



**Crypto Flow**

**Crypto Flow Technology Limited**

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 8198)

[www.cryptoflowhk.com](http://www.cryptoflowhk.com)



**2024 Interim Report**

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

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*This report, for which the directors (the “**Directors**”) of Crypto Flow Technology Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. 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.*



## MANAGEMENT DISCUSSION AND ANALYSIS

The board (the “**Board**”) of directors (the “**Directors**”) of Crypto Flow Technology Limited (the “**Company**”) hereby announces the unaudited consolidated interim results of the Company and its subsidiaries (the “**Group**”) for the six-month period ended 30 June 2024 (the “**Reporting Period**”) as follows:

### Business Review

The Group is principally engaged in (i) the provision of storage, electricity and related services (the “**Big Data Centre Services**”); and (ii) money lending business in Hong Kong (the “**Money Lending Business**”).

#### *Big Data Centre Services*

The Group operates the big data centres to provide comprehensive services including premises, hardware support, power supply, ancillary supervision and management services to our clients.

The big data centre in Hong Kong (the “**HK Data Centre**”), with a maximum processing capacity of approximately 1,400 kilowatts (“**kW**”), commenced business in November 2021 and generated a revenue of approximately HK\$3.6 million in the Reporting Period.

With an area of 5 acres and a maximum processing capacity of approximately 11 megawatts (“**MW**”), the USA Data Centre (the “**USA Data Centre**”) commenced business in December 2023 and generated a revenue of approximately HK\$26.0 million for the Reporting Period.

During the Reporting Period, the Big Data Centre Services generated a revenue of approximately HK\$29.6 million, representing an increase of approximately HK\$18.8 million as compared to the corresponding period in 2023, which was primarily due to the contribution of the new USA Data Centre in the Reporting Period.



### *Money Lending Business*

In order to leverage our corporate expertise and resources to broaden income source, an indirect wholly-owned subsidiary of the Company, Might Winner Limited, obtained a money lender's license under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) in January 2020.

On 3 April 2020, a loan in the principal amount of HK\$30 million for a term of 24 months at an interest rate of 10% per annum (the "**Loan**"), was granted to an independent third party. On 1 April 2022, the Group entered into a supplemental loan agreement with the borrower and the guarantor to extend the repayment date of the Loan by 24 months to 2 April 2024 at an interest rate of 10% per annum.

On the maturity date on 2 April 2024, the borrower should fully repay the principal amount of the Loan together with the accrued interests, but the Group only received part of the accrued interests of HK\$2,000,000. The principal amount of the Loan and remaining interests were not settled on the maturity date. Up to the date of this report, the borrower further settled the principal amount of the Loan of approximately HK\$6.5 million and the outstanding principal amount and accrued interests of the Loan was approximately HK\$24.3 million.

As at 30 June 2024, cumulative provision of approximately HK\$4.9 million was made on the Loan due to the credit status of the Loan and updated value in the valuation of pledged asset.

On 6 July 2023, the Group entered into another loan agreement (the "**2nd Loan Agreement**") with the other independent third party in the principal amount of HK\$3 million at an interest rate of 10% per annum for a term of 24 months (the "**2nd Loan**"). Interests for the first 12 months shall be repaid in the first year and the principal amount together with interests for the next 12 months shall be repaid by 5 July 2025.

As at 30 June 2024, no substantial changes on the 2nd Loan were detected in the credit status and credentials of the Group's loan and interest receivables. Therefore, no significant impairment losses were identified for the Reporting Period in question.

During the Reporting Period, the Money Lending Business generated a revenue of approximately HK\$0.7 million.



### *Internal control procedures*

The Group has implemented and adhered to a set of internal control measures (the “**Internal Control Procedures**”) governing its money lending activities, so as to ensure a holistic approach to risk management and safeguard the interests of the Company and the shareholders of the Company. In relation to credit risk assessment, credit approval, and continuous monitoring of loan recoverability and collection, the Group has established key internal control procedures.

#### *1. Credit risk assessment*

Upon receipt of a prospective client’s application, the money lending control team (the “**TMLCT**”), comprising the chief executive officer of the Company and personnel from the accounting and company secretary departments, will conduct a credit risk assessment in accordance with relevant laws and regulations in Hong Kong. This assessment will evaluate and analyse the prospective client’s credit rating, repayment capacity, financial status, and overall credit risk.

The credit risk assessment includes an evaluation of various aspects of the prospective client or guarantor (as applicable) and review of corresponding documents, including but not limited to, the following:

- a. Know-your-client process documents received during the processes listed in items (b) to (h) below.
- b. Identity verification and authentication such as identity ID card and/or passport for individuals; for corporate entities: business registration certificate, certificate of incorporation, and constitutional documents, among others.
- c. Historical credit records and rating such as credit and/or litigation search (if any).
- d. Purpose of loan, repayment plan, and source of funds for repayment such as loan application form, bank statement, and asset/worth proof (if any).
- e. Cash flows, assets, and liabilities (whether actual or contingent). For individuals: bank statement, income proof such as salary slip or tax return/demand note, and/or asset/worth proof; for corporate entities: audited financial statements, management accounts, and sales contract(s) (where applicable).
- f. Interview in person or, on-site visit in the case of corporate clients.



- g. The overall risk level of provision of the loan risk assessment conducted by the TMLCT.
- h. Other matters as may be considered necessary by the TMLCT case by case.

Meanwhile, the company secretary department will carry out a name screening to verify any connected person relationship under the GEM Listing Rules and the management will engage independent valuer(s) to appraise the value of assets/collaterals proposed by the prospective clients or guarantor (if applicable).

## 2. *Credit approval*

The TMLCT will prepare a preliminary proposal, based on the outcomes of the aforementioned credit risk assessment, to establish the principal amount, interest rate, and tenure of the loan, on a case-by-case basis. The proposal will then be forwarded to the accounting team for additional review. The interest rate decided upon should align with the risk level associated with the transaction, subject to relevant legal restrictions and guidelines.

Upon receipt of all documents pertaining to the loan application by the TMLCT, the accounting team, which plays a pivotal role in supervising the Group's internal control procedures, will conduct an independent assessment of the complete application. Additionally, the accounting team will undertake size tests for each transaction contemplated and consider compliance requirements under the GEM Listing Rules, including but not limited to announcements, notification and approval requirements from shareholders. When necessary, the accounting team may consult with the Company's legal or financial adviser. Loan applications that have successfully undergone the above procedures will be forwarded to the Board, or the Company's shareholders (as appropriate) for approval, in compliance with the transaction size specified by the relevant percentage ratios under the GEM Listing Rules.



3. *Ongoing monitoring of loan recoverability and loan collection*

- a. Regarding the clients who have borrowed money, the financial department establishes a separate sub-account for each client in its loan register, which includes updated information such as the principal loan amount, repayment schedule for principal and interest, and repayment records. These records undergo review and approval by the financial controller and the chief executive officer.
- b. Upon receipt of clients' repayments, the financial department is responsible for verifying the repayment amount against the repayment schedule. If any discrepancy is identified, the TMLCT will be notified to follow up with the relevant client.
- c. To mitigate the Group's credit risk exposure, the management and the TMLCT perform quarterly reviews to monitor loan collection and recoverability, identify potential risks and issues, and develop mitigating measures.
- d. In the event of a default by a client, the financial department will issue an overdue notice to the defaulting client and report the case to the management and the TMLCT. The TMLCT will closely monitor the situation by reviewing the reasons for the default, assessing the loan's recoverability, and directing appropriate action on a case-by-case basis. If the overdue persists after the issuance of the overdue notice, the TMLCT may instruct its legal representative to issue demand letters to the defaulting clients, including a final warning. If warranted, the TMLCT may consider initiating legal action against the defaulting client after seeking legal advice.



