 2023 with other terms remain unchanged. No further extension of the loan was granted after June 2023, and the Group is in negotiation with the borrower to repay the remaining loan receivable and accrued interest. As at the date of this report, neither the interest nor the principal was settled by the borrower.

At the end of the reporting period, the principal of RMB10,000,000 (equivalent to approximately HK\$11,035,000) (31 December 2023: RMB10,000,000 (equivalent to approximately HK\$11,035,000)) and accrued interest receivable of approximately HK\$1,531,000 (31 December 2023: approximately HK\$1,531,000) were recognised as loans receivable under current assets. Loss allowance of approximately HK\$12,566,000 (31 December 2023: approximately HK\$12,566,000) in respect of this loan receivable had been recognised at the end of the reporting period.

- (e) A HK\$14,000,000 loan to an independent third party borrower, which was unsecured, interest-bearing at 5% per annum and was further extended to be repayable in October 2024 with other terms remain unchanged.

At the end of the reporting period, the principal of HK\$14,000,000 (31 December 2023: HK\$14,000,000) and accrued interest receivable of approximately HK\$165,000 (31 December 2023: approximately HK\$167,000) were recognised as loans receivable under current assets. Loss allowance of approximately HK\$655,000 (31 December 2023: approximately HK\$655,000) in respect of the loan receivable had been recognised at the end of the reporting period.

- (f) A loan of RMB1,100,000 (equivalent to approximately HK\$1,213,000) to an independent third party borrower, which was unsecured, interest-bearing at 12% per annum and was repayable in August 2023. No extension of loan was granted after August 2023, and the Group is in negotiation with the borrower to repay the loan receivable and accrued interest. As at the date of this report, neither the interest nor the principal was settled by the borrower.

At the end of the reporting period, the principal of approximately HK\$1,213,000 (31 December 2023: approximately HK\$1,213,000) and accrued interest receivable of approximately HK\$110,000 (31 December 2023: approximately HK\$110,000) were recognised as loans receivable under current assets. No loss allowance in respect of this loan receivable had been recognised at the end of the reporting period.

17. ASSETS CLASSIFIED AS HELD-FOR-SALE

On 29 May 2023, pursuant to a real property purchase and sale and escrow agreement, the Group agreed to conditionally dispose of its property consisting of (a) the real estate situated at 6580 Via Del Oro, San Jose, California 95119 and with an area of approximately 4.725 acres; and (b) one story mission critical data center building with an area of approximately 80,158 square feet located on the land (collectively, the "Land and Property") at the consideration of US\$110,000,000 (equivalent to approximately HK\$858,000,000) (the "Disposal").

On 12 July 2023, the Disposal was approved by the shareholders in a special general meeting of the Company. Details of the Disposal are set out in the Company's announcement dated 29 May 2023, the circular dated 23 June 2023 and the poll result announcement dated 12 July 2023.

The assets classified as held-for-sale of approximately HK\$850,200,000 (31 December 2023: approximately HK\$850,200,000) referred to the carrying amount of the Land and Properties transferring from investment properties under non-current assets. The Disposal is expected to be completed during the course of 2024.

18. TRADE AND OTHER PAYABLES

		30 June 2024	31 December 2023
	<i>Note</i>	HK\$'000	HK\$'000
Trade payables	(a)	25,381	79,151
Contract liabilities		3,034	11,054
Other payables	(b)	222,833	234,924
Accruals		13,061	21,920
		264,309	347,049

18. TRADE AND OTHER PAYABLES (Continued)

Notes:

- (a) The ageing analysis of trade payables by invoice date at the end of the reporting period is as follows:

	30 June 2024 HK\$'000	31 December 2023 HK\$'000
0-30 days	5,820	23,192
31-60 days	4,365	46,404
61-90 days	2,407	9,555
Over 90 days	12,789	—
	25,381	79,151

- (b) Included in other payables are the following balances:

