



BYTE META

Byte Metaverse Holdings Limited

(Incorporated in the Cayman Islands with Limited Liability)

Stock Code: 8645

2024/2025

INTERIM REPORT



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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.

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*This interim report, for which the directors (the “**Directors**”) of Byte Metaverse Holdings 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 and its subsidiaries (collectively referred to as the “**Group**”). The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this interim 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 interim report misleading.*

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Yu Decai (*Chairman and
Chief Executive officer*)
Mr. Hu Mingdai

Non-executive Director

Ms. Jin Yangyang

Independent Non-executive Directors

Dr. Tsoi Chi Chuen Cheney
Mr. Ng Der Sian
Ms. Zheng Li Ping

AUDIT COMMITTEE

Mr. Ng Der Sian (*Chairman*)
Dr. Tsoi Chi Chuen Cheney
Ms. Jin Yangyang
Ms. Zheng Li Ping

NOMINATION COMMITTEE

Ms. Zheng Li Ping (*Chairman*)
Mr. Ng Der Sian
Mr. Yu Decai

REMUNERATION COMMITTEE

Dr. Tsoi Chi Chuen Cheney (*Chairman*)
Mr. Ng Der Sian
Mr. Yu Decai

COMPANY SECRETARY

Ms. Wong Po Lam (CPA)

AUTHORISED REPRESENTATIVES

Ms. Wong Po Lam (CPA)
Mr. Yu Decai

COMPLIANCE OFFICER

Mr. Yu Decai

AUDITOR

Forvis Mazars CPA Limited
(Formerly known as Mazars CPA
Limited)
Certified Public Accountants
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HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN MALAYSIA

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Melaka, Malaysia

PRINCIPAL PLACE OF BUSINESS IN THE PEOPLE'S REPUBLIC OF CHINA (THE "PRC")

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Shenzhen, the PRC

PRINCIPAL BANKERS

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Hong Kong

Malayan Bank Berhad
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Kuala Lumpur, Malaysia

China Merchants Bank Co., Ltd.
Anlian Building
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Shenzhen, the PRC

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Ocorian Trust (Cayman) Limited
Windward 3, Regatta Office Park
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HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor
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STOCK CODE

8645

WEBSITE OF THE COMPANY

byte-metaverse.com

FINANCIAL HIGHLIGHTS

FINANCIAL HIGHLIGHTS

- The Group's revenue for the six months ended 31 December 2024 amounted to approximately HK\$63,889,000, representing an increase of approximately HK\$13,215,000 or 26.1% as compared with that of the corresponding period in the prior year.
- Gross profit for the six months ended 31 December 2024 decreased by approximately HK\$7,312,000 or 50.3% to approximately HK\$7,213,000.
- Loss per share of the Company for the six months ended 31 December 2024 was approximately HK1.03 cents (*Six months ended 31 December 2023: approximately HK1.84 cents*).
- The Directors do not recommend the payment of any dividend for the six months ended 31 December 2024 (*Six months ended 31 December 2023: Nil*).

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Six months ended 31 December	
	Notes	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Revenue	4	63,889	50,674
Cost of sales and services		(56,676)	(36,149)
Gross profit		7,213	14,525
Other income	5	630	337
Other gain and losses, net	6	5,496	186
Selling expenses		(1,351)	(5,209)
Administrative and other operating expenses		(19,491)	(19,465)
Finance costs	7	(175)	(230)
Share of results of associates		15	(1,751)
Loss before tax	7	(7,663)	(11,607)
Income tax credit	8	343	588
Loss for the period		(7,320)	(11,019)
Other comprehensive income for the period			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Release of exchange reserve upon disposal of subsidiaries	16	(59)	–
Exchange difference arising on translation of foreign operations		2,620	1,003
		2,561	1,003
Total comprehensive expenses for the period		(4,759)	(10,016)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME

		Six months ended 31 December	
	Note	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
(Loss) Profit for the period attributable to:			
Equity holders of the Company		(7,442)	(11,024)
Non-controlling interests		122	5
		(7,320)	(11,019)
Total comprehensive (expenses) income attributable to:			
Equity holders of the Company		(4,900)	(10,025)
Non-controlling interests		141	9
		(4,759)	(10,016)
Loss per share for loss attributable to equity holders of the Company			
Basic and diluted	10	(1.03) cents	(1.84) cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	At 31 December 2024 HK\$'000 (Unaudited)	At 30 June 2024 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	11	19,963	26,933
Interests in associates		4,018	4,003
Cryptocurrencies	12	234	195
Deposits paid for property, plant and equipment	13	5,552	5,295
Deferred tax assets		3,809	3,340
		33,576	39,766
Current assets			
Inventories		8,734	11,398
Contract costs		1,142	1,089
Trade and other receivables	13	75,218	32,577
Tax recoverable		3,801	3,532
Pledged bank deposits		4,985	4,754
Restricted bank deposits		–	8,691
Bank balances and cash		31,086	31,501
		124,966	93,542
Current liabilities			
Trade and other payables	14	82,086	50,470
Interest-bearing borrowings and bank overdrafts		3,641	4,930
Lease liabilities		774	1,950
		86,501	57,350
Net current assets		38,465	36,192
Total assets less current liabilities		72,041	75,958

CONDENSED CONSOLIDATED STATEMENT OF
FINANCIAL POSITION

	Notes	At 31 December 2024 HK\$'000 (Unaudited)	At 30 June 2024 HK\$'000 (Audited)
Non-current liabilities			
Trade and other payables	14	5,529	4,521
Interest-bearing borrowings and bank overdrafts		201	219
Lease liabilities		679	827
		6,409	5,567
NET ASSETS		65,632	70,391
Capital and reserves			
Share capital	15	7,200	7,200
Reserves		57,866	62,766
Equity attributable to equity holders of the Company		65,066	69,966
Non-controlling interests		566	425
TOTAL EQUITY		65,632	70,391

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2024

	Attributable to equity holders of the Company						Non-controlling interests HK\$'000	Total equity HK\$'000
	Share capital (Note 15) HK\$'000	Share premium HK\$'000	Merger reserve HK\$'000	Statutory reserve HK\$'000	Exchange reserve HK\$'000	Accumulated profits (losses) HK\$'000		
At 1 July 2023 (audited)	6,000	89,085	(31,712)	3,441	(6,527)	13,629	73,916	357
(Loss) Profit for the period	-	-	-	-	-	(11,024)	(11,024)	5
Other comprehensive income for the period: <i>Items that may be reclassified subsequently to profit or loss:</i> Exchange difference arising on translation of foreign operations	-	-	-	-	999	-	999	4
Total comprehensive income (expenses) for the period	-	-	-	-	999	(11,024)	(10,025)	9
Transactions with owner <i>Contributions and distributions</i> Transfer to statutory reserve	-	-	-	3	-	(3)	-	-
At 31 December 2023 (unaudited)	6,000	89,085	(31,712)	3,444	(5,528)	2,602	63,891	366
At 1 July 2024 (audited)	7,200	113,509	(31,712)	3,442	(7,244)	(15,229)	69,966	425
(Loss) Profit for the period	-	-	-	-	-	(7,442)	(7,442)	122
Other comprehensive (expense) income for the period: <i>Items that may be reclassified subsequently to profit or loss:</i> Release of exchange reserve upon disposal of subsidiaries (Note 16) Exchange difference arising on translation of foreign operations	-	-	-	-	(59)	-	(59)	(59)
	-	-	-	-	2,601	-	2,601	19
Total other comprehensive income for the period	-	-	-	-	2,542	-	2,542	19
Total comprehensive income (expenses) for the period	-	-	-	-	2,542	(7,442)	(4,900)	141
Transactions with owner <i>Contributions and distributions</i> Transfer to statutory reserve	-	-	-	4	-	(4)	-	-
Release of statutory reserve upon disposal of subsidiaries	-	-	-	(3,441)	-	(3,441)	-	-
At 31 December 2024 (unaudited)	7,200	113,509	(31,712)	5	(4,702)	(19,234)	(65,066)	566