#### 4. *Loan impairment policy*

For events and circumstances that lead to the Company in recognising or further making impairment of its loans and interest receivables, management would include, but not limited to, the following factors for consideration:

- a. Significant delay in settlement of loan interest or loan principal amounts by the borrowers on the due date;
- b. Legal actions being taken by the Company against the borrowers;
- c. Decrease in value of the collaterals due to the decline in public market or any other factors; and
- d. Unable to access borrower's financial documents.

Once one or more of above factors were found by the TMLCT, an independent valuer will be appointed to assess the provision for impairment loss on loan and interest receivable.

### **Financial Review**

The Group is engaged in two operating segments which are (1) Big Data Centre Services, and (2) Money Lending Business. The Group recorded a total revenue of approximately HK\$30.3 million during the Reporting Period (six-month period ended 30 June 2023: HK\$12.3 million), representing an increase of HK\$18.0 million, which comprised the following:

#### ***(1) Big Data Centre Services***

Revenue contributed by the Big Data Centre Services amounted to approximately HK\$29.6 million for the Reporting Period, representing an increase of HK\$18.8 million as compared to the corresponding period in 2023 (six-month period ended 30 June 2023: HK\$10.8 million).

#### ***(2) Money Lending Business***

Revenue generated from Money Lending Business amounted to approximately HK\$0.7 million for the Reporting Period, representing a decrease of HK\$0.8 million as compared to the corresponding period in 2023 (six-month period ended 30 June 2023: HK\$1.5 million).





## Operating Results

The Group recorded a loss of approximately HK\$2.9 million for the Reporting Period, representing a decrease of HK\$6.0 million or 67.4% as compared to a loss of HK\$8.9 million for the corresponding period in 2023, which was mainly attributable to the combined effect of:

- (i) decrease in provision of approximately HK\$5.9 million under expected credit loss model on loan and interest receivables, trade receivables and other receivables mainly due to the repayment of the principal amount and accrued interests of the Loan and the reduction of trade receivables in HK Data Centre;
- (ii) decrease in the professional fee of approximately HK\$3.3 million which was mainly due to the disposal as disclosed in the announcement of the Company dated 3 January 2023, 11 January 2023 and 7 February 2023 and in the circular dated 28 February 2023 (the “Disposal”) and the acquisition of 55% equity interest in Your Choice Ever Best, Inc as disclosed in the announcement of the Company dated 16 March 2023;
- (iii) decrease in the disposal loss of approximately HK\$3.4 million from the Disposal in 2023;
- (iv) offset by the decrease in gross profit of approximately HK\$2.2 million owing to the decrease in revenue on the HK Data Centre and the decrease in interest income from the Money Lending Business;
- (v) offset by the increase in staff cost of approximately HK\$3.1 million attributable to the increased number of employees for the USA Data Centre and various applications development projects; and
- (vi) offset by the increase in operating expenses of approximately HK\$1.1 million due to the new USA Data Centre in 2024.



## Outlook

In response to the “Policy Statement on the Development of Virtual Assets in Hong Kong” released by The Hong Kong Finance and Treasury Bureau, the Company has been performing research on blockchain, the application of Web3.0 and the business models of infrastructure platforms with supporting technologies. The Company also recruits certain talents in blockchain and its related fields including business development in overseas markets, operation of products and blockchain-based financial services. Together with investing resources in related information technological infrastructure and blockchain-based financial services facilities, the Company aims to provide services to related industry participants and Web3.0 application developers. Meanwhile, in order to achieve a balance of opportunities and risk management, the Company strictly adheres to all rules and regulations in relation to the sectors of blockchain and Web3.0 and has set up related policies and procedure for enhancing the risk management of the Company so as to achieve operational compliance.

The Company continues to focus on the development of infrastructure serving blockchain technology, such as big data centers, which matches with the Group’s overall development strategy for seizing opportunities to meet market demand. The Company will expand the existing businesses of the Group through, among others, the development of big data centre(s) in the overseas markets including, but not limited to, the North America and Southeast Asia regions.

The Company will continuously review on the operations and financial position of the Group for the purpose of formulating business plans and strategies for the Group’s long-term business development and will explore other business opportunities for the Group. Subject to the results of the review, and should suitable investment or business opportunities arise, the Company may consider whether any assets and/or business acquisitions or disposals by the Group will be appropriate in order to enhance its growth.



## Loan Receivables

An indirect wholly-owned subsidiary of the Company, Might Winner Limited, obtained a money lender's license in Hong Kong in January 2020.

### (1) *The Loan Agreement*

On 3 April 2020, the Group entered into a loan agreement (the "**Loan Agreement**") with an independent third party, Bright Topper Limited (the "**Borrower**"), in the principal amount of HK\$30 million at an interest rate of 10% per annum for a term of 24 months. The repayment of the Loan was guaranteed by a director and the sole beneficial owner (the "**Guarantor**") of the Borrower. Interests for the first 12 months shall be repaid in the first year and the principal amount and interests for the remaining period (the "**Second Tranche Interest**") shall have been repaid on or before 2 April 2022. The Borrower paid the interests for the Loan for the first 12 months in the amount of HK\$3 million in accordance with the Loan Agreement and the Second Tranche Interest was due by 2 April 2022 according to the Loan Agreement. On 1 April 2022, the Group entered into a supplemental loan agreement with the Borrower and the Guarantor to extend the repayment date of the Loan by 24 months to 2 April 2024 at an interest rate of 10% per annum (the "**Extended Loan Agreement**") and to extend the payment date of the Second Tranche Interest to 4 April 2022. The Second Tranche Interest was paid by the Borrower on 4 April 2022. The interests of the Extended Loan Agreement for the first 12 months in the amount of HK\$3 million were received by the Company in 2023.

On the maturity date on 2 April 2024, the Borrower should fully repay the principal amount of the Loan together with the accrued interests, but the Group only received part of the accrued interests of HK\$2,000,000. The principal amount of the Loan and remaining interests were not settled on the maturity date.

When the Borrower had not made full settlement on the Loan, the Group sought legal advice and issued a demand letter (the "**Demand Letter**") to the Borrower and the Guarantor demanding full repayment of the principal amount of the Loan and the accrued interests within seven (7) business days from the date of the Demand Letter. Failing which, the Lender will take appropriate legal action to recover the aforementioned sums. As the Borrower had made partial repayments after the maturity date of the Loan, the Group intends to continue its discussion with the Borrower and the Guarantor regarding the repayment of the Loan.



The Group has taken different measures and has monitored the recoverability and collection of the Loan according to the Internal Control Procedures.

Up to the date of this report, the Borrower further settled approximately HK\$6.5 million and the outstanding amount of Loan and interest receivable was approximately HK\$24.3 million.

As at 30 June 2024, cumulative provision of approximately HK\$4.9 million was made on the Loan due to the credit status of the Loan and updated value in the valuation of pledged asset.

## *(2) The Second Loan Agreement*

On 6 July 2023, the Group entered into another loan agreement (the “**2nd Loan Agreement**”) with the other independent third party in the principal amount of HK\$3 million at an interest rate of 10% per annum for a term of 24 months (the “**2nd Loan**”). Interests for the first 12 months shall be repaid in the first year and the principal amount together with interests for the next 12 months shall be repaid by 5 July 2025. On 28 June 2024, the interests for the first 12 months were received by the Company.

As at 30 June 2024, no substantial changes on the 2nd Loan were detected in the credit status and credentials of the Group’s loan and interest receivables. Therefore, no significant impairment losses were identified for the Reporting Period in question.

## **Significant Investments, Material Acquisitions and Disposals**

There were no other significant investments held, material acquisitions, or disposals of subsidiaries during the Reporting Period. There was no plan authorised by the Board for other material investments or additions of capital assets as at the date of this report.