- (i) Outstanding payable of RMB67,000,000 (equivalent to approximately HK\$79,748,000) (31 December 2023: RMB67,000,000 (equivalent to approximately HK\$79,748,000)) for the procurement of hash-rate capacity, which has been recognised as intangible assets of the Group since the year ended 31 December 2021. The outstanding payable, which is repayable on demand, is not available to set-off against the earnest money of RMB57,000,000 (equivalent to approximately HK\$62,452,000) (31 December 2023: RMB57,000,000 (equivalent to approximately HK\$62,900,000)) paid for the procurement of hash-rate capacity (note 12(b)).
- (ii) A performance bond, which is repayable on demand, received from Zhongda Bocheng in relation to the purchase of cryptocurrency mining machines amounted to RMB110,000,000 (equivalent to approximately HK\$120,522,000) (31 December 2023: RMB110,000,000 (equivalent to approximately HK\$121,386,000)) (note 12(c)(i)).
- (iii) Outstanding payable of approximately HK\$12,304,000 (31 December 2023: approximately HK\$12,304,000) for the purchase of cryptocurrency mining machines, which was recognised as property, plant and equipment of the Group as at 30 June 2024, is repayable on demand.

19. BANK AND OTHER LOANS

	30 June 2024 HK\$'000	31 December 2023 HK\$'000
Current and secured		
Bank loans with repayment on demand clause	10,956	11,035
Term loans from banks with repayment on demand clause	1,001	1,238
Current and unsecured		
Other loan	2,000	2,000
	13,957	14,273

Note:

As at 30 June 2024, the bank loans carried variable interest rates ranging from 3.33% to 3.53% (31 December 2023: 3.33% to 3.53%) per annum. The bank loans are secured by the assets of the Group as set out in note 21.

20. SHARE CAPITAL

	Number of shares		Amount	
	30 June 2024 '000	31 December 2023 '000	30 June 2024 HK\$'000	31 December 2023 HK\$'000
Authorised:				
At beginning and end of the reporting period				
Ordinary shares of HK\$0.025 each	8,000,000	8,000,000	200,000	200,000
Issued and fully paid:				
At beginning and end of the reporting period				
Ordinary shares of HK\$0.025 each	2,487,705	2,487,705	62,193	62,193

21. PLEDGED ASSETS

The Group had pledged the following assets to secure the loan facilities:

	30 June 2024 HK\$'000	31 December 2023 HK\$'000
Investment properties	62,211	61,112
Leasehold improvements	26	35
Right-of-use assets	62,118	63,728
Bank deposits	200	200

22. CHANGES IN OWNERSHIP INTERESTS IN A SUBSIDIARY THAT DO NOT RESULT IN LOSS OF CONTROL

Allotment of shares in a subsidiary without loss of control

On 2 May 2023, the Group allotted of 40% equity interest out of the 100% equity interest held in an indirect-wholly owned subsidiary, Grand InfoTech (HK) Limited ("Grand InfoTech") at a consideration of HK\$4,000 to independent third parties of the Group. The carrying amount of the non-controlling interests in Grand InfoTech on the date of share allotment was net liabilities of approximately HK\$2,000. This resulted in a decrease in non-controlling interests and an increase in equity attributable to owners of the Company of approximately HK\$2,000 for the six months ended 30 June 2023.

Acquisition of non-controlling interests without a change in control

On 5 June 2024, the Group acquired the additional 40% equity interest in Grand InfoTech at a consideration of HK\$4,000, increasing its ownership from 60% to 100%. This resulted in decrease in non-controlling interests of approximately HK\$4,000 for the six months ended 30 June 2024.

23. EVENTS AFTER THE REPORTING PERIOD

Default of Supplemental Loan Agreement

At the end of the reporting period, Cloud Digit Investment LP (the “Lender”), an indirectly wholly-owned subsidiary of the Company, had outstanding principal of HK\$60,000,000 (31 December 2023: HK\$60,000,000) (the “Loan”) and accrued interest receivable of approximately HK\$1,504,000 (31 December 2023: approximately HK\$756,000) from High Sharp Electronic Limited (the “Borrower”), which were recognised as loans receivable under current assets. Pursuant to the Fifth Supplemental Loan Agreement, partial principal of the Loan and the outstanding accrued interest payable under the Fifth Supplemental Loan Agreement shall be repaid by the Borrower to the Lender within 90 days from the date of the Fifth Supplemental Loan Agreement.

On 2 July 2024, the Lender issued a demand letter to the Borrower demanding repayment of the Loan and the interest accrued thereon. Neither of the Loan nor outstanding accrued interest was repaid by the Borrower as at the date of this report. Details of the default event are set out in the Company’s announcement dated 3 July 2024.

24. APPROVAL OF THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The unaudited condensed consolidated interim financial statements were approved by the Board on 28 August 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is principally engaged in the businesses of information home appliances (“IHA”), internet data centre (“IDC”), investing and leasing.