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 31 December	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
OPERATING ACTIVITIES		
Cash generated from (used in) operations	4,833	(5,788)
Income tax paid	(208)	(315)
Net cash generated from (used in) operating activities	4,625	(6,103)
INVESTING ACTIVITIES		
Interest received	101	230
Purchase of property, plant and equipment	(3,708)	(4,708)
Placement of pledged bank deposits	–	(80)
Proceed from disposal of property, plant and equipment	2	202
Net cash outflow arising from disposal of subsidiaries (Note 16)	(154)	–
Net cash used in investing activities	(3,759)	(4,356)
FINANCING ACTIVITIES		
Interest paid	(175)	(230)
Repayment of interest-bearing borrowings	(28)	(25)
Repayment of lease liabilities	(1,038)	(1,407)
Net cash used in financing activities	(1,241)	(1,662)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 31 December	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Net decrease in cash and cash equivalents	(375)	(12,121)
Cash and cash equivalents at the beginning of the reporting period	26,622	16,844
Effect of foreign exchange rate change, net	1,255	207
Cash and cash equivalents at the end of the reporting period	27,502	4,930
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	31,086	9,027
Bank overdrafts	(3,584)	(4,097)
	27,502	4,930

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 31 December 2024

1. GENERAL INFORMATION

Byte Metaverse Holdings Limited (the “**Company**”) was incorporated as an exempted company with limited liability in the Cayman Islands on 5 June 2018, and its shares were listed on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 9 December 2019 (the “**Listing**”).

The Company is an investment holding company. The Company together with its subsidiaries (hereinafter collectively referred to as the “**Group**”) are principally engaged in rendering of (i) network support services mainly encompassing network infrastructure design and hardware installation, network management and security services; (ii) network connectivity services that focus on providing intranet and internet connectivity solutions and value-added services; (iii) electronic commerce (“**E-Commerce**”) services; and (iv) online game intellectual property (IP) authorisation management services.

The addresses of the registered office and the principal place of business of the Company are disclosed in the section “Corporate Information” section of this interim report.

2. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 31 December 2024 (the “**Interim Consolidated Financial Statements**”) have been prepared in accordance with International Financial Reporting Standards (“**IFRSs**”) issued by the International Accounting Standards Board (“**IASB**”), which collective term includes all applicable individual IFRSs, International Accounting Standards (“**IASs**”) and Interpretations issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance. The Interim Consolidated Financial Statements also comply with the applicable disclosure requirements of the Rule Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”).

The Interim Consolidated Financial Statements are presented in Hong Kong Dollars (“**HK\$**”) and all amounts have been rounded to the nearest thousand (“**HK\$’000**”), unless otherwise indicated.

2. BASIS OF PREPARATION (CONTINUED)

The preparation of the Interim Consolidated Financial Statements requires the management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, incomes and expenses on a year to date basis. Actual results may differ from these estimates.

The Interim Consolidated Financial Statements include an explanation of events and transactions that are significant to an understanding of the changes in financial performance of the Group since 1 July 2024 and, therefore, do not include all of the information required for full set of financial statements prepared in accordance with the IFRSs. They shall be read in conjunction with the audited consolidated financial statement of the Group for the year ended 30 June 2024 included in the annual report of the Company dated 27 September 2024 (the **“Annual Report 2023/2024”**).

The Interim Consolidated Financial Statements have been prepared on the historical cost basis. Except for changes in accounting policies resulting from adoption of new or revised IFRSs, the accounting policies and methods of computation applied in the preparation of the Interim Consolidated Financial Statements are consistent with the Annual Report 2023/2024.

In the current period, the Group has applied, for the first time, the following new/revised IFRSs issued by the IASB which are mandatory effective for the annual period beginning on or after 1 January 2024 for the preparation of the Group's Interim Consolidated Financial Statements.

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

The new/revised IFRSs does not have any material effect on the amounts reported and/or disclosures set out in the Interim Consolidated Financial Statements.

The Group has not early adopted any new or revised IFRSs that has been issued but not yet effective in the current accounting period.

The Interim Consolidated Financial Statements have not been audited by the Company's independent auditor but have been reviewed by the audit committee of the Board (the **“Audit Committee”**) and were approved for issue by the Board.

3. SEGMENT INFORMATION

The executive Directors determine its operating segments based on the internal management reports prepared in accordance with accounting policies conform to IFRSs that are regularly reviewed by the executive Directors, being identified as the chief operating decision maker (“**CODM**”), for the purpose of resources allocation and assessment of segment performance based on products and services offered by the Group to the customers. The CODM considers that the operating segments of the Group comprise:

- (i) network support services and network connectivity services in Malaysia and the PRC;
- (ii) E-Commerce in the PRC; and
- (iii) online game IP authorisation management in the PRC.

Segment results, which are the measures reported to CODM for the purposes of resources allocation and assessment of segment performance, represent the profit earned or loss incurred by each segment without allocation of general administrative expenses incurred by corporate office and income tax.

The Group’s geographical segments regarding revenue is attributed to the segments based on the location where services are provided.

No analysis of the Group’s assets and liabilities by operating segments is presented as it is not regularly provided to the CODM for review.

NOTES TO CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS
For the six months ended 31 December 2024

3. SEGMENT INFORMATION (CONTINUED)

The segment information provided to the CODM of the Company for the reportable segments for the six months ended 31 December 2024 and 2023 is as follows:

	Network support services and network connectivity services HK\$'000 (Unaudited)	E-Commerce HK\$'000 (Unaudited)	Online game IP authorisation management HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Six months ended 31 December 2024				
Primary geographical markets				
Malaysia	36,554	-	-	36,554
The PRC	-	8,960	18,375	27,335
Reportable segment revenue	36,554	8,960	18,375	63,889
Reportable segment (loss) profit	(5,051)	2,316	(136)	(2,871)
Other information:				
Gain on disposal of subsidiaries (Note 16)	-	5,461	-	5,461
Six months ended 31 December 2023				
Primary geographical markets				
Malaysia	35,239	-	-	35,239
The PRC	1,082	8,138	6,215	15,435
Reportable segment revenue	36,321	8,138	6,215	50,674
Reportable segment (loss) profit	(4,541)	(2,660)	29	(7,172)

Reconciliation of reportable segment results

	Six months ended 31 December	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Reportable segment loss	(2,871)	(7,172)
Unallocated income	16	3
Unallocated expenses	(4,808)	(4,438)
Loss before tax	(7,663)	(11,607)

NOTES TO CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS

For the six months ended 31 December 2024

4. REVENUE

	Six months ended 31 December	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Revenue from contracts with customers within IFRS 15		
Advertising income	794	8,091
Online game IP authorisation management	18,375	6,215
Sales of E-Commerce	3,462	47
Sales of hardware	3,620	1,805
Sales of social media exposure	4,703	–
Rendering of services		
– On-site installation of hardware	702	1,161
– Network management and security services	4,219	5,031
– Network connectivity services	24,206	24,543
	60,081	46,893
Revenue from other sources		
Revenue from lease of hardware under operating lease with fixed lease payments	3,808	3,781
	63,889	50,674
Timing of revenue recognition under IFRS 15		
At a point in time	30,954	16,158
Over time	29,127	30,735
	60,081	46,893

NOTES TO CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS
For the six months ended 31 December 2024

5. OTHER INCOME

	Six months ended 31 December	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Interest income from bank deposits	101	98
Government subsidies (<i>Note</i>)	1	2
Others	528	237
	630	337

Note: In the opinion of the management of the Group, there was no unfulfilled condition or contingency relating to the government subsidies.

6. OTHER GAIN AND LOSSES, NET

	Six months ended 31 December	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Gain on disposal of property, plant and equipment	1	197
Gain on disposal of subsidiaries (<i>Note 16</i>)	5,461	–
Write-off of property, plant and equipment	–	(9)
Foreign exchange gain (loss), net	69	(2)
Others	(35)	–
	5,496	186

NOTES TO CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS

For the six months ended 31 December 2024

7. LOSS BEFORE TAX

This is stated after (crediting) charging:

	Six months ended 31 December	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
<i>Finance costs</i>		
Interest expenses on interest-bearing borrowings and bank overdrafts	128	117
Interest expenses on lease liabilities	47	113
	175	230
<i>Staff costs (including directors' emoluments)</i>		
Salaries, discretionary bonus, allowances and other benefits in kind	9,197	12,893
Contributions to defined contribution plans	868	1,741
	10,065	14,634
<i>Other items</i>		
Amortisation of contract costs	335	476
Cost of inventories	10,455	1,747
Depreciation of property, plant and equipment	10,603	10,216
(Reversal of) Provision for impairment loss of cryptocurrencies	(39)	241
Research and development costs (<i>Note</i>)	1,163	4,962

Note: Research and development costs recognised as expenses included amounts relating to staff costs and depreciation of property, plant and equipment, which are also included in the respective expenses disclosed separately above.