## **Dividend**

The Directors do not recommend the payment of an interim dividend for the Reporting Period (six-month period ended 30 June 2023: Nil).



## Addition to property, plant and equipment and right-of-use asset

During the Reporting Period, the Group increased approximately HK\$1,559,000 on property, plant and equipment (31 December 2023: HK\$20,511,000) and recognised approximately HK\$9,097,000 of additions to right-of-use asset (31 December 2023: HK\$7,000,000).

During the period ended 30 June 2024, the additions to right-of-use assets include HK\$2,673,000 attributable to the renewal of lease for 1.5-year for a big data center located in Hong Kong, HK\$1,382,000 for 2-year lease of an office in the USA, and HK\$5,042,000 for 2-year leases of live-work spaces in Hong Kong (2023: HK\$1,556,000 attributable to the extension of lease for half year for a big data center located in Hong Kong, HK\$1,381,000 for 2-year lease of an office in Hong Kong, and HK\$4,063,000 for 5-year lease for a big data center located in the United States of America).

## Liquidity and Financial Resources

The Group continues to manage its balance sheet carefully and maintains conservative policies in cash and financial management. As at 30 June 2024, the Group's cash and bank balances (including bank deposits with original maturity over three months) amounted to HK\$3.1 million (31 December 2023: HK\$3.3 million). As at 30 June 2024, 62.8% (31 December 2023: 54.2%) and 37.2% (31 December 2023: 45.8%) of the cash and cash equivalents were denominated in United States dollars ("USD" or "US\$") and Hong Kong dollars ("HKD" or "HK\$") respectively.

## Gearing Ratio and Capital Structure

As at 30 June 2024, net current assets of the Group were HK\$11.8 million (31 December 2023: net current assets of HK\$24.6 million).

The Group did not have any bank borrowings for the six-month period ended 30 June 2024 (31 December 2023: Nil) and generally financed its operations with internal resources.

The gearing ratio of the Group (total bank borrowings divided by shareholders' funds) was Nil as at 30 June 2024 (31 December 2023: Nil).

## Capital Commitments and Contingent Liabilities

As at 30 June 2024 and 31 December 2023, the Group did not have any significant capital commitments and contingent liabilities.



### **Charges on Group Assets**

None of the Group's assets were pledged as at 30 June 2024 and 31 December 2023.

### **Exposure of Fluctuations in Exchange Rates**

As at 30 June 2024, all assets and liabilities of the Group were denominated in USD, HKD and RMB. During the Reporting Period, the business activities of the Group were mainly denominated in HKD and USD. Since the impact of foreign exchange exposure has been insignificant, no hedging or other alternatives have been implemented.

### **Staff and Remuneration Policy**

As at 30 June 2024, the Group had a total of 31 employees (as at 30 June 2023: 15). For the Reporting Period, the employee benefits costs amounted to HK\$7.2 million (six-month period ended 30 June 2023: HK\$3.6 million). The Group continues to provide remuneration packages to employees that are in line with market practices and past performance. The Group also provides employees with other benefits such as a mandatory provident fund, medical insurance scheme, staff training programs and share option schemes.

### **Events After the Reporting Period**

There have been no important events significantly affecting the finances and future prospects of the Group that have occurred since the end of the Reporting Period.



# REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



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**To the Board of Directors of Crypto Flow Technology Limited**  
(incorporated in the Cayman Islands with limited liability)

## Introduction

We have reviewed the interim financial information set out on pages 15 to 32, which comprises the condensed consolidated statement of financial position of Crypto Flow Technology Limited (the “**Company**”) and its subsidiaries (together, the “**Group**”) as at 30 June 2024 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.



## Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

### **Moore CPA Limited**

*Certified Public Accountants*

*Registered Public Interest Entity Auditors*

Hong Kong, 23 August 2024





## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six-month period ended 30 June 2024

|   |       | Six-month period ended<br>30 June |                                 |
|---|-------|-----------------------------------|---------------------------------|
|   | Notes | 2024<br>(Unaudited)<br>HK\$'000   | 2023<br>(Unaudited)<br>HK\$'000 |
| <b>REVENUE</b>  | 3     | <b>30,258</b>                     | 12,300                          |
| Cost of sales and service rendered  |       | <b>(23,286)</b>                   | (3,116)                         |
| <b>Gross profit</b>   |       | <b>6,972</b>                      | 9,184                           |
| Other income and other losses, net  | 5     | (1)                               | –                               |
| Administrative expenses   |       | <b>(14,291)</b>                   | (13,123)                        |
| Reversal of (provision for) impairment loss<br>under expected credit loss model |       | <b>4,767</b>                      | (1,154)                         |
| Finance costs   |       | <b>(303)</b>                      | (292)                           |
| Share of loss of an associate   |       | <b>(54)</b>                       | (86)                            |
| <b>LOSS BEFORE TAX</b>  |       | <b>(2,910)</b>                    | (5,471)                         |
| Income tax credit   | 6     | <b>12</b>                         | –                               |
| <b>LOSS FOR THE PERIOD FROM<br/>CONTINUING OPERATIONS</b>                       | 8     | <b>(2,898)</b>                    | (5,471)                         |
| <b>DISCONTINUED OPERATIONS</b>  |       |                                   |                                 |
| Loss for the period from discontinued<br>operations                             |       | –                                 | (3,398)                         |
| <b>LOSS FOR THE PERIOD</b>  |       | <b>(2,898)</b>                    | (8,869)                         |



|   | Six-month period ended<br>30 June |                                 |
|---|-----------------------------------|---------------------------------|
|   | 2024<br>(Unaudited)<br>HK\$'000   | 2023<br>(Unaudited)<br>HK\$'000 |
| <i>Notes</i>  |                                   |                                 |
| <b>OTHER COMPREHENSIVE (EXPENSE)<br/>INCOME</b>                             |                                   |                                 |
| <b>Other comprehensive (expense) income<br/>for the period, net of tax:</b> |                                   |                                 |
| <b>Items that may be reclassified to profit or<br/>loss:</b>                |                                   |                                 |
| Exchange differences on translation of<br>foreign operations                | –                                 | (85)                            |
| Release of exchange reserve upon disposal<br>of a foreign operation         | –                                 | 3,398                           |
| <b>OTHER COMPREHENSIVE INCOME FOR<br/>THE PERIOD, NET OF TAX</b>            | <b>–</b>                          | <b>3,313</b>                    |
| <b>TOTAL COMPREHENSIVE EXPENSE FOR<br/>THE PERIOD</b>                       | <b>(2,898)</b>                    | <b>(5,556)</b>                  |
| <b>LOSS FOR THE PERIOD ATTRIBUTABLE<br/>TO OWNERS OF THE COMPANY:</b>       |                                   |                                 |
| – from continuing operations  | <b>(2,898)</b>                    | (5,471)                         |
| – from discontinued operations  | –                                 | (3,398)                         |
|   | <b>(2,898)</b>                    | <b>(8,869)</b>                  |
| <b>TOTAL COMPREHENSIVE EXPENSE FOR<br/>THE PERIOD ATTRIBUTABLE TO:</b>      |                                   |                                 |
| Owners of the Company   | <b>(2,898)</b>                    | (5,556)                         |
| Non-controlling interests   | –                                 | –                               |
|   | <b>(2,898)</b>                    | <b>(5,556)</b>                  |



|   |              | Six-month period ended<br>30 June      |  |
|---|--------------|--|--|
|   |              | 2024<br>(Unaudited)<br><i>HK\$'000</i> | 2023<br>(Unaudited)<br><i>HK\$'000</i> |
|   | <i>Notes</i> |  |  |
| <b>TOTAL COMPREHENSIVE EXPENSE<br/>ATTRIBUTABLE TO OWNERS OF<br/>THE COMPANY:</b>     |              |  |  |
| – from continuing operations  |              | <b>(2,898)</b>                         | (5,556)                                |
| – from discontinued operations  |              | –                                      | –                                      |
|   |              | <b>(2,898)</b>                         | (5,556)                                |
| <b>LOSS PER SHARE ATTRIBUTABLE TO<br/>OWNERS OF THE COMPANY<br/>(<i>HK cents</i>)</b> |              |  |  |
|   | 9            |  |  |
| – Basic and diluted (from continuing and<br>discontinued operations)                  |              | <b>(0.53)</b>                          | (1.62)                                 |
| – Basic and diluted (from continuing<br>operations)                                   |              | <b>(0.53)</b>                          | (1.00)                                 |



## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

|  |       | As at<br>30 June<br>2024<br>(Unaudited)<br>HK\$'000 | As at<br>31 December<br>2023<br>(Audited)<br>HK\$'000 |
|--|-------|---|---|
|  | Notes |   |   |
| <b>Non-current Assets</b>                      |       |   |   |
| Property, plant and equipment                  | 11    | 19,393  | 20,174  |
| Right-of-use assets                            | 11    | 11,896  | 5,481   |
| Investment in an associate                     |       | 131   | 185   |
| Loan receivables                               | 12    | 2,747   | 2,898   |
| Deferred tax assets                            |       | 2,140   | 1,101   |
| Refundable deposits                            | 14    | 6,404   | –   |
| <b>Total Non-current Assets</b>                |       | <b>42,711</b>                                       | <b>29,839</b>   |
| <b>Current Assets</b>                          |       |   |   |
| Loan and interest receivables                  | 12    | 19,893  | 23,848  |
| Trade receivables                              | 13    | 6,028   | 9,916   |
| Prepayments, deposits and other<br>receivables | 14    | 6,069   | 3,288   |
| Cash and cash equivalents                      |       | 3,071   | 3,251   |
| <b>Total Current Assets</b>                    |       | <b>35,061</b>                                       | <b>40,303</b>   |



|   |       | As at<br>30 June<br>2024<br>(Unaudited)<br>HK\$'000 | As at<br>31 December<br>2023<br>(Audited)<br>HK\$'000 |
|---|-------|---|---|
|   | Notes |   |   |
| <b>Current Liabilities</b>                          |       |   |   |
| Trade payables                                      | 15    | 3,063   | 3,026   |
| Accruals and other payables                         |       | 9,848   | 6,851   |
| Lease liabilities                                   |       | 6,696   | 2,220   |
| Tax payable   |       | 3,636   | 3,636   |
| <b>Total Current Liabilities</b>                    |       | <b>23,243</b>                                       | 15,733  |
| <b>Net Current Assets</b>                           |       | <b>11,818</b>                                       | 24,570  |
| <b>Total Assets less Current Liabilities</b>        |       | <b>54,529</b>                                       | 54,409  |
| <b>Non-current Liabilities</b>                      |       |   |   |
| Lease liabilities                                   |       | 5,459   | 3,468   |
| Deferred tax liabilities                            |       | 2,090   | 1,063   |
| <b>Total Non-current Liabilities</b>                |       | <b>7,549</b>  | 4,531   |
| <b>Net Assets</b>                                   |       | <b>46,980</b>                                       | 49,878  |
| <b>EQUITY</b>                                       |       |   |   |
| <b>Equity attributable to owners of the Company</b> |       |   |   |
| Share capital                                       | 16    | 54,841  | 54,841  |
| Reserves  |       | (7,861)   | (4,963)   |
| <b>TOTAL EQUITY</b>                                 |       | <b>46,980</b>                                       | 49,878  |



## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six-month period ended 30 June 2024

|  | Attributable to owners of the Company |                              |   |                              |                                 |                                   | Sub-Total<br>HK\$'000 | Non-<br>controlling<br>interests<br>HK\$'000 | Total equity<br>HK\$'000 |
|--|---------------------------------------|------------------------------|---|------------------------------|---------------------------------|-----------------------------------|-----------------------|--|--------------------------|
|  | Issued<br>capital<br>HK\$'000         | Share<br>premium<br>HK\$'000 | Share-based<br>payment<br>reserve<br>HK\$'000 | Other<br>reserve<br>HK\$'000 | Exchange<br>reserve<br>HK\$'000 | Accumulated<br>losses<br>HK\$'000 |                       |  |                          |
| At 1 January 2024<br>(audited)                               | 54,841                                | 422,533                      | 11,044  | (24,221)                     | -                               | (414,319)                         | 49,878                | -  | 49,878                   |
| Loss and total<br>comprehensive<br>expense for the<br>period | -                                     | -                            | -   | -                            | -                               | (2,898)                           | (2,898)               | -  | (2,898)                  |
| At 30 June 2024<br>(unaudited)                               | 54,841                                | 422,533                      | 11,044  | (24,221)                     | -                               | (417,217)                         | 46,980                | -  | 46,980                   |

|  | Attributable to owners of the Company |                              |   |                           |                                 |                                   | Sub-Total<br>HK\$'000 | Non-<br>controlling<br>interests<br>HK\$'000 | Total equity<br>HK\$'000 |
|--|---------------------------------------|------------------------------|---|---------------------------|---------------------------------|-----------------------------------|-----------------------|--|--------------------------|
|  | Issued<br>capital<br>HK\$'000         | Share<br>premium<br>HK\$'000 | Share-based<br>payment<br>reserve<br>HK\$'000 | Other reserve<br>HK\$'000 | Exchange<br>reserve<br>HK\$'000 | Accumulated<br>losses<br>HK\$'000 |                       |  |                          |
| At 1 January 2023<br>(audited)                   | 54,841                                | 422,533                      | 11,044  | (24,221)                  | 23,532                          | (410,535)                         | 77,194                | (233)  | 76,961                   |
| Loss for the period                              | -                                     | -                            | -   | -                         | -                               | (8,869)                           | (8,869)               | -  | (8,869)                  |
| Other comprehensive<br>income for the<br>period  | -                                     | -                            | -   | -                         | 3,313                           | -                                 | 3,313                 | -  | 3,313                    |
| Total comprehensive<br>expense for the<br>period | -                                     | -                            | -   | -                         | 3,313                           | (8,869)                           | (5,556)               | -  | (5,556)                  |
| Transfer on disposal of<br>subsidiaries (Note)   | -                                     | -                            | -   | -                         | (24,589)                        | 24,356                            | (233)                 | 233  | -                        |
| At 30 June 2023<br>(unaudited)                   | 54,841                                | 422,533                      | 11,044  | (24,221)                  | 2,256                           | (395,048)                         | 71,405                | -  | 71,405                   |

**Note:** The accumulated exchange differences of HK\$24,589,000 under the Exchange reserve, which was arising from translation of the financial statements of the disposed subsidiaries to presentation currency of the Company and the Group, has been reclassified to accumulated losses and non-controlling interests following the disposal during the period ended 30 June 2023.



## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six-month period ended 30 June 2024

|   | Six-month period ended<br>June 30 |                                 |
|---|-----------------------------------|---------------------------------|
|   | 2024<br>(Unaudited)<br>HK\$'000   | 2023<br>(Unaudited)<br>HK\$'000 |
| <b>Net cash flows from (used in) operating activities</b>             | <b>4,309</b>                      | (7,586)                         |
| <b>INVESTING ACTIVITIES</b>   |                                   |                                 |
| Additions of property, plant and equipment                            | (1,559)                           | (1,254)                         |
| Interest received   | 2                                 | –                               |
| Proceeds from disposal of subsidiaries                                | –                                 | 10,369                          |
| Prepayment paid for acquisition of non-current asset                  | –                                 | (3,676)                         |
| Capital contribution to an associate                                  | –                                 | (1,178)                         |
| <b>Net cash flows (used in) generated from investing activities</b>   | <b>(1,557)</b>                    | 4,261                           |
| <b>FINANCING ACTIVITIES</b>   |                                   |                                 |
| Repayment of lease liabilities  | (2,629)                           | (2,185)                         |
| Interest paid   | (303)                             | (292)                           |
| <b>Net cash flows used in financing activities</b>                    | <b>(2,932)</b>                    | (2,477)                         |
| <b>NET DECREASE IN CASH AND CASH EQUIVALENTS DURING THE PERIOD</b>    | <b>(180)</b>                      | (5,802)                         |
| Cash and cash equivalents at beginning of year                        |                                   |                                 |
| Cash and bank balances  | 3,251                             | 9,522                           |
| Cash and bank balances included in assets classified as held for sale | –                                 | 24,813                          |
|   | <b>3,251</b>                      | 34,335                          |
| <b>CASH AND CASH EQUIVALENTS AT THE END OF PERIOD</b>                 | <b>3,071</b>                      | 28,533                          |
| <b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>              |                                   |                                 |
| Cash and bank balances  | <b>3,071</b>                      | 28,533                          |



## NOTES:

### 1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“**HKAS 34**”) “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants as well as the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited.

### 2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on a historical cost basis.

Other than changes resulting from application of amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2024 are the same as those presented in the Group’s annual consolidated financial statements for the year ended 31 December 2023.

#### Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2024, for the preparation of the Group’s condensed consolidated financial statements:

|                                  |   |
|----------------------------------|---|
| Amendments to HKFRS 16           | Lease Liability in a Sale and Leaseback   |
| Amendments to HKAS 1             | Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) |
| Amendments to HKAS 1             | Non-current Liabilities with Covenants  |
| Amendments to HKAS 7 and HKFRS 7 | Supplier Finance Arrangements   |

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





### 3. REVENUE

|   | Six-month period ended<br>30 June |                                 |
|---|-----------------------------------|---------------------------------|
|   | 2024<br>(Unaudited)<br>HK\$'000   | 2023<br>(Unaudited)<br>HK\$'000 |
| <b>Continuing operations:</b>           |                                   |                                 |
| Revenue from contracts with customers   |                                   |                                 |
| – Provision of big data centre services | 29,557                            | 10,800                          |
| Interest income                         | 701                               | 1,500                           |
|   | <b>30,258</b>                     | 12,300                          |
| <b>Disaggregation of revenue</b>        |                                   |                                 |
| Geographical markets:                   |                                   |                                 |
| The United States of America            | 25,957                            | –                               |
| Hong Kong                               | 4,301                             | 12,300                          |
|   | <b>30,258</b>                     | 12,300                          |

### 4. SEGMENT INFORMATION

Information reported to the board of directors of the Company, being the Chief Operating Decision Maker (“**CODM**”), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

Specifically, the Group’s reportable segments under HKFRS 8 Operating Segments in the continuing operations of the Group are as follows:

- Provision of Big Data Centre services (“**Big Data Centre Services**”)
- Money lending business (“**Money Lending Business**”)

No operating segments have been aggregated in arriving at the reportable segments of the Group from its continuing operations.



## Segment revenues and results

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

### For the Six-month period ended 30 June 2024 (Unaudited)

|   | Big Data<br>Centre<br>Services<br>HK\$'000 | Money<br>Lending<br>Business<br>HK\$'000 | Total<br>HK\$'000 |
|---|--|--|-------------------|
| Revenue from external customers   | 29,557                                     | 701                                      | 30,258            |
| Segment results before reversal of<br>impairment loss under expected credit<br>loss ("ECL") model | 1,903                                      | 651                                      | 2,554             |
| Reversal of impairment loss under ECL<br>model  | 2,324                                      | 3,497                                    | 5,821             |
| Segment results   | 4,227                                      | 4,148                                    | 8,375             |
| Unallocated corporate and other expenses  |  |  | (11,285)          |
| Group's loss before tax from continuing<br>operations   |  |  | (2,910)           |

### For the Six-month period ended 30 June 2023 (Unaudited)

#### Continuing operations

|   | Big Data<br>Centre<br>Services<br>HK\$'000 | Money<br>Lending<br>Business<br>HK\$'000 | Total<br>HK\$'000 |
|---|--|--|-------------------|
| Revenue from external customers   | 10,800                                     | 1,500                                    | 12,300            |
| Segment results before provision for<br>impairment loss under ECL model | 5,922                                      | 1,497                                    | 7,419             |
| Provision for impairment loss under ECL<br>model                        | (1,154)                                    | –  | (1,154)           |
| Segment results   | 4,768                                      | 1,497                                    | 6,265             |
| Unallocated corporate and other expenses                                |  |  | (11,736)          |
| Group's loss before tax from continuing<br>operations                   |  |  | (5,471)           |



## 5. OTHER INCOME AND OTHER LOSSES, NET

|                      | Six-month period ended<br>30 June |                                 |
|----------------------|-----------------------------------|---------------------------------|
|                      | 2024<br>(Unaudited)<br>HK\$'000   | 2023<br>(Unaudited)<br>HK\$'000 |
| Bank interest income | 2                                 | –                               |
| Net exchange loss    | (3)                               | –                               |
|                      | (1)                               | –                               |

## 6. INCOME TAX CREDIT

|                            | Six-month period ended<br>30 June |                                 |
|----------------------------|-----------------------------------|---------------------------------|
|                            | 2024<br>(Unaudited)<br>HK\$'000   | 2023<br>(Unaudited)<br>HK\$'000 |
| Deferred income tax credit | 12                                | –                               |

No provision of Hong Kong profits tax has been made as the Hong Kong subsidiaries did not generate any assessable profits arising in Hong Kong during the period (2023: Nil).

No provision for United States of America (“USA”) profits tax has been made as the USA subsidiary did not generate any assessable profit arising in USA during the period.

## 7. DIVIDEND

No dividends had been paid or declared by the Company during the six-month period ended 30 June 2024 (2023: Nil).

## 8. LOSS FOR THE PERIOD

|  | Six-month period ended<br>30 June |                                 |
|--|-----------------------------------|---------------------------------|
|  | 2024<br>(Unaudited)<br>HK\$'000   | 2023<br>(Unaudited)<br>HK\$'000 |
| Loss for the period from continuing operations has been arrived at after charging: |                                   |                                 |
| Depreciation of property, plant and equipment                                      | 2,340                             | 1,777                           |
| Depreciation of right-of-use assets  | 2,681                             | 1,673                           |
| Staff costs  | 6,781                             | 3,499                           |



## 9. DISCONTINUED OPERATIONS/DISPOSAL GROUP HELD FOR SALE

Since the appointment of the incoming directors in 2022, the directors of the Company had been looking for disposal of the Group's Big Data Centre Services in the PRC (the "Discontinued Operations"). Negotiations with several interested parties had consequently taken place. On 3 January 2023, as disclosed in the Company's announcement dated 3 January 2023, the Company had entered into a sale and purchase agreement with the purchaser to sell the assets and liabilities attributable to the business at a consideration of HK\$37,000,000 (the "Disposal"). As disclosed in the Company's announcement dated 11 January 2023, this Disposal was completed on 11 January 2023.

As the Discontinued Operations represented a separate major line of business or geographical area of operations of the Group and was a reportable segment of the Group, the financial results of the Discontinued Operations have been presented as discontinued operations in the consolidated statement of profit or loss and other comprehensive income of the Group.