BUSINESS REVIEW AND PROSPECT

IHA Business

The IHA business is principally engaged in sales and distribution of IHA and complementary products. Products launched by the Group in the markets include high digital set-top boxes (“STB”), hybrid dual-STB, over-the-top (“OTT”)/Internet Protocol Television (“IPTV”) STB, STB equipment with Android systems, etc. The Group has extensive experience in designing and manufacturing networked audio and video products, from hardware to software, from operating systems to business integration, covering a wide range of vertical applications.

The STB market has experienced robust growth, witnessing an ascent of revenue by 286.9% to approximately HK\$93.3 million (30 June 2023: approximately HK\$24.1 million) for the six months ended 30 June 2024 (the “Period”). The key factors driving the growth include multimedia features, smart-home integration with STBs, and the rise in global internet and broadband penetration. With cautious risk management and prioritised cost efficiency, the IHA business reported a turn-around segment profit of approximately HK\$5.1 million (30 June 2023: loss of approximately HK\$6.0 million) for the Period. The technological advancements in STB features and expansion of media and entertainment are anticipated to drive the market forward.

The STB market faces fierce competition after the rise of smart TVs. However, the market is still dynamic and continues to adapt to the changing landscape of media consumption with the growing availability of 4K and high dynamic range imaging (“HDR”) formats supported by STB. The IHA business will keep close to the market changes and strive to enhance the customer experience to open up business opportunities in different regions.

IDC Business

The IDC business is comprised of the development, construction, operation, mergers, acquisitions and leasing out of properties used as IDC and facilities used in IDC. The Group’s revenue generated from the IDC business was increased by 137.5% to approximately HK\$27.4 million (30 June 2023: approximately HK\$11.5 million) for the Period, as compared with the same period of the last fiscal year. The increase was attributed to the lease of the IDC in the United States (“US”) commencing from the second quarter of 2023.

The IDC market stands at the core of the evolution of digital transformation, which drives a new era in the data center industry. In light of the continuing US-China political tension, the business exited its focus from the US market by disposing of the data centre located in the US in May 2023. The strategic move will allow the business to diversify its resources to other potential markets to cater to the development in such a new era. As at the date of this report, completion of the disposal has not taken place. The Board continues to monitor the progress closely and proactively negotiate with the purchaser of the US IDC in the completion process.

Investing Business

The Group's investing business was principally engaged in the trading of securities and investing in financial instruments and digital assets. The Group recorded a net fair value gain on financial assets at fair value through profit or loss of approximately HK\$11.6 million (30 June 2023: approximately HK\$34.8 million) for the Period. The gain was attributed to the unrealised fair value gain from the investment in private equity companies, which respectively engaged in the business of global aircraft leasing, and mobile transportation platforms. Other than the fair value gain from unlisted equity securities, the outperformance of the business was attributed to the realised gain from the disposals of digital assets of approximately HK\$53.9 million (30 June 2023: Nil), which are set out in the Company's announcement dated 20 March 2024.

Financial institutions and regulators' increasing recognition of digital assets has vitalised the digital asset market. Due to continued interest and investment from institutional players, the market capitalisation of digital assets has increased. The investing business will remain focused on the digital assets market in the second half of the year. The Board will also closely monitor the potential regulatory influence and the market sentiment of blockchain technology and digital assets to mitigate potential financial risks.

Leasing Business

The leasing business of the Group comprised of leasing out of properties. The rental income generated from the leasing business is approximately HK\$8.4 million (30 June 2023: approximately HK\$4.2 million) for the Period, representing an increase of 101.4% as compared with the same period of the last fiscal year, as a result of the leasing out of property situated in Meishan City, the People Republic of China (the "PRC") commencing from the third quarter of 2023. The business recorded a segment profit of approximately HK\$6.2 million (30 June 2023: segment loss of approximately HK\$0.1 million) for the Period, in line with the rental income increase. The Group will stay proactive in extending the tenancy with existing tenants and exploring new tenants.

FINANCIAL REVIEW

Revenue and Gross Profit

Global broadband penetration and the integration of multimedia features drive the demand for STB, leading to a rebound in revenue and gross profits. The Group recorded approximately HK\$120.7 million (30 June 2023: approximately HK\$35.8 million) of revenue for the Period, representing a significant increase of 237.5% as compared with the same period of the last fiscal year. Gross profit increased by 222.9% to approximately HK\$37.7 million (30 June 2023: approximately HK\$11.7 million) due to increases in rental income from the IDC business and rising sales orders from the IHA business as a result of the market resurgence.