8. INCOME TAX CREDIT

	Six months ended 31 December	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Current tax		
Malaysia Corporate Income Tax ("CIT"):		
Current period	110	48
Under provision in prior year	–	19
PRC Enterprise Income Tax ("EIT")		
(Over) Under provision in prior year	(142)	101
	(32)	168
Deferred tax		
Change in temporary differences	(311)	(756)
Total income tax credit	(343)	(588)

The Group entities established in the Cayman Islands and the British Virgin Islands (the "BVI") are exempted from income tax.

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in or derived from Hong Kong during the six months ended 31 December 2024 and 2023.

For the six months ended 31 December 2024 and 2023, Malaysia CIT is calculated at the rate of 24% of the Group's estimated assessable profits arising from Malaysia, as the Group is a non-resident company with more than 20% of its paid-up capital being owned, directly or indirectly, by a foreign company or non-Malaysian citizen.

For the six months ended 31 December 2024 and 2023, the Group's subsidiaries established in the PRC are subject to PRC EIT at 25% of the estimated assessable profits for the year based on the existing legislation, interpretations and practices in respect thereof.

Deferred tax includes temporary differences arising from the contract costs, contract liabilities, capital allowances, accelerated accounting depreciation and tax losses.

9. DIVIDENDS

The Directors do not recommend the payment of any dividend for the six months ended 31 December 2024 (*Six months ended 31 December 2023: Nil*).

10. LOSS PER SHARE

The calculation of basic loss per share for loss attributable to equity holders of the Company is based on the following information:

	Six months ended 31 December	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Loss the period attributable to equity holders of the Company, used in basic and diluted loss per share calculation	(7,442)	(11,024)

	Number of shares	
	2024	2023
Weighted average number of ordinary shares for basic and diluted loss per share calculation	720,000,000	600,000,000

Diluted loss per share is the same as basic loss per share as there are no dilutive potential ordinary shares in existence during the six months ended 31 December 2024 and 2023.

11. PROPERTY, PLANT AND EQUIPMENT

- (a) During the six months ended 31 December 2024, the Group acquired items of property, plant and equipment with a cost of approximately HK\$3,708,000 (*Six months ended 31 December 2023: approximately HK\$4,708,000*). Items of property, plant and equipment with a total carrying amount of approximately HK\$1,000 were disposed or written-off during the six months ended 31 December 2024 (*Six months ended 31 December 2023: approximately HK\$14,000*). Item of property, plant and equipment with a total carrying amount of approximately HK\$1,307,000 were transferred out upon disposal of subsidiaries on 30 December 2024 (*Note 16*).
- (b) During the six months ended 31 December 2024, the Group entered into leases for the use of two years with the right-of-use assets amounted to approximately HK\$1,175,000 (*Six months ended 31 December 2023: approximately HK\$2,237,000*).

12. CRYPTOCURRENCIES

	At 31 December 2024 HK\$'000 (Unaudited)	At 30 June 2024 HK\$'000 (Audited)
XDagger		
At the beginning of the reporting period	195	994
Reversal of (Provision for) impairment loss	39	(799)
At the end of the reporting period	234	195

On 30 October 2022, the Group purchased a total of approximately 8,353,000 units of XDAG (XDagger) on the cryptocurrency trading platform in open market at an aggregate consideration of approximately HK\$1,000,000.

The Group carries out impairment test for cryptocurrencies with indefinite useful lives by comparing their recoverable amounts to their carrying amounts at the end of each reporting period. The recoverable amount of the cryptocurrencies are determined based on fair value less costs of disposal. In determining the fair values, the relevant available markets are identified by the Group, and the Group consider accessibility to, and activity within those markets in order to identify the principal cryptocurrency markets for the Group. The fair value of XDagger traded in active markets (such as trading and exchange platforms) is determined based on quoted market prices at the end of the reporting period.

NOTES TO CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS

For the six months ended 31 December 2024

12. CRYPTOCURRENCIES (CONTINUED)

At 31 December 2024, the Group carried out an impairment test for XDagger. Based on the impairment test, the recoverable amount of XDagger was higher than the carrying amount, therefore and reversal of impairment loss of approximately HK\$39,000 was recognised in profit or loss by the Group for the six months ended 31 December 2024.

13. TRADE AND OTHER RECEIVABLES

		At 31 December 2024 HK\$'000 (Unaudited)	At 30 June 2024 HK\$'000 (Audited)
	Note		
Billed trade receivables			
– Goods and services		22,978	17,940
– Operating lease receivables		2,306	1,720
Less: Loss allowances		(149)	(447)
		25,135	19,213
Unbilled trade receivables (Note)			
– Goods and services		3,560	5,152
– Operating lease receivables		1,074	2,785
		4,634	7,937
Total trade receivables	13(a)	29,769	27,150
Other receivables		4,383	2,315
Deposits paid for property, plant and equipment	13(b)	5,552	5,295
Refundable deposits	13(c)	24,377	591
Prepayments	13(c)	16,689	3,425
Less: Loss allowances		–	(901)
		80,770	37,872

13. TRADE AND OTHER RECEIVABLES (CONTINUED)

	At 31 December 2024 HK\$'000 (Unaudited)	At 30 June 2024 HK\$'000 (Audited)
Current	75,218	32,577
Non-current	5,552	5,295
	80,770	37,872

Note: Unbilled trade receivables represent the remaining balances of receivables for services rendered but not yet billed at the end of reporting period.

(a) Trade receivables from third parties

The Group normally grants credit period of 30 days, from the date of issuance of invoices, to its customers.

The ageing analysis of trade receivables, net of loss allowances, based on invoice date at the end of the reporting period is as follows:

	At 31 December 2024 HK\$'000 (Unaudited)	At 30 June 2024 HK\$'000 (Audited)
Within 30 days	10,553	5,771
31 to 60 days	4,051	2,570
61 to 90 days	1,509	3,109
Over 90 days	9,022	7,763
	25,135	19,213
Not yet billed	4,634	7,937
	29,769	27,150

13. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Trade receivables from third parties (continued)

At the end of the reporting period, the ageing analysis of the trade receivables, net of loss allowances, by due date is as follows:

	At 31 December 2024 HK\$'000 (Unaudited)	At 30 June 2024 HK\$'000 (Audited)
Not yet due	15,116	13,708
Past due:		
Within 30 days	4,122	2,570
31 to 60 days	1,509	3,109
61 to 90 days	276	892
Over 90 days	8,746	6,871
	14,653	13,442
	29,769	27,150

(b) Deposits paid for property, plant and equipment

Deposits paid for property, plant and equipment at 31 December 2024 and 30 June 2024 comprise deposit paid for the purchase of internet services equipment to provide the cloud artificial intelligent computing for coming project. The transaction is expected to be completed on or before 30 June 2025.

13. TRADE AND OTHER RECEIVABLES (CONTINUED)

(c) Refundable deposits and prepayments paid for inventories

Refundable deposits and prepayments at 31 December 2024 comprise refundable deposits paid for the purchase of electronic accessories for resell at HK\$24,000,000 (30 June 2024: Nil) and prepayments for same batch of electronic accessories at approximately HK\$12,756,000 (30 June 2024: Nil), respectively. Pursuant to the agreement entered between Intelligent Digital Human Technology (Shenzhen) Limited* (智慧數字人科技(深圳)有限公司, "Intelligent Digital Human"), an indirect wholly owned subsidiary of the Group and the supplier, an independent third party, the refundable deposits will be refunded upon delivery of first batch of electronic accessories to Intelligent Digital Human.

Up to the date of this interim report, delivery of first batch of electronic accessories was completed and refundable deposits paid for the purchase of electronic accessories for resell at HK\$24,000,000 was fully refunded by the supplier.

* English translation for identification purpose only.