The loss for the period from the discontinued Big Data Centre Services in the PRC operation is set out below.

|  | Six-month period<br>ended 30 June 2023<br>(Unaudited)<br>HK\$'000 |
|--|---|
| Loss of Big Data Centre Services in the PRC for the period | (3,398)   |



The net assets of Big Data Centre Services in PRC operation at the date of disposal were as follows:

|  | <i>HK\$'000</i> |
|--|-----------------|
| Property, plant and equipment  | 10,859          |
| Investment in associates   | 3,500           |
| Trade receivables  | 239             |
| Prepayments, deposits and other receivables  | 15,170          |
| Cash and cash equivalents  | 24,813          |
| <b>Assets disposed of</b>  | <b>54,581</b>   |
| Trade payables   | 876             |
| Accruals and other payables  | 16,705          |
| <b>Liabilities disposed of</b>   | <b>17,581</b>   |
| Net assets disposed of   | 37,000          |
| Reclassification of cumulative translation reserve upon disposal of<br>Big Data Centre Services in PRC operation to profit or loss | 3,398           |
|  | <b>40,398</b>   |
| Loss on disposal   | (3,398)         |
| <b>Total consideration</b>   | <b>37,000</b>   |
| Net cash inflow arising on disposal:   |                 |
| Total cash consideration received during the period ended 30 June<br>2023  | 35,182          |
| Cash and cash equivalents disposed of  | (24,813)        |
|  | <b>10,369</b>   |

**Cash flows from Big Data Centre Services in PRC operation**

|  | Six-month period<br>ended 30 June 2023<br>(Unaudited)<br><i>HK\$'000</i> |
|--|--|
| Net cash flows generated from investing activities | 10,369   |
| Net increase in cash and cash equivalents          | 10,369   |



## 10. LOSS PER SHARE

### From continuing operations

The calculation of the basic and diluted earnings per share is based on the following:

|   | Six-month period ended<br>30 June |                                 |
|---|-----------------------------------|---------------------------------|
|   | 2024<br>(Unaudited)<br>HK\$'000   | 2023<br>(Unaudited)<br>HK\$'000 |
| Loss  |                                   |                                 |
| Loss for the period attributable to owners of the Company                                       | (2,898)                           | (8,869)                         |
| Less: loss for the period from discontinued operations attributable to owners of the Company    | –                                 | (3,398)                         |
| Loss for the purpose of calculating basic and diluted loss per share from continuing operations | (2,898)                           | (5,471)                         |

|  | Six-month period ended<br>30 June |                             |
|--|-----------------------------------|-----------------------------|
|  | 2024<br>(Unaudited)<br>'000       | 2023<br>(Unaudited)<br>'000 |
| <i>Number of shares</i>  |                                   |                             |
| Weighted average number of ordinary shares in issue during the period for the purposes of the basic and diluted loss per share | 548,409                           | 548,409                     |

No adjustment has been made to the basic loss per share amounts presented for the periods ended 30 June 2024 and 2023 in respect of the impact of the share options outstanding as these options had an anti-dilutive effect on the basic loss per share amounts presented.

### From continuing and discontinued operations

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

|   | Six-month period ended<br>30 June |                                 |
|---|-----------------------------------|---------------------------------|
|   | 2024<br>(Unaudited)<br>HK\$'000   | 2023<br>(Unaudited)<br>HK\$'000 |
| Loss for the period attributable to owners of the Company for the purpose of basic loss per share | (2,898)                           | (8,869)                         |



The denominators used are the same as those detailed above for basic and diluted loss per share from continuing operations.

#### From discontinued operations

The calculation of the basic and diluted loss per share from discontinued operations attributable to the owners of the Company is based on the following data:

|   | Six-month period ended<br>30 June |                                 |
|---|-----------------------------------|---------------------------------|
|   | 2024<br>(Unaudited)<br>HK\$'000   | 2023<br>(Unaudited)<br>HK\$'000 |
| Loss for the period attributable to owners of the Company for the purpose of basic loss per share | N/A                               | (3,398)                         |

The denominators used are the same as those detailed above for basic and diluted loss per share from continuing operations.

For the six-month period ended 30 June 2023, basic and diluted loss per share for the discontinued operation is HK0.62 cents per share.

#### 11. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

During the current interim period, the Group has made approximately HK\$1,559,000 additions in property, plant and equipment (2023: HK\$20,511,000) and recognised approximately HK\$9,097,000 of additions in right-of-use assets (2023: HK\$7,000,000).

During the period ended 30 June 2024, the additions to right-of-use assets include HK\$2,673,000 attributable to the renewal of lease for 1.5-year for a big data center located in Hong Kong, HK\$1,382,000 for 2-year lease of an office in the USA, and HK\$5,042,000 for 2-year leases of live-work spaces in Hong Kong (2023: HK\$1,556,000 attributable to the extension of lease for half year for a big data center located in Hong Kong, HK\$1,381,000 for 2-year lease of an office in Hong Kong, and HK\$4,063,000 for 5-year lease for a big data center located in the USA).



## 12. LOAN AND INTEREST RECEIVABLES

|                               | As at<br>30 June<br>2024<br>(Unaudited)<br>HK\$'000 | As at<br>31 December<br>2023<br>(Audited)<br>HK\$'000 |
|-------------------------------|---|---|
| Fixed – rate loan receivables | 27,246  | 33,000  |
| Interest receivables          | 551   | 2,400   |
|                               | 27,797  | 35,400  |
| Less: Impairment allowance    | (5,157)   | (8,654)   |
|                               | 22,640  | 26,746  |
| Analysed as:                  |   |   |
| Current portion               | 19,893  | 23,848  |
| Non-Current Portion           | 2,747   | 2,898   |
|                               | 22,640  | 26,746  |

As at 30 June 2024, there were two loan receivables outstanding (2023: two). The interest rate and maturity dates of the Group's loan receivables at 30 June 2024 were 10% (2023: 10%) per annum and April 2024 and July 2025 (2023: April 2024 and July 2025) respectively.

One of the loan receivables represented a loan ("**Loan A**") to an independent third party, Bright Topper Limited ("**Bright Topper**"), in the principal amount of HK\$30,000,000 at the interest rate of 10% per annum for a term of two years granted in April 2020. Loan A was guaranteed by Ms. Li Xue ("**Ms. Li**"), a director and sole beneficial owner of Brighten Topper and was secured by a property in PRC held by Ms. Li and any rights and interests derived thereof. In April 2022, the Company extended Loan A for another term of two years with the same term, considering Brighten Topper has paid the interest on time and the property in the PRC has been secured in favour of the Group.

During the period ended 30 June 2024, loan principal of HK\$5,754,000 and accrued interest of HK\$2,250,000 of Loan A has been repaid. At 30 June 2024, the aggregate gross carrying amount of Loan A of HK\$24,798,000 has been past due and the directors of the Company considered Loan A as credit-impaired. Cumulative ECL of HK\$4,905,000 (2023: HK\$8,547,000) was provided after considering the adjustments to reflect loss given default based on the fair value less cost of disposal of the pledged property and costs of realising the pledge.

Reversal of ECL of HK\$3,497,000 (30 June 2023: Nil) on loan and interest receivables was recognised in profit or loss for the current interim period after considering the repayment of total loan principal of HK\$5,754,000 and accrued interest of HK\$2,550,000 during the period ended 30 June 2024.





### 13. TRADE RECEIVABLES

The following is an aged analysis of trade receivables, net of allowance for doubtful debts, presented based on the invoice date at the end of the Reporting Period:

|                      | As at<br>30 June<br>2024<br>(Unaudited)<br>HK\$'000 | As at<br>31 December<br>2023<br>(Audited)<br>HK\$'000 |
|----------------------|---|---|
| Within 30 days       | 4,681   | 4,323   |
| 31 to 90 days        | 898   | 799   |
| 91 to 180 days       | 449   | 3,595   |
| 181 days to 365 days | –   | 1,199   |
|                      | <b>6,028</b>  | <b>9,916</b>  |

As at 30 June 2024, allowance of doubtful debts on trade receivable amount to HK\$797,000 (2023: HK\$3,120,000). Net reversal of impairment loss on trade receivables of HK\$2,324,000 (2023: provision for impairment loss of HK\$1,154,000) was recognised in profit or loss during the period ended 30 June 2024. The net reversal of impairment loss arose mainly as a result of collection of long outstanding trade receivables amount to HK\$9,000,000. These receivables are assessed for impairment allowance based on the historical credit losses experience, forward looking factors and adjusted for factors that are specific to the debtors, including settlement pattern, recent transactions with the Group and length of business relationship.