Other Revenue and Net Income

The Group recorded a net income of approximately HK\$76.9 million (30 June 2023: approximately HK\$43.7 million) from other revenue and net income for the Period. The other income was mainly attributed to the gains from disposals of cryptocurrencies to stablecoins.

Net Change in Fair Value of Investment Properties

The Group recognised a net revaluation gain of approximately HK\$0.6 million (30 June 2023: net loss of approximately HK\$2.0 million) on investment properties for the Period. The revaluation gain was attributed to the increase in the occupancy rate of investment property situated in Zhongshan City, the PRC.

Distribution and Selling Expenses

The Group's distribution and selling expenses increased by 19.0% to approximately HK\$2.9 million (30 June 2023: approximately HK\$2.4 million) for the Period, which aligns with the increase in sales distribution from the IHA business.

General and Administrative Expenses

The Group's general and administrative expenses decreased by 14.7% to approximately HK\$50.8 million (30 June 2023: approximately HK\$59.6 million) for the Period due to the strict cost control in place.

Other Operating Expenses

The other operating expenses mainly comprised of the amortisation of intangible assets (being the hash-rate capacity of mining machines acquired for cryptocurrencies mining but not allocated to cost of cryptocurrencies), the depreciation of property, plant and equipment (being the cryptocurrency mining machines acquired for cryptocurrencies mining not allocated to cost of cryptocurrencies), property related tax and land use tax from leasing activities and other miscellaneous costs. The Group recorded approximately HK\$8.1 million (30 June 2023: approximately HK\$17.4 million) of other operating expenses for the Period, representing a significant decrease of 53.6% as compared with the same period of the last fiscal year. Since the intangible assets (being the hash-rate capacity of mining machines acquired for cryptocurrencies mining but not allocated to cost of cryptocurrencies) was fully impaired in 2023, no such amortisation was incurred during the Period in which leading to the significant decrease.

Reversal of Write-down of Cryptocurrencies

The cryptocurrencies held by the Group are mainly comprised of Bitcoin, Ethereum, and stablecoins, which were mainly converted from the disposal of Bitcoin and Ethereum during the first quarter of the Period. The Group estimates the net realisable value of the cryptocurrencies with reference to their market prices in the relevant cryptocurrencies markets less the estimated costs necessary to market the sale. The net realisable value are higher than the carrying amount of cryptocurrencies held by the Group. Neither write-down nor reversal of cryptocurrencies was recorded for the Period.

Finance Costs

The finance costs of the Group were approximately HK\$0.3 million (30 June 2023: approximately HK\$0.3 million) for the Period, mainly comprised of the interest expenses on the bank borrowings. The slight decrease of 11.3% as compared with the same period of the last fiscal year was caused by the decrease in debt financing.

Profit for the Period

As a result of the foregoing, the Group recorded a turn-around in profit attributable to owners of the Company of approximately HK\$53.2 million (30 June 2023: loss of approximately HK\$4.5 million) for the Period.

Liquidity and Financial Resources

As at 30 June 2024, the Group had net current assets of approximately HK\$1,294.6 million. The Group had cash and bank balances of approximately HK\$50.1 million and pledged bank deposits of approximately HK\$0.2 million respectively. The financial resources were funded mainly by the working capital from operations.

The current ratio, calculated by dividing current assets by current liabilities, was 5.6 times (31 December 2023: 4.4 times) as at 30 June 2024. The gearing ratio, as measured by total liabilities divided by total equity, was 18.1% (31 December 2023: 23.7%) as at 30 June 2024. The gearing ratio decreased as a result of the decrease on trade and other payables in relation to the daily operations. The Group adopts a prudent approach to cash management. Apart from certain debts including lease liabilities, bank and other loans, the Group did not have any material outstanding debts as at 30 June 2024. Payment to settle trade and other payables represented a significant part of the cash outflow of the Group. Taking into account the light debt leverage, the Group is able to generate cash and meet upcoming cash requirements. Hence, the Group has adequate liquidity and financial resources to meet its working capital requirements in the next twelve months from the balance sheet date and remain at a stable and healthy level.

Capital Commitment

The Group had no other capital commitment as at 30 June 2024 (31 December 2023: Nil).