14. TRADE AND OTHER PAYABLES

	Note	At 31 December 2024 HK\$'000 (Unaudited)	At 30 June 2024 HK\$'000 (Audited)
Trade payables to third parties	14(a)	11,957	8,863
Contract liabilities		12,093	12,951
Other payables			
Amount due to a shareholder	14(b)	51,503	12,140
Other payable		6,684	12,153
Accrued expenses		4,760	8,447
Sales and services tax payable		618	437
		63,565	33,177
		87,615	54,991
Current		82,086	50,470
Non-current		5,529	4,521
		87,615	54,991

14. TRADE AND OTHER PAYABLES (CONTINUED)

(a) Trade payables to third parties

The trade payables are interest-free and with normal credit terms ranging from 30 to 60 days.

At the end of the reporting period, the ageing analysis of the trade payables based on invoice date is as follows:

	At 31 December 2024 HK\$'000 (Unaudited)	At 30 June 2024 HK\$'000 (Audited)
0 to 30 days	5,320	3,402
31 to 60 days	1,548	692
61 to 90 days	1,487	784
Over 90 days	3,602	3,985
	11,957	8,863

(b) Amount due to a shareholder

At 31 December 2024, amount due to a shareholder included HK\$946,000 is unsecured, interest-free and repayable on 8 May 2025; approximately HK\$13,800,000 is unsecured, interest-free and repayable on 17 October 2025; approximately HK\$12,757,000 is unsecured, interest-free and repayable on 17 November 2025 and HK\$24,000,000 is unsecured, interest-free and repayable on 23 December 2025.

Up to the date of this interim report, amount due to a shareholder of HK\$24,000,000 was repaid by the Group.

At 30 June 2024, amount due to a shareholder included HK\$9,000,000 is unsecured, interest-free and repayable on 31 December 2024; and approximately HK\$3,140,000 unsecured, interest-free and repayable on 8 May 2025.

15. SHARE CAPITAL

	Number of shares	HK\$	HK\$'000
Ordinary share of HK\$0.01 each			
Authorised:			
At 30 June 2024 (audited) and 31 December 2024 (unaudited)	10,000,000,000	100,000,000	100,000
Issued and fully paid:			
At 30 June 2024 (audited) and 31 December 2024 (unaudited)	720,000,000	7,200,000	7,200

16. DISPOSAL OF SUBSIDIARIES

On 30 December 2024 (after trading hours), the Group disposed the entire equity interests in Michong Technology Information (Shenzhen) Co., Limited* (米虫科技信息（深圳）有限公司, “**Michong (Shenzhen)**”) to an independent third party at a consideration of approximately RMB1 (*equivalent to approximately HK\$1*) (the “**Disposal**”).

Michong (Shenzhen) is a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company, which is principally engaged in investment holding. Michong (Hubei) Technology Industry Co., Ltd.* (米虫（湖北）科技產業有限責任公司) and Michong Technology Information (Shenzhen) Co., Limited* (米虫互聯網絡（武漢）有限公司) are companies incorporated in the PRC with limited liabilities, both of which are wholly-owned subsidiaries of the Michong (Shenzhen) (collectively referred to as the “**Michong (Shenzhen) Group**”) and principally engaged in the E-Commerce business.

Upon completion of the Disposal on 30 December 2024, the Group has no longer held any equity interest in Michong (Shenzhen). Michong (Shenzhen) Group has been ceased to be accounted as subsidiaries of the Group and the financial results of Michong (Shenzhen) Group has been ceased to be consolidated into the financial results of the Group.

* English translation for identification purpose only.

NOTES TO CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS

For the six months ended 31 December 2024

16. DISPOSAL OF SUBSIDIARIES (CONTINUED)

The details of the Disposal are as follows:

	HK\$'000 (Unaudited)
Net assets disposed of	
Property, plant and equipment	1,307
Inventories	62
Trade and other receivables	3,477
Restricted bank deposits	8,504
Bank balances and cash	154
Trade and other payables	(18,617)
Lease liabilities	(289)
	(5,402)
Release of exchange reserve upon disposal of subsidiaries	(59)
Gain on disposal of subsidiaries (<i>Note 6</i>)	5,461
	–

Analysis of net outflow of cash and cash equivalents in respect of the Disposal during the six months ended 31 December 2024 is as follows:

	HK\$'000 (Unaudited)
Cash consideration	–
Cash and cash equivalents disposed of	(154)
	(154)

BUSINESS REVIEW

The Company is an investment holding company and the Group is principally engaged in rendering of (i) network support services which mainly encompass network infrastructure design and hardware installation, network management and security services; (ii) network connectivity services that focus on providing intranet and internet connectivity solutions and value-added services; (iii) E-Commerce; and (iv) online game IP authorisation management services.

The shares of the Company (the “**Shares**”) were successfully listed on GEM of the Stock Exchange on 9 December 2019. The Listing has enhanced the Company’s capital strength and reinforcing the resources for future development as in line with the Group’s long-term objective in becoming one of the influential enterprises and preferred value-added partner in its businesses as well as exploring potential business development with an aim to achieve business growth and maximise the value for the shareholders of the Company (the “**Shareholders**”).

The Group has been actively considering and exploring various opportunities and flexibly changing its business strategies. To keep pace with the PRC’s policy of development of E-Commerce and grasp the business opportunities arisen from the universe of E-Commerce, starting from 2022, the Group has kicked-off the development of the E-Commerce business in the PRC. The Group has also developed a new business, online game IP authorisation management services since November 2023.

E-Commerce Business

The Group ushered in breakthrough development in the E-Commerce business during the six months ended 30 June 2024, which the Group has diversified the E-Commerce business by cooperation with well-known E-Commerce retail services platform and well-known large scale artificial intelligence (AI) company. Except sales of electronic products in E-Commerce platform, the Group has also expanded the E-Commerce business to sales of social media exposure. On the other hand, in view of the poor financial performance and market brand and position, the Group disposed Michong (Shenzhen) Group.

Intelligent Digital Human has obtained the brand distribution authorisation of Guangdong Oppo Mobile Telecommunications Corp., Ltd. (“**Guangdong Oppo Mobile**”), a renowned mobile phone brand company in the PRC, which allows Intelligent Digital Human to sell products such as OPPO/ONEPLUS brand mobile phones, Internet of Things (IoT) products, accessories, audio products, wearables and tablets non-exclusively to Suning.com Co., Ltd., a renowned E-Commerce retail services platform company in the PRC. The agreed term of the brand distribution authorisation is two years from 1 April 2024 to 31 March 2026. During the six months ended 30 June 2024, sales of E-Commerce from cooperation with Guangdong Oppo Mobile contributed revenue of approximately HK\$4,451,000 to the Group (*Six months ended 31 December 2023: Nil*).

The Group has further expanded the E-Commerce business to sales of social media exposure by cooperating with other E-Commerce retail service platforms and well-known large AI company during the six months ended 31 December 2024. The Group purchases activity traffic from large social media companies (such as Douyin, Xiaohongshu, Zhihu, etc.) and distributes it to companies which demand activity or exposure through this type of traffic. Shanghai Moonshot AI Technology Co., Ltd. (上海月之暗面科技有限公司, “**Moonshot AI**”) is one of the customers which is a well-known large-scale AI company in the PRC. Pursuant to the cooperation agreement, Intelligent Digital Human, as a non-exclusive partner of Moonshot AI, provides promotion services for it on third-party social media platforms from 1 October 2024 to 30 September 2025. During the six months ended 30 June 2024, sales of social media exposure contributed revenue of approximately HK\$4,703,000 to the Group (*Six months ended 31 December 2023: Nil*).

Disposal of Michong (Shenzhen) Group

In past years, the Group had operated the E-Commerce business through a developed mobile application “Michong Short Video (米虫短視頻)” (the “**App**”). Except sales of products, the Group had also expanded advertising business through the App, by playing video advertisements for advertisers.

However, live streaming has been rapidly developed and become mainstream of the consumption behavior, the App which links products and massive users through original video content is less attractive to consumers and has lost market competition. The number of registered members in the App has increased slowly and the number of advertisers in the App has decreased, which has led to poor operation performance of Michong (Shenzhen) Group.