### 14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

|   | As at<br>30 June<br>2024<br>(Unaudited)<br>HK\$'000 | As at<br>31 December<br>2023<br>(Audited)<br>HK\$'000 |
|---|---|---|
| Electricity deposit                                     | 7,427   | 1,484   |
| Other receivables, net of allowance for credit losses   | 2,293   | 145   |
| Other deposits  | 1,795   | 1,221   |
| Prepayments   | 958   | 438   |
|   | <b>12,473</b>                                       | <b>3,288</b>  |
| Analysis of prepayments, deposits and other receivables |   |   |
| Non-current portion                                     | 6,404   | –   |
| Current portion   | 6,069   | 3,288   |
|   | <b>12,473</b>                                       | <b>3,288</b>  |



## 15. TRADE PAYABLES

The following is an aged analysis of trade payables based on the invoice date issued by the electricity supply company at the end of the Reporting Period:

|                                   | As at<br>30 June<br>2024<br>(Unaudited)<br>HK\$'000 | As at<br>31 December<br>2023<br>(Audited)<br>HK\$'000 |
|-----------------------------------|---|---|
| Trade payables:<br>Within 30 days | 3,063   | 3,026   |

## 16. SHARE CAPITAL

|   | Number of<br>ordinary shares | Share Capital<br>HK\$'000 |
|---|------------------------------|---------------------------|
| Authorised:<br>Ordinary shares of HK\$0.1 each at 31 December 2023<br>and 30 June 2024          | 2,000,000,000                | 200,000                   |
| Issued and fully paid:<br>Ordinary shares of HK\$0.1 each at 1 January 2024 and<br>30 June 2024 | 548,408,822                  | 54,841                    |

## 17. RELATED PARTY TRANSACTIONS

a. During the current interim period, the Group has no related party transaction (2023: Nil).

### b. Compensation of key management personnel

The remuneration of Directors and other members of key management during the Reporting Period is as follows:

|                      | Six-month period ended<br>30 June |                                 |
|----------------------|-----------------------------------|---------------------------------|
|                      | 2024<br>(Unaudited)<br>HK\$'000   | 2023<br>(Unaudited)<br>HK\$'000 |
| Short-term benefits  | 1,257                             | 815                             |
| Share-based payments | –                                 | –                               |
|                      | 1,257                             | 815                             |

## 18. CAPITAL COMMITMENTS

As at the end of the current interim period, the Group has no capital commitments (31 December 2023: Nil).



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

During the Reporting Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

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

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

### Long positions in the shares, underlying shares and debentures of associated corporations of the Company

| Name of Director | Name of associated corporation of the Company | Nature of interest | Number of ordinary shares held | Percentage of shareholding in the associated corporation of the Company |
|------------------|---|--------------------|--------------------------------|---|
|                  |   |                    | (Note 1)                       | (Note 2)  |
| Mr. Li Hongbin   | Manful Kingdom Limited (Note 3)               | Beneficial owner   | 150 (L)                        | 25%   |

Notes:

1. The letter "L" denotes the entity/person's long position in the shares.
2. The percentage of shareholding in the associated corporation of the Company was calculated based on the total number of issued shares of Manful Kingdom Limited as at 30 June 2024, being 600 ordinary shares.
3. As at 30 June 2024, Manful Kingdom Limited held 51.02% direct shareholding interest in the Company and was an associated corporation of the Company within the meaning of Part XV of the SFO.



Save as disclosed above, 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 or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules.

## SHARE OPTION SCHEME

The share option scheme adopted at the annual general meeting of the Company on 18 May 2012 (the “**2012 Share Option Scheme**”) expired on 18 May 2022. The share options granted thereunder prior to the expiry date will continue to be valid and exercisable in accordance with the terms of the 2012 Share Option Scheme.

Movements of share options granted under the 2012 Share Option Scheme during the Reporting Period are set out below:

| Type of participants | Number of share options                   |                                 |                                   |                                |                                   | Outstanding<br>as at<br>30 June<br>2024 | Date of<br>grant | Exercise<br>price | Closing price<br>of the Shares<br>immediately<br>before the<br>date of grant | Exercise<br>period |
|----------------------|---|---------------------------------|-----------------------------------|--------------------------------|-----------------------------------|---|------------------|-------------------|--|--------------------|
|                      | Outstanding<br>as at<br>1 January<br>2024 | Granted<br>during<br>the period | Exercised<br>during<br>the period | Lapsed<br>during<br>the period | Cancelled<br>during<br>the period |   |                  |                   |  |                    |
|                      |   | (Note 4)                        | (Note 4)                          | (Note 4)                       | (Note 4)                          |   |                  |                   |  |                    |
| Employees            | 50,000                                    | -                               | -                                 | -                              | -                                 | 50,000                                  | 01.04.2019       | 1.10              | 1.02   | Note 1             |
|                      | 50,000                                    | -                               | -                                 | -                              | -                                 | 50,000                                  | 10.08.2020       | 0.26              | 0.26   | Note 2             |
| Sub-total:           | 100,000                                   | -                               | -                                 | -                              | -                                 | 100,000                                 |                  |                   |  |                    |
| Others (Note 3)      | 13,233,600                                | -                               | -                                 | -                              | -                                 | 13,233,600                              | 01.04.2019       | 1.10              | 1.02   | Note 1             |
|                      | 16,900,000                                | -                               | -                                 | -                              | -                                 | 16,900,000                              | 10.08.2020       | 0.26              | 0.26   | Note 2             |
| Sub-total:           | 30,133,600                                | -                               | -                                 | -                              | -                                 | 30,133,600                              |                  |                   |  |                    |
| <b>Total:</b>        | <b>30,233,600</b>                         | <b>-</b>                        | <b>-</b>                          | <b>-</b>                       | <b>-</b>                          | <b>30,233,600</b>                       |                  |                   |  |                    |



*Notes:*

1. The share options granted on 1 April 2019 are exercisable for a period of ten years from the date of grant which are subject to the vesting period as follows:
  - (a) 33.32% of the share options will be vested on, and exercisable from, the date of grant to the expiry of the option period (both days inclusive);
  - (b) a further 33.32% of the share options will be vested on, and exercisable from, the first anniversary of the date of grant to the expiry of the option period (both days inclusive); and
  - (c) the remaining 33.36% of the share options will be vested on, and exercisable from, the second anniversary of the date of grant to the expiry of the option period (both days inclusive).
2. The share options granted on 10 August 2020 are exercisable for a period of ten years from the date of grant which are subject to the vesting period as follows:
  - (a) 33.29% of the share options will be vested on, and exercisable from, the date of grant to the expiry of the option period (both days inclusive);
  - (b) a further 33.29% of the share options will be vested on, and exercisable from, the first anniversary of the date of grant to the expiry of the option period (both days inclusive); and
  - (c) the remaining 33.42% of the share options will be vested on, and exercisable from, the second anniversary of the date of grant to the expiry of the option period (both days inclusive).
3. The category "Others" represents the consultants of the Group. Consultants are individuals who rendered consultancy services in respect of the business development to the Group without receiving any compensation. The Group granted share options to them for recognising their services similar to those rendered by employees of the Group.
4. During the Reporting Period, no share options were granted, exercised, lapsed or cancelled under the 2012 Share Option Scheme.
5. The fair values of the share options were calculated using the Binomial Tree model. The inputs to the model were as follows:

|  | <b>Share options<br/>granted on<br/>10 August 2020</b> | <b>Share options<br/>granted on<br/>1 April 2019</b> |
|--|--|--|
| Weighted average share price (HK\$)    | 0.26   | 1.1  |
| Weighted average exercise price (HK\$) | 0.26   | 1.1  |
| Expected volatility                    | 87.11%   | 75.86%   |
| Risk free rate                         | 0.27%  | 1.40%  |
| Expected dividend yield                | 0.00%  | 0.00%  |



At the extraordinary general meeting of the Company held on 28 December 2022, the shareholders of the Company approved the adoption of a new share option scheme (the “**2022 Share Option Scheme**”) under which the Directors may grant share options to eligible persons to subscribe for the Shares, subject to the terms and conditions as stipulated therein. Unless otherwise cancelled or amended, the 2022 Share Option Scheme will remain valid for a period of 10 years from the date of its adoption.