Contingent Liabilities

The Group had no contingent liabilities as at 30 June 2024 (31 December 2023: Nil).

Charges on Group Assets

Details of charges on the Group assets are set out in note 21 to the unaudited condensed consolidated interim financial statements in this report.

Capital Structure

As at 30 June 2024, the Group had shareholder's capital of approximately HK\$62.2 million (31 December 2023: approximately HK\$62.2 million). The shareholder's capital of the Company is constituted of 2,487,704,800 shares (31 December 2023: 2,487,704,800 shares).

Significant Investments/Material Acquisitions and Disposals

Acquisitions and Disposals of Cryptocurrencies

During the period between 18 March 2024 and 20 March 2024, the Group conducted a series of transactions in the open market for the acquisitions of approximately 9.6 million units of USDC and approximately 4.8 million units of USDT from disposals of approximately 113.0 units of BTC and approximately 2,012.0 units of ETH. Details of the acquisitions and disposals are set out in the Company's announcement dated 20 March 2024.

Events After the Reporting Period

Default of Supplemental Loan Agreement

At the end of the reporting period, Cloud Digit Investment LP (the "Lender"), an indirectly wholly-owned subsidiary of the Company, had outstanding principal of HK\$60,000,000 (31 December 2023: HK\$60,000,000) (the "Loan") and accrued interest receivable of approximately HK\$1.5 million (31 December 2023: approximately HK\$0.8 million) from High Sharp Electronic Limited (the "Borrower"), which were recognised as loans receivable under current assets. Pursuant to the Fifth Supplemental Loan Agreement, partial principal of the Loan and the outstanding accrued interest payable under the Fifth Supplemental Loan Agreement shall be repaid by the Borrower to the Lender within 90 days from the date of the Fifth Supplemental Loan Agreement.

On 2 July 2024, the Lender issued a demand letter to the Borrower demanding repayment of the Loan and the interest accrued thereon. Neither of the Loan nor outstanding accrued interest was repaid by the Borrower as at the date of this report. Details of the default event are set out in the Company's announcement dated 3 July 2024.

Future Plans for Material Investment and Capital Assets

There is no other plan for material investments or capital assets as at 30 June 2024.

TREASURY POLICIES

The Group adopts a conservative approach toward its treasury policies. It strives to reduce its exposure to credit risk by performing ongoing credit evaluations of the financial conditions of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

CREDIT POLICIES

The Group has adopted a credit policy to manage and monitor the recoverability of the loans, trade receivables and contract assets on an ongoing basis. Details of which are outlined below:

- (a) Credit risk assessment: The Group would perform credit risk assessment before extending or granting the loans by (i) reviewing the financial reports and statements showing the net asset value of the potential or existing borrowers and other relevant financial information; (ii) performing an assessment on the financial condition of the potential or existing guarantors, such as the type and value of assets owned by the potential or existing guarantors; and (iii) reviewing the financial positions of the existing borrowers on an annual basis.
- (b) Security/Collateral assessment: The Group would assess and decide the necessity and the value of security/collateral for granting or extending each loan, whether to an individual or enterprise, on a case-by-case basis considering the factors including but not limited to the repayment history, results of public search towards the potential or existing borrower, the value and location of the assets owned by the potential or existing borrowers.
- (c) Loan collection/Recovery: The Group would issue overdue payment reminders to the borrower, instruct its legal advisers to issue demand letters for overdue loans, negotiate with the borrower for the repayment or settlement of the loan and/or commence legal action against the borrower. In respect of the loans not yet overdue, the Group will closely monitor for any adverse news which may trigger a default in payment.

The Board has exercised its oversight over the loans granted by the Group. Any material changes in the borrowers' financial positions from the annual assessment are required to be reported to the Board.

Among of two loan extension during the Period, assessment on the credit risk and collateral have been performed including but not limited to the re-assessment of the value of the collateral and financial position of the borrowers.

Subsequent to the reporting period, one of the loans was overdue as at the date of this report. The Group had sent overdue payment reminders and had instructed the legal advisers to issue demand letters demanding the outstanding loans.

Based on the actions taken by the Group, the Directors considered that the Group has strictly followed the Group's credit policies.