In view of the poor financial performance and market brand and position, the Company and the Board considered that there will be a prolonged decrease in operation performance and financial performance of Michong (Shenzhen) Group. Therefore, on 30 December 2024 (after trading hours), China Mebugs Technology Holding Limited (“**China Mebugs**”), an indirect wholly-owned subsidiary of the Company entered into the Agreement with the Purchaser to dispose the entire equity interests in Michong (Shenzhen) at consideration of RMB1 (*equivalent to approximately HK\$1*) (the “**Consideration**”). The Disposal was completed on 30 December 2024.

The Board considered that the Consideration to compose the Disposal is fair and reasonable and in the interest of the Company and the Shareholders as a whole since (i) the Disposal can help eliminate ongoing losses or maintenance costs associated with Michong (Shenzhen) Group, which can improve financial health and stabilising cash flow of the Group; (ii) by getting rid of struggling business, the Company can streamline its operations and focus on other businesses where it has a competitive edge and thus enhance overall performance; and (iii) the Group can dispose of under performing assets to release resources, which allows the Group to reallocate capital to the remaining businesses, which are more profitable to the Group. This results in higher returns for the Company and the Shareholders.

Details of the Disposal are set out in the Company’s announcements dated 30 December 2024 and 21 January 2025. Details of the financial impact upon the Disposal are set out in Note 16 of the Interim Consolidated Financial Statements.

Business plan in the E-Commerce Business

In view of the fierce competition in the sales of domestic consumer electronics products in the PRC and the economic downturn and other factors, sales of E-Commerce has made slow progress than expected. However, we believe that such cooperation offers the Group with business experience for further expansion of cooperation with other renowned brand companies and E-Commerce sales platforms, and lays both the brand and channel foundations for the Group to further develop the E-Commerce business in the PRC. Apart from developing domestic E-Commerce channels, the Group will also continue to explore opportunities to establish cooperative relationships with well-known E-Commerce platforms outside the PRC to strive for more E-Commerce sales channels.

Currently, the Group has also looked for cooperation with mature E-Commerce business teams, especially which has already achieved remarkable results in the field of the E-Commerce business in the market, in order to establish close cooperative relationships based on a business profit sharing model. In addition, the Group will increase headcount on E-Commerce market development personnel to explore more product categories and Internet sales channels in 2025.

Network Support Services and Network Connectivity Services

During the six months ended 31 December 2024, the Group recorded revenue from network support services and network connectivity services segment at approximately HK\$36,554,000 (*Six months ended 31 December 2023: approximately HK\$36,321,000*), all revenue from this segment was derived from the Malaysian market (*Six months ended 31 December 2023: approximately 97.0%*). There was no significant change in this business segment.

In coming years, the Group does not expect to renew the network service provider license (the “**NSP License**”), which is issued by the Malaysian Communications and Multimedia Commission (MCMC) and will expire in January 2030. Pursuant to the Communications and Multimedia Act 1998 (Act 588) of the Malaysian Law, the shareholding of the company who holds the NSP License shall comply with relevant Malaysian foreign investment restrictions, which the ultimate foreign equity holding of the NSP License holder is limited to 49%. Approximately 42.20% and 15.63% of issued share capital of the Company is held by Thrive Harvest Limited (“**Thrive Harvest**”) and Worldtone Riches Investment Limited (“**Worldtone Riches**”), respectively, in which both of Thrive Harvest and Worldtone Riches are wholly-owned by Mr. Yu Decai (“**Mr. Yu**”), a Chinese citizen. Therefore, the Malaysian subsidiary who holds the NSP License (the “**NSP License Holder**”) cannot fulfill the requirement to renew the NSP License. Thus, the NSP License Holder does not expect to renew the NSP License.

Upon expiry of the NSP License, the Group is still eligible to provide non-NSP License related services in Malaysia. For existing contracts including both the NSP License related services and the non-NSP License related services, as the performance obligation of the NSP License related services and the non-NSP related services can be separately individually. The Group is still confident in the negotiation with existing customers on the provision of the non-NSP License related services upon expiry of the NSP License. The Board is in the view that there is no significant effect on the non-NSP License services of the Group.

However, the abandon of NSP License will lead to the significantly decrease in network connectivity service in Malaysia as the Malaysian subsidiary will not be eligible to subscribe for the networks of third-party telecommunication companies so as to leverage their nationwide network infrastructure to provide network connectivity services to customers. During the six months ended 31 December 2024, the revenue and gross profit generated from the NSP License related services amounted at approximately HK\$14,893,000 and approximately HK\$2,112,000, respectively, which represented approximately 40.7% of total revenue and approximately 37.5% of gross profit in this business segment, and approximately 23.3% of total revenue and approximately 29.3% of gross profit of the Group.

Meanwhile, in view of the prolonged decrease in business opportunities in the Malaysian market upon expiry of the NSP License, the Group has also explored markets on the network support services and network connectivity services to the PRC. In past years, the Group cooperated with scattered customers in order to explore market needs and identify the Group's market position in the PRC. After a few years' exploration, the Company is under negotiation of partnership with a leading network service solution provider in the PRC, the proposed collaboration encompasses comprehensive network service solutions, particularly focused on online gaming and digital economy infrastructure. The detailed terms of the agreement are under commercial and legal discussion, which the Company predicts high possibility of reaching a cooperation agreement in the first quarter of 2025. The Company expects to derive revenue from the PRC market in the second quarter of 2025.

Based on the experience of cooperation with the above-mentioned leading network service solution provider in the PRC, except developing network services business in the PRC with cooperation with comparable size of enterprises, the Group will also increase allocation of internal resources, including funds and personnel, to provide network services to online game operating companies together with online game IP authorisation management service.

With expected increment in revenue as well as gross profit of the Group of the remaining businesses in the network support services and network connectivity services segment and other business segments of the Group, the Group believes that impact of abandon of the NSP License on the Group's revenue will be short-lived.

Online Game IP Authorisation Management Services

The Group has developed a new business, online game IP authorisation management services since November 2023 by means of obtaining the sublicensing of the unofficial version of online game "Legend of Mir II" on Personal Computer (PC), which was granted by an independent third party. Through the sublicensing, the Group has generated revenue by IP authorisation of the unofficial version of "Legend of Mir II" and providing relevant IP management services. During the six months ended 31 December 2024, the Group generated revenue of approximately HK\$18,375,000 (*Six months ended 31 December 2023: approximately HK\$6,215,000*) in this business segment.

Currently, the Group has strengthened the formation of the marketing team and is seeking cooperation with more well-known online game development companies in order to obtain IP authorisation for sub-licensing to online game operating companies. The Company will participate in industry events in order to boost the Company's exploration and awareness and also reach out to potential suppliers and customers in the industry.

Development of blockchain technology business

In view of the rapid development of virtual assets globally and in Hong Kong in recent years, the Board is of the opinion that blockchain technology, as well as virtual assets, has the potential to bring about profound changes to the existing financial and technology industries. As such, the Group has devoted its effort and increased its investment in the development of blockchain technology business throughout recent years.

In January 2023, the Group invested in approximately 34.16% of total issued share capital in Million Up Holdings Limited (“**Million Up**”) and Fantastic Adventure Holdings Limited (“**Fantastic Adventure**”), in which Million Up and Fantastic Adventure are associates of the Group upon completion of the investment in January 2023. Yuen Meta (International) Securities Limited (“**Yuen Meta Securities**”), the wholly-owned subsidiary of Million Up (collectively referred to as the “**Million Up Group**”) and Leo Asset Management Limited (“**Leo Asset**”), the wholly-owned subsidiary of Fantastic Adventure (collectively referred to as the “**Fantastic Adventure Group**”) follow up closely on development of virtual assets regulatory framework and the application for additional approvals related to virtual assets exchange and management business. As a strategic investor, the Group has continuously put a best effort basis to support Yuen Meta Securities and Leo Asset to develop the virtual assets related business, including the blockchain technology research and marketing support.

In April 2023, the Company has established an indirect wholly-owned subsidiary in Hong Kong, namely Morwin Blockchain Technology Limited (“**Morwin**”). The scope of Morwin’s principal businesses will include providing global customers with customised solutions on virtual assets trading exchanges, solutions on NFTs trading platforms, as well as consulting services and total solutions regarding matters such as metaverse and cryptocurrencies. Currently, the research & development team has successfully developed a multi-public chain and multi-currency blockchain wallet for preliminary evaluation of virtual asset exchanges.