No share options had been granted under the 2022 Share Option Scheme since its adoption and up to 30 June 2024. As at 1 January 2024 and 30 June 2024, the total number of options available for grant under the scheme mandate and the service provider sublimit of the 2022 Share Option Scheme was 54,840,882.

During the Reporting Period, the number of shares that may be issued in respect of options under all schemes of the Company was 30,233,600. During the Reporting Period, the weighted average number of ordinary shares in issue was 548,409,000. As such, during the Reporting Period, the number of shares that may be issued in respect of options under all schemes of the Company divided by the weighted average number of ordinary shares in issue was approximately 5.51%.



## SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2024, the interests or short positions of every person (other than the Directors and chief executive of the Company) in the shares (the "Shares") and underlying Shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO and the amount of such interests and short positions were as follows:

| Name                                      | Capacity/<br>Nature of interest    | Number of<br>Shares held/<br>interested in<br><i>(Note 1)</i> | Approximate<br>percentage of<br>total issued<br>Shares<br><i>(Note 2)</i> |
|---|------------------------------------|---|---|
| Manful Kingdom Limited                    | Beneficial owner                   | 279,815,740 (L)   | 51.02%  |
| Mr. Fu Jiepin <i>(Note 3)</i>             | Interest in controlled corporation | 279,815,740 (L)   | 51.02%  |
| Ms. Xia Bing <i>(Note 4)</i>              | Interest of spouse                 | 279,815,740 (L)   | 51.02%  |
| Beyond Power Global Limited               | Beneficial owner                   | 48,195,605 (L)  | 8.79%   |
| Mr. Yeung Hin Ming, Bosco <i>(Note 5)</i> | Interest in controlled corporation | 48,195,605 (L)  | 8.79%   |

### Notes:

1. The letter "L" denotes the entity/person's long position in the Shares.
2. The approximate percentage of total issued Shares was calculated based on the total number of issued Shares as at 30 June 2024, being 548,408,822 Shares.
3. As at 30 June 2024, Manful Kingdom Limited held 279,815,740 Shares as beneficial owner. Mr. Fu Jiepin held 35% direct interest in Manful Kingdom Limited. Therefore, Mr. Fu Jiepin was deemed to be interested in 279,815,740 Shares through his controlled corporation, Manful Kingdom Limited, under the SFO.



4. Ms. Xia Bing is the spouse of Mr. Fu Jiepin. Accordingly, as at 30 June 2024, Ms. Xia Bing was deemed to be interested in the Shares in which Mr. Fu Jiepin was interested under the SFO.
5. As at 30 June 2024, Beyond Power Global Limited held 48,195,605 Shares as beneficial owner. Mr. Yeung Hin Ming, Bosco held 100% direct interests in Beyond Power Global Limited. Therefore, Mr. Yeung Hin Ming, Bosco was deemed to be interested in 48,195,605 Shares through his controlled corporation, Beyond Power Global Limited, under the SFO.

Save as disclosed above, as at 30 June 2024, no other interests or short positions in the Shares or underlying Shares of the Company had been recorded in the register required to be kept under section 336 of the SFO.

## INTERESTS IN COMPETING BUSINESS

During the Reporting Period, none of the Directors, the controlling shareholders of the Company or their respective close associates (as defined in the GEM Listing Rules) had interest in any business which competes or may compete with the business of the Group and any other conflicts of interest with the Group.

## DIRECTORS' AND CONTROLLING SHAREHOLDERS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

There were no transaction, arrangement or contract of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director or an entity connected with a Director had a material interest, whether directly or indirectly, subsisted during or at the end of the Reporting Period, nor were there any other contracts of significance in relation to the Group's business between the Company or any of its subsidiaries and a controlling shareholder or any of its subsidiaries, subsisted at the end of the Reporting Period or at any time during the Reporting Period.

## CORPORATE GOVERNANCE PRACTICES

The Company recognises the importance of good corporate governance to safeguard the interest of the Company's shareholders (the **"Shareholders"**) and achieved these by an effective board, segregation of duties with clear accountability, sound internal controls, appropriate risk assessment procedures and transparency to all the Shareholders. So far as known to the Directors, there has been no material deviation from the Code Provisions in the Corporate Governance Code (the **"CG Code"**) set out in Part 2 of appendix C1 to the GEM Listing Rules during the Reporting Period, save for the code provision D.1.2 of the CG Code as noted hereunder.





Under the code provision D.1.2 of the CG Code, the management of the Company should provide all members of the board of directors of the Company with monthly updates to enable the board of directors of the Company as a whole and each director to discharge their duties. Although the management of the Company has not provided the Board with monthly updates during the Reporting Period, the Company has based on business situation, provided the Board, from time to time, with updated business information giving a balanced and understandable assessment of the Company's performance, position and prospects in sufficient detail to enable the Board as a whole and each Director to discharge their duties under Rule 5.01 and Chapter 17 of the GEM Listing Rules.

The Board will continue to review and monitor the corporate governance practices of the Company to ensure compliance with the CG Code and maintain high standard of corporate governance practices.

The Company has established an audit committee, a remuneration committee and a nomination committee to ensure maintenance of a high corporate governance standard. Terms of reference of the aforesaid committees have been posted on the Company's website at [www.cryptoflowhk.com](http://www.cryptoflowhk.com) under the "Corporate Governance" section.

## SECURITIES DEALINGS BY DIRECTORS

The Company has adopted its own code for dealing in the Company's securities by Directors who are likely to be in possession of inside information in relation to the securities of the Company ("**Code of Securities Dealings**") on terms no less exacting than the required standards set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company has received confirmation from all Directors that they have complied with the required standards set out in the Code of Securities Dealings throughout the Reporting Period.



## REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated financial statements for the six-month period ended 30 June 2024 are unaudited, but have been reviewed by the Company's auditor, Moore CPA Limited, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants, whose unmodified review report is set out on pages 13 to 14 of this interim report.

The Company has an audit committee, which was established for the purposes of reviewing and providing supervision over the Company's financial reporting process and overseeing the Group's risk management and internal controls. It also reviews the effectiveness of the audit process and risk evaluation. The audit committee of the Company (the "**Audit Committee**") comprises three independent non-executive Directors, namely Mr. Sun Yuqiang (chairman of the Audit Committee), Mr. Chu, Howard Ho Hwa and Mr. Tong, I Tony. The condensed consolidated financial statements for the six-month period ended 30 June 2024 have also been reviewed by the Company's Audit Committee.

By order of the Board  
**Crypto Flow Technology Limited**  
**Huang Yibin**  
*Chief Executive Officer and Executive Director*

Hong Kong, 23 August 2024

*As at the date of this report, the executive Directors are Mr. Li Hongbin (Chairman), Mr. Huang Yibin (Chief Executive Officer) and Ms. Xiong Jiayan; and the independent non-executive Directors are Mr. Sun Yuqiang, Mr. Chu, Howard Ho Hwa and Mr. Tong, I Tony.*