KEY RISKS AND UNCERTAINTIES

During the Period, the Group endeavoured to improve the risk management system in different aspects of company strategies, business operation and finance. The key risks and uncertainties to which the Group is subject are summarized as follows:

- (i) The revenue of the Group is difficult to predict and may be volatile in any given reporting period owing to the tightened supply of microchips as the raw material of the distributed products of the IHA business;
- (ii) Rapid changes in production innovation and features may increase competition and render the Group's current technologies or cause the Group of losing market share and narrower profit margins from intensification of competition;
- (iii) Customers preferences and trends from the increasing demands for streaming services, on-demand content, and smart-home integration may have a material adverse impact to the set-top box market or our business, financial condition and results of the operations;
- (iv) The impact of protectionism and unilateralism have affected the stability of the global landscape, with increasing sources of turbulence and risk points. The Group may be exposed to restrictions, sanctions or other legal or regulatory measures in different jurisdictions. The increasingly stringent regulatory environment and policies such as licence issuance, may bring risks and challenges to the Group's business development and revenue growth;
- (v) The investments of the Group in countries and regions across the world might at present or in future be affected by changes in local, national or international political, social, legal, tax, regulatory and environmental requirements from time to time.

In addition, new government policies or measures, if introducing changes in fiscal, tax, regulatory, environmental or other aspects that may affect competitiveness, could result in an additional or unforeseen increase in operating expenses and capital expenditures, produce risks to the overall return on investments of the Group, and delay or impede its business operations and hence adversely affect revenues and profits;

- (vi) The value of digital assets held by the Group may be subject to volatile market prices, impairment and unique risks of loss such as cyberattacks, human errors or computer malfunctions; and
- (vii) The Group may face regulatory challenges to or limitations on the Group's digital asset investment.

In future business operations, the Group will be highly aware of the aforesaid risks and uncertainties and will proactively adopt effective measures to tackle such risks and uncertainties.

HUMAN RESOURCES AND RELATIONS WITH THE EMPLOYEES

As at 30 June 2024, the Group has over 100 (30 June 2023: over 140) full-time employees, of which 22 (30 June 2023: 19) were based in Hong Kong and the rest were in the PRC and the US. Staff costs of the Group amounted to approximately HK\$20.5 million (30 June 2023: approximately HK\$31.9 million) for the Period. The employees of the Company's subsidiaries are employed and promoted based on their suitability for the positions offered. The salary benefit levels of the Group's employees are in line with the market rates. Employees are rewarded on a performance-related basis within the general framework of the Group's remuneration system which is reviewed annually. In addition to basic salaries, staff benefits also include medical schemes, various insurance schemes and share option schemes.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to building an environmentally-friendly corporation and always takes the environmental protection issues into consideration during daily operation. The Group does not produce material waste nor emit material quantities of air pollutants. The Group also strives to minimise the adverse environmental impacts by encouraging employees to recycle office supplies and other materials and to save electricity.

COMPLIANCE WITH LAWS AND REGULATIONS

The Company has been listed on GEM of the Stock Exchange since 2000. The operations of the Group are mainly carried out by the Company's subsidiaries in the PRC, Hong Kong and the US. As such, the Group's operations shall comply with relevant laws and regulations in the PRC, Hong Kong and the US accordingly. During the Period, the Group has complied with all applicable laws and regulations in the PRC, Hong Kong and the US in all material respects. The Group shall continue to keep itself updated with the requirements of the relevant laws and regulations in the PRC, Hong Kong and the US and adhere to them to ensure compliance.

RESERVES

Movements in reserves of the Group during the Period are set out in the unaudited condensed consolidated statement of changes in equity of the financial statements.

DIVIDEND

The Board does not recommend the payment of interim dividend for the Period (30 June 2023: Nil).

SHARE OPTION SCHEME

The Company adopted a share option scheme (the “Share Option Scheme”) pursuant to the ordinary resolutions passed by the shareholders of the Company (the “Shareholders”) at the special general meeting (“SGM”) on 14 January 2015 (the “Option Adoption Date”). The Share Option Scheme is valid for ten years from the Option Adoption Date and shall expire at the close of business on the day immediately preceding the 10th anniversary thereof unless terminated earlier by the Shareholders in general meeting.