As disclosed in the announcement of the Company dated 19 February 2024, Bitcoin World Custodian Limited (“**Bitcoin World Custodian**”), a wholly-owned subsidiary of the Group has been granted the trust or company service provider licence under section 53G of the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Chapter 615 of the Laws of Hong Kong) (“**AMLO**”). It is expected that Bitcoin World Custodian will provide custodial services to Bitcoin World Technology Limited (“**Bitcoin World Technology**”), another wholly-owned subsidiary of the Group under the virtual asset platform business when the Licenses (defined in next paragraph) are granted.

Furthermore, as also mentioned in the announcement of the Company dated 22 May 2024, Bitcoin World Technology had submitted relevant applications for the requisite licenses (the “**Licenses**”) to the Securities and Futures Commission of Hong Kong (the “**SFC**”) to carry on Type 1 (dealing in securities) and Type 7 (providing automated trading services) regulated activities in Hong Kong under the Securities and Futures Ordinance (the “**SFO**”) (Chapter 571 of the Laws of Hong Kong), and to carry on the business of operating a virtual asset exchange (virtual asset service) as defined under section 53ZR and Schedule 3B to the AMLO.

Although the application was temporarily returned in November 2024 after the initial review by the SFC, Bitcoin World Technology will further apply and invest sufficient resources based on the opinions raised by the SFC during the application review process, with a view to fulfill the acceptance requirements promptly.

With the continuous efforts and investments having been put in by the Group as mentioned above and leveraging on the Group’s advantages of the blockchain technology accumulated by the Group during the recent years, the Board believes that, subject to the grant of the Licenses, the operation of a virtual asset trading platform by Bitcoin World Technology will create synergies amongst the various business lines of the Group and would allow the Group to strengthen its competitive advantage, improve its operational efficiency as well as to bring in new sources of income to the Group.

PROSPECT

On 11 April 2024, the Company successfully placed 120,000,000 new Shares under general mandate (the “**Placing**”), which generated net proceeds (the “**Net Proceeds from the Placing**”) at approximately HK\$25,624,000 to the Company. The Company allocated approximately HK\$15,600,000 of the Net Proceeds from the Placing to provide funds for application of the Licenses. The Board considers that the Placing represents an opportunity to raise capital for development of the blockchain technology services of the Group, which will enable the Group to strengthen its competitive advantage and improve its operational efficiency.

Beside strengthen existing business segments, the Group will continue to devote itself effort and increased its investment to the market of blockchain technology to apply the Licenses, seek opportunities in investment, development and cooperation. The Group will also take advantage of the blockchain technology accumulated by the Group, to participate in the development and application of blockchain technology, and focus on promoting applications of blockchain technology services in various fields such as the financial services industry.

FINANCIAL REVIEW

Revenue

The Group derives its revenue primarily from the provision of comprehensive and customised (i) network support services which includes the revenue from sales of hardware, on-site installation of hardware, network management and securities services, and lease of hardware; (ii) network connectivity services; (iii) E-Commerce; and (iv) online game IP authorisation management services.

Our revenue increased by approximately HK\$13,215,000 or 26.1% from approximately HK\$50,674,000 for the six months ended 31 December 2023 to approximately HK\$63,889,000 for the six months ended 31 December 2024.

Such increase was mainly due to aggregate effect of (i) increase in sales of E-Commerce by approximately HK\$3,415,000 or 7,266.0% to approximately HK\$3,462,000 (*Six months ended 31 December 2023: approximately HK\$47,000*) due to the cooperation with Guangdong Oppo Mobile; (ii) exploration of sales of social media exposure in the E-Commerce business, which contributed revenue of approximately HK\$4,703,000 (*Six months ended 31 December 2023: Nil*); (iii) stable development of online game IP authorisation management services, which revenue increased by approximately HK\$12,160,000 or 195.7% to approximately HK\$18,375,000 (*Six months ended 31 December 2023: approximately HK\$6,215,000*); and (iv) decrease in advertising income by approximately HK\$7,297,000 or 90.2% to approximately HK\$794,000 due to decrease in advertising activities in the App (*Six months ended 31 December 2023: approximately HK\$8,091,000*).

Cost of sales and services

Our cost of sales and services increased by approximately HK\$20,527,000 or 56.8% from approximately HK\$36,149,000 for the six months ended 31 December 2023 to approximately HK\$56,676,000 for the six months ended 31 December 2024, which was mainly attributable to (i) increase in cost of authorisation incurred from online game IP authorisation management services by approximately HK\$11,002,000 or 179.6% to approximately HK\$17,127,000 (*Six months ended 31 December 2023: approximately HK\$6,125,000*); (ii) cost incurred in sales of social media exposure at approximately HK\$4,659,000, which is newly introduced during the six months ended 31 December 2024 (*Six months ended 31 December 2023: Nil*); and (iii) cost incurred in sales of E-Commerce under cooperation with Guangdong Oppo Mobile at approximately HK\$3,390,000 (*Six months ended 31 December 2023: Nil*). All of the above increases in cost were in line with the increase in corresponding revenue.

Gross profit margin

Our gross profit margin decreased from approximately 28.7% for the six months ended 31 December 2023 to approximately 11.3% for the six months ended 31 December 2024. The decrease was mainly due to an increase in proportion of revenue incurred from business with relatively lower gross profit margin during the six months ended 31 December 2024 such as online game IP authorisation management services, sales of E-Commerce and sales of social media exposure, which represented approximately 41.5% of total revenue of the Group (*Six months ended 31 December 2023: approximately 12.4%*).

Other income

Our other income mainly represented interest income from bank deposits, government subsidies and miscellaneous income. Other income increased by approximately HK\$293,000 or 86.9% from approximately HK\$337,000 for the six months ended 31 December 2023 to approximately HK\$630,000 for the six months ended 31 December 2024. Such an increase was mainly attributable to increase in miscellaneous income by approximately HK\$291,000 or 122.8%, including one-off compensation from a customer due to early termination of contract for the six months ended 31 December 2024 of approximately HK\$528,000 (*Six months ended 31 December 2023: approximately HK\$188,000*).

Other gain and losses, net

Other gain, net increased by approximately HK\$5,310,000 or 2,854.8% from approximately HK\$186,000 for the six months ended 31 December 2023 to approximately HK\$5,496,000 for the six months ended 31 December 2024. The increase was attributable to the combined effect of recognition of gain on disposal of subsidiaries of approximately HK\$5,461,000 (*Six months ended 31 December 2023: Nil*) and decrease in gain on disposal of property, plant and equipment by HK\$196,000 or 99.5% to approximately HK\$1,000 (*Six months ended 31 December 2023: approximately HK\$197,000*).

Selling expenses

Our selling expenses mainly represented (i) marketing fee incurred on promotion of the E-Commerce business; (ii) commission to our sales representatives for securing contracts with new and current customers; and (iii) other staff costs for the sales team of the Group.

Selling expenses decreased by approximately HK\$3,858,000 or 74.1% from approximately HK\$5,209,000 for the six months ended 31 December 2023 to approximately HK\$1,351,000 or the six months ended 31 December 2024. Such a decrease was mainly attributable to the decrease in staff costs for the sales team in the PRC by approximately HK\$3,513,000 or 79.0% to approximately HK\$932,000 for the six months ended 31 December 2024 (*Six months ended 31 December 2023: approximately HK\$4,445,000*). The decrease in staff costs for the sales team in the PRC was in line with the decrease in the average headcount of salesperson and selling activities in E-Commerce business related to the App.

Administrative and other operating expenses

Our administrative and other operating expenses increased by approximately HK\$26,000 or 0.1% from approximately HK\$19,465,000 for the six months ended 31 December 2023 to approximately HK\$19,491,000 for the six months ended 31 December 2024. The fluctuation among all expenditures under administrative and other operating expenses remained stable between two periods.

Finance costs

Our finance costs mainly derived from the interest expenses on interest-bearing borrowings and bank overdrafts and interest expenses on lease liabilities. Such costs decreased by approximately HK\$55,000 or 23.9% from approximately HK\$230,000 for the six months ended 31 December 2023 to approximately HK\$175,000 for the six months ended 31 December 2024. Interest expenses on lease liabilities decreased by approximately HK\$66,000 or 58.4% to approximately HK\$47,000 (*Six months ended 31 December 2023: approximately HK\$113,000*) due to the decrease in average balance of lease liabilities.

Share of results of associates

Our share of results of associates derived from the investments in Million Up Group and Fantastic Adventure Group. Share of results of associates amounted to profit of approximately HK\$15,000 (*Six months ended 31 December 2023: loss of approximately HK\$1,751,000*).

Income tax credit

Income tax credit decreased by approximately HK\$245,000 or 41.7% from approximately HK\$588,000 for the six months ended 31 December 2023 to approximately HK\$343,000 for the six months ended 31 December 2024. The decrease was mainly attributable to the combined effect of (i) recognition of over provision of the PRC EIT at approximately HK\$142,000 for the six months ended 31 December 2024 (*Six months ended 31 December 2023: under provision of approximately HK\$101,000*); and (ii) decrease in crediting deferred tax by HK\$445,000 or 169.9% to approximately HK\$311,000 (*Six months ended 31 December 2023: approximately HK\$756,000*).

Loss for the period

Our loss for the period decreased by approximately HK\$3,699,000 or 33.6% to approximately HK\$7,320,000 for the six months ended 31 December 2024 (*Six months ended 31 December 2023: approximately HK\$11,019,000*). The decrease was mainly due to the aggregate effect of (i) gain on disposal of subsidiaries of approximately HK\$5,461,000; (ii) decrease in selling expenses, mainly due to decrease in the average headcount of salesperson and selling activities in the E-Commerce business related to the App; (iii) recognition of share of results of associates amounted to profit of approximately HK\$15,000 (*Six months ended 31 December 2023: loss of approximately HK\$1,751,000*); and (iv) decrease in gross profit margin, mainly due to the increase in proportion of revenue incurred from business with relatively lower gross profit margin, as analysed above.

FINANCIAL POSITION, LIQUIDITY AND FINANCIAL RESOURCES

The Group has funded its liquidity and capital requirements primarily through capital contributions from Shareholders, interest-bearing borrowings, internally generated cash flow and proceeds received from the Shares Offer.

As at 31 December 2024, the Group had bank balances and cash of approximately HK\$31,086,000 (*30 June 2024: approximately HK\$31,501,000*), pledged bank deposits of approximately HK\$4,985,000 (*30 June 2024: approximately HK\$4,754,000*). The Group did not record any restricted bank deposits as at 31 December 2024 (*30 June 2024: approximately HK\$8,691,000*).

As at 31 December 2024, the Group recorded interest-bearing borrowings and bank overdrafts of approximately HK\$3,842,000 (*30 June 2024: approximately HK\$5,149,000*) and lease liabilities of approximately HK\$1,453,000 (*30 June 2024: approximately HK\$2,777,000*).

As at 31 December 2024, the Group's current assets and current liabilities were approximately HK\$124,966,000 (30 June 2024: approximately HK\$93,542,000) and approximately HK\$86,501,000 (30 June 2024: approximately HK\$57,350,000), respectively. As at 31 December 2024, the current ratio, being the ratio of current assets to current liabilities, was approximately 1.4 times (30 June 2024: approximately 1.6 times).

As at 31 December 2024, we had unutilised banking facilities for short-term financing of approximately HK\$6,307,000 (30 June 2024: approximately HK\$4,529,000).

The gearing ratio is calculated based on the amount of total interest-bearing borrowings and bank overdrafts and lease liabilities divided by total equity. The gearing ratio of the Group as at 31 December 2024 was approximately 8.1% (30 June 2024: approximately 11.3%). The decrease in gearing ratio was mainly attributable to the decrease in total interest-bearing borrowings and bank overdrafts and lease liabilities.

CAPITAL STRUCTURE

The Shares were listed on GEM of the Stock Exchange on 9 December 2019. There has been no change in the capital structure of the Company since then. As at 31 December 2024, the capital structure of the Group comprised mainly of issued share capital and reserves. As at 31 December 2024, equity attributable to equity holders of the Company amounted to approximately HK\$65,066,000 (30 June 2024: approximately HK\$69,966,000).

TREASURY POLICY

The Group has adopted a prudent financial management approach towards its treasury policies and had maintained a healthy liquidity position throughout the reporting period. 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 requirement from time to time.

FOREIGN EXCHANGE EXPOSURE

The exposure of the Group's transactional currency to foreign currency risk was minimal as most of the financial assets and liabilities held by group entities of the Group are denominated in the respective functional currency of the respective group entities. The Group currently does not have a foreign currency hedging policy. However, the Directors will continue to monitor the related foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

CONTINGENT LIABILITIES

As at 31 December 2024, the Group did not have any significant contingent liabilities (30 June 2024: Nil).

PLEDGE OF ASSETS

As at 31 December 2024, the Group's interest-bearing borrowings and bank overdrafts and lease liabilities are secured by charges over the following assets of the Group:

	As at 31 December 2024 HK\$'000	As at 30 June 2024 HK\$'000
Motor vehicles	–	885
Pledged bank deposits	4,985	4,754
	4,985	5,639

DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 31 December 2024 (Six months ended 31 December 2023: Nil).

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES AND SIGNIFICANT INVESTMENTS

Save as the Disposal mentioned in section headed "Management Discussion and Analysis – Significant Events" on page 42 of this interim report, the Group did not have any material acquisitions or disposals of subsidiaries and affiliated companies and significant investments during the six months ended 31 December 2024.

SIGNIFICANT EVENTS

Disposal of Michong (Shenzhen) Group

On 30 December 2024 (after trading hours), China Mebugs entered into the Agreement with the Purchaser to dispose the entire equity interests in Michong (Shenzhen) at consideration of RMB1 (*equivalent to approximately HK\$1*). The Disposal was completed on 30 December 2024.

Michong (Shenzhen) Group is principally engaged in the E-Commerce business. Upon completion of the Disposal on 30 December 2024, the Group has no longer held any equity interest in Michong (Shenzhen). Michong (Shenzhen) Group has been ceased to be accounted as subsidiaries of the Group and the financial results of Michong (Shenzhen) Group has been ceased to be consolidated into the financial results of the Group.

As the highest applicable percentage ratio calculated pursuant to Chapter 19 of the GEM Listing Rules in respect of the transactions contemplated under the Agreement exceeds 5% but is less than 25%, the Disposal therefore constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is therefore subject to the reporting and announcement requirement under Chapter 19 of the GEM Listing Rules. Details of the Disposal are set out in the Company's announcements dated 30 December 2024 and 21 January 2025. Details of the financial impact upon the Disposal are set out in Note 16 of the Interim Consolidated Financial Statements.

Lapse of Memorandum of Understanding in Relation to Potential Acquisition

As disclosed in the announcements of the Company dated 15 April 2024, 15 July 2024 and 16 September 2024, respectively, a memorandum of understanding dated 15 April 2024 (as amended and restated by extension letters dated 15 July 2024 and 16 September 2024) (the “**MOU**”) was entered into by the Company regarding the potential acquisition (the “**Potential Acquisition**”) of the holding companies of a technology company incorporated in Korea. However, since no definitive and legally binding agreement in relation to the Potential Acquisition has been entered into between the relevant parties by the long stop date (i.e. 16 November 2024), the MOU has lapsed automatically on 16 November 2024 and ceased to have any effect (save for the provisions expressed to survive the lapse of the MOU).

The Board is of the view that the lapse of the MOU does not have any material adverse impact on the business operations or financial position of the Group. The Group shall continue to identify appropriate investment and/or acquisition targets and opportunities and negotiate with potential business partners in this regard.

Details of the MOU and lapse of the MOU are set out in the Company's announcements dated 15 April 2024, 15 July 2024, 16 September 2024 and 18 November 2024.

CONNECTED TRANSACTIONS

During the six months ended 31 December 2024, the Group has not conducted any "connected transaction" or "continuing connected transaction" (as defined under Chapter 20 of the GEM Listing Rules) which is subject to reporting and annual review requirements under the GEM Listing Rules.