The total number of shares of the Company (“Share(s)”) which may be issued upon the exercise of all share options to be granted under the Share Option Scheme and any other share option schemes of the Company must not in aggregate exceed 10% of the total issued share capital of the Company on the Option Adoption Date (the “Scheme Mandate”) unless the Company obtains an approval from the Shareholders to renew the 10% limit on the basis that the maximum number of Shares in respect of which share options may be granted under the Share Option Scheme together with any share options outstanding and yet to be exercised under the Share Option Scheme and any other share option schemes shall not exceed 30% of the total issued share capital of the Company from time to time. At the SGM which was held on the Option Adoption Date, the Scheme Mandate was approved by the Shareholders and the total number of Shares that may be allotted and issued under the Share Option Scheme would be 179,211,680 Shares, representing 10% of the total number of Shares in issue as at the Option Adoption Date and 7.20% of the total number of Shares in issue as at the date of this report.

On 30 August 2019, the Company offered to grant 11 eligible participants to subscribe for a total of 100,000,000 ordinary Shares of HK\$0.025 each in the capital of the Company at an exercise price HK\$0.33 per Share (the “2019 Share Options”). The 2019 Share Options are exercisable up to three years from the date of grant. As there is no vesting condition for the 2019 Share Options, they were vested immediately at the date of grant. As a result, non-cash share-based compensation expenses in respect of all the 2019 Share Options of approximately HK\$10.4 million was recognised as expense by the Group with the same amount credited to share option reserves under equity for the year ended 31 December 2019. For details of the terms of the 2019 Share Options, please refer to the Company’s announcement dated 30 August 2019.

During the Period and the six months ended 30 June 2023, there were no share options granted, exercised, cancelled or lapsed under the 2019 Share Options. As at 30 June 2024 and 31 December 2023, there were no outstanding share options issued under the 2019 Share Options.

As at 1 January 2024 and 30 June 2024, the remaining number of share options available for grant under the Share Option Scheme was 79,211,680 Shares.

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

As at 30 June 2024, the interests or short positions of the Directors and chief executive of the Company in the Shares, underlying shares and/or debentures of the Company and/or any of its associated corporations (within the meanings of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

(1) Long positions in the shares of the Company

Name of Directors	Nature of interests	Number of ordinary Shares	Capacity	Approximate percentage of the total issued share capital of the Company
Mr. Li Qiang	Personal	4,604,000	Beneficial owner	0.19%
Mr. Cong Yu	Personal	741,379,800	Interest of a controlled corporation	29.80%
Mr. Gao Fei	Personal	2,190,000	Beneficial owner	0.09%
Mr. Shi Guangrong	Personal	22,660,000	Beneficial owner	0.91%
Mr. Zhu Jiang	Personal	7,926,756	Beneficial owner	0.32%
Ms. Shen Yan	Personal	324,000	Beneficial owner	0.01%

(2) Long positions in the underlying shares of the Company

None of the Directors and chief executive has held any share options as at 30 June 2024.

As at 30 June 2024, none of the Directors or chief executive of the Company had any interests or short positions in any Shares, underlying shares and/or debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to rules 5.46 to 5.67 of the GEM Listing Rules.

Save as disclosed above, at no time during the Period was the Company or any of its subsidiaries a party to any arrangement which enables the Directors to acquire benefits by means of the acquisition of Shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

Based on the information provided to the Company in notices filed, as at 30 June 2024, the entities and/or persons or corporations who had any interests or short positions in the Shares and/or underlying shares of the Company which fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO or had otherwise notified to the Company were as follows:

Long positions in the shares and underlying shares of the Company

Name of Shareholders	Nature of interests	Number of ordinary Shares	Capacity	Approximate percentage of the total issued share capital of the Company
Unicorn Resources Inc. ("Unicorn") (Note 1)	Corporate	741,379,800	Beneficial owner	29.80%
Cong Yu Company Limited (Note 1)	Corporate	741,379,800	Interest of a controlled corporation	29.80%
Mr. Cong Yu (Note 1)	Personal	741,379,800	Interest of a controlled corporation	29.80%
Mr. Zhu Weisha (Note 2)	Personal	741,379,800	Interest of a controlled corporation	29.80%
		19,000,000	Beneficial owner	0.76%
Honbridge Holdings Limited (Stock Code: 8137) (Note 3)	Corporate	351,867,200	Beneficial owner	14.14%
Hong Bridge Capital Limited (Note 3)	Corporate	351,867,200	Interest of a controlled corporation	14.14%
Geely Group Limited (Note 3)	Corporate	351,867,200	Interest of a controlled corporation	14.14%
Mr. Li Shu Fu (Note 3)	Personal	351,867,200	Interest of a controlled corporation	14.14%

Notes:

1. Unicorn is the beneficial owner of 741,379,800 Shares. Cong Yu Company Limited holds 55% interest in Unicorn and it is deemed to be interested in the 741,379,800 Shares held by Unicorn. Mr. Cong Yu holds 100% interest in Cong Yu Company Limited (which holds 55% interest in Unicorn) and he is therefore deemed to be interested in the 741,379,800 Shares held by Unicorn.
2. Mr. Zhu Weisha holds 45% interest in Unicorn and he is deemed to be interested in the 741,379,800 Shares held by Unicorn. The remaining interest in 19,000,000 Shares is beneficially owned by Mr. Zhu Weisha, representing 19,000,000 underlying shares in respect of the share options granted by the Company on 30 August 2019.
3. Honbridge Holding Limited is the beneficial owner of 351,867,200 Shares. 41.25% Shares of Honbridge Holdings Limited are held by Hong Bridge Capital Limited, which in turn 68.86% held by Geely Group Limited (which 100% held by Mr. Li Shu Fu). By virtue of the provisions of Part XV of the SFO, each of Hong Bridge Capital Limited, Geely Group Limited and Mr. Li Shu Fu was deemed to be interested in the Shares of the Company in which Honbridge Holdings Limited was interested.
4. Based on a total of 2,487,704,800 Shares as at 30 June 2024.

Save as disclosed above, as at 30 June 2024, the Directors are not aware of any persons or corporations who had any interests or short positions in the Shares and/or underlying shares of the Company which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the Period.

COMPETING INTERESTS

None of the Directors or the controlling Shareholders and their respective close associates (as defined in the GEM Listing Rules) has an interest in a business which competed or might compete with the business of the Group or has any other conflict of interest with the Group during the Period.

CORPORATE GOVERNANCE

The Company is committed to achieving high standards of corporate governance. The Directors believe that sound and reasonable corporate governance practices are essential for the continuing growth of the Group and for safeguarding and maximising Shareholders' interests.

During the Period, the Company has applied the principles and complied with the applicable code provisions of the Corporate Governance Code (the "CG Code") as set out in Part 2 of Appendix C1 to the GEM Listing Rules, except in relation to CG Code provisions F.2.2, as more particularly described below.

CG Code provision F.2.2

Pursuant to CG Code provision F.2.2, the Chairman of the Board should attend the annual general meeting ("AGM") and invite the chairman of the audit, remuneration and nomination committees to attend and be available to answer questions at the AGM. Mr. Chen Biao, an executive Director, has been performing the above duties in lieu of Mr. Li Qiang, the Chairman of the Board, who had other pre-arranged business commitments on the AGM held on 18 June 2024.

AUDIT COMMITTEE

The Board has established an audit committee (the "Audit Committee"). It currently comprises three independent non-executive Directors, namely Ms. Shen Yan (Chairlady), Ms. Dong Hairong and Ms. Huo Qiwei. None of the members of the Audit Committee is a former partner of the auditor of the Company.

The principal duties of the Audit Committee are to assist the Board in reviewing the financial information, overseeing the Company's financial reporting system, risk management, internal control systems and relationship with external auditor, and arrangements to enable employees of the Company to raise concerns under the protection of confidentiality about possible improprieties in financial reporting, internal control or other matters of the Company.

The Group's unaudited condensed consolidated interim results for the Period have not been audited but have been reviewed by the Audit Committee pursuant to the relevant provisions contained in the CG Code. The Audit Committee was of the opinion that the preparation of such statements complied with applicable accounting standards and that adequate disclosure has been made in respect thereof.

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

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

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the required standard of dealings as set out in rules 5.48 to 5.67 (the "Required Standard of Dealings") of the GEM Listing Rules as the code of conduct regarding securities transactions by the Directors. Upon specific enquiries of all Directors, each of them confirmed that they have complied with the required standards set out in the Required Standard of Dealings for the Period in relation to their securities dealing, if any.

By order of the Board
Yuxing InfoTech Investment Holdings Limited
Cong Yu
Executive Director and Chief Executive Officer

Hong Kong, 28 August 2024

As at the date hereof, the executive Directors are Mr. Li Qiang, Mr. Cong Yu, Mr. Gao Fei, Mr. Shi Guangrong, Mr. Zhu Jiang and Mr. Chen Biao; the independent non-executive Directors are Ms. Shen Yan, Ms. Dong Hairong and Ms. Huo Qiwei.