Shareholder's Loan to the Group

On 23 June 2022, China Mebugs and Thrive Harvest entered into a Shareholder's loan agreement (the "**Shareholder's Loan Agreement I**"), pursuant to which Thrive Harvest agreed to make available to China Mebugs an unsecured and interest-free loan with principal amount of HK\$9,000,000 which is repayable on 31 December 2024. On 18 October 2024, the Shareholder's Loan Agreement I has been early renewed, pursuant to which Thrive Harvest agreed to make available to China Mebugs an unsecured and interest-free loan with principal amount of HK\$16,300,000 which is repayable on 17 October 2025. As at 31 December 2024, amount due to Thrive Harvest from the Shareholder's Loan Agreement I amounted to HK\$13,800,000 *(30 June 2024: HK\$9,000,000)*.

On 9 May 2024, Intelligent Digital Human and Thrive Harvest entered into a Shareholder's loan agreement (the "**Shareholder's Loan Agreement II**"), pursuant to which Thrive Harvest agreed to make available to Intelligent Digital Human an unsecured and interest-free loan with principal amount of RMB3,090,000 (equivalent to approximately HK\$3,285,000) which is repayable on 8 May 2025. As at 31 December 2024, amount due to Thrive Harvest from the Shareholder's Loan Agreement II amounted to approximately RMB890,000 (equivalent to approximately HK\$946,000) *(30 June 2024: approximately HK\$3,140,000)*.

On 18 November 2024, Intelligent Digital Human and Thrive Harvest entered into another Shareholder's loan agreement (the **"Shareholder's Loan Agreement III"**), pursuant to which Thrive Harvest agreed to make available to Intelligent Digital Human an unsecured and interest-free loan with principal amount of RMB30,000,000 (equivalent to approximately HK\$31,891,000) which is repayable on 17 November 2025. As at 31 December 2024, amount due to Thrive Harvest from the Shareholder's Loan Agreement III amounted to RMB12,000,000 (equivalent to approximately HK\$12,757,000) (30 June 2024: Nil).

On 24 December 2024, Goodway Max Limited (**"Goodway Max"**), a wholly-owned subsidiary of the Group and Thrive Harvest entered into a Shareholder's loan agreement (the **"Shareholder's Loan Agreement IV"**), pursuant to which Thrive Harvest agreed to make available to Goodway Max an unsecured and interest-free loan with principal amount of HK\$24,000,000 which is repayable on 23 December 2025. As at 31 December 2024, amount due to Thrive Harvest from the Shareholder's Loan Agreement IV amounted to HK\$24,000,000 (30 June 2024: Nil).

All of the Shareholder's Loan Agreement I, the Shareholder's Loan Agreement II, the Shareholder's Loan Agreement III and the Shareholder's Loan Agreement IV (collectively, the **"Shareholder's Loan Agreements"**) are exempted from reporting, announcement and Shareholders' approval requirements under Rule 20.88 of the GEM Listing Rules as the Shareholders' Loan Agreements are provided by Thrive Harvest on normal commercial terms or better and no security is granted over the assets of the Group in respect of the Shareholder's Loan Agreements.

EVENT AFTER REPORTING PERIOD

Up to the date of this interim report, the Group does not have event after reporting period.

USE OF PROCEEDS FROM THE SHARE OFFER

The Shares were listed on GEM of the Stock Exchange on 9 December 2019. The proceeds received from the issuance of 150 million ordinary shares by share offer at HK\$0.40 per offer share was HK\$60,000,000. As set out in the section headed "Future Plans and Use of Proceeds" in the prospectus of the Company dated 25 November 2019 (the **"Prospectus"**), the net proceeds after deduction of underwriting fees and related listing expenses were approximately HK\$28,000,000 (the **"Net Proceeds from the Listing"**).

Up to 31 December 2024, the Net Proceeds from the Listing had been applied as follows:

Business Strategies	Planned use of the Net Proceeds from the Listing HK\$'000	Actual amount utilised up to 31 December 2024 HK\$'000	Unutilised Net Proceeds from the Listing up to 31 December 2024 HK\$'000
Implement cloud-based data content management solution	4,615	4,615	365
Acquire additional hardware and software to provide cloud-based internet security services	11,012	11,012	–
Establish a disaster recovery centre and a backup data centre and becoming a holder of network service provider license	6,267	6,267	–
Establish a branch office in Kuala Lumpur ^{Note (1)}	1,413	927	486
Expand and strengthening our manpower to cater for the anticipated expansion plans	2,645	2,645	–
Promote our business to capture more market share in the industry	2,048	2,048	–
	28,000	27,514	486

The Directors will continue to examine the Group's business objectives and may change or modify the plans against the changing market conditions to pursuit business growth of the Group.

Note (1) As for the establishment of a branch office in Kuala Lumpur, the unutilised portion amounted to approximately HK\$486,000 as at 31 December 2024 due to lower-than-expected office rent for the branch office in Kuala Lumpur, the Group plans to use the unutilised portion to rent the branch office in Kuala Lumpur by 30 June 2026.

All utilised Net Proceeds from the Listing were utilised in the same manner as specified in the section headed "Future Plans and Use of Proceeds" set out in the Prospectus.

As at 31 December 2024, the Net Proceeds from the Listing of approximately HK\$486,000 had not yet been utilised as planned (the “**Unutilised Net Proceeds from the Listing**”), which will be applied on the business strategy “Establish a branch office in Kuala Lumpur”. There is no intention of the management to change the use in the Unutilised Net Proceeds from the Listing.

All the Unutilised Net Proceeds from the Listing have been placed in a licensed bank in Malaysia.

USE OF PROCEEDS FROM THE PLACING

On 11 April 2024, the Company successfully placed 120,000,000 new Shares under general mandate, at a the Placing price of HK\$0.218 per new Share. The net proceeds from the Placing after deducting related expenses were approximately HK\$25,624,000. Up to 31 December 2024, the Net Proceeds from the Placing had been applied as follows:

	Planned use of the Net Proceeds from the Placing HK\$'000	Actual amount utilised up to 31 December 2024 HK\$'000	Unutilised Net Proceeds from the Placing up to 31 December 2024 HK\$'000
Funds for application of the licenses regarding the operation of virtual assets trading platform	15,600	–	15,600
General working capital of the Group	10,024	578	9,446
	25,624	578	25,046

As at 31 December 2024, the Net Proceeds from the Placing of approximately HK\$25,046,000 had not yet been utilised as planned (the “**Unutilised Net Proceeds from the Placing**”), which is expected to be fully utilised by 30 June 2025. All of the Unutilised Net Proceeds from the Placing have been placed in a licensed bank in Hong Kong.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2024, the Group had a total of 69 employees (*31 December 2023: 128 employees*). The staff costs (including Directors' emoluments) were approximately HK\$10,065,000 for the six months ended 31 December 2024 (*Six months ended 31 December 2023: approximately HK\$14,634,000*). The remuneration package of the employees is determined by various factors such as their qualifications, working experience and job performance, the market condition, industry practice and applicable employment law. Discretionary bonus based on job performance will be paid to employees as recognition of and reward for their contributions.

To provide incentive to the eligible participants (including Directors and employees), the remuneration package has been extended to include share award under the Share Award Scheme and share options under the Share Option Scheme. Details of the Share Award Scheme and the Share Option Scheme are set out in the paragraph headed "Share Schemes" in the "Other Information" section of this interim report.

The Group encourages and subsidises employees to enrol and/or participate in development or training courses in support of their career and professional development. The Group also provides inhouse training courses for the personal development of the employees.

OTHER INFORMATION

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

As at 31 December 2024, the interests and short positions of the Directors 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 SFO which were required to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provision of the SFO), or which were required pursuant to section 352 of the SFO to be entered in the register referred to therein, or which will be required to notify to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

(i) *Long position in the ordinary Shares of the Company*

Name of Director	Nature of interest and capacity	Number of shares held/ interested (Note 1)	Approximate percentage of shareholding
Mr. Yu (Note 2)	Interests in controlled corporations	416,364,000(L)	57.83%

Notes:

1. The letter "L" demonstrates long position.
2. Mr. Yu beneficially owns the entire issued shares of Thrive Harvest and Worldtone Riches. Thrive Harvest is a company incorporated in the British Virgin Islands, which in turn holds 303,864,000 Shares or approximately 42.20% of the issued share capital of the Company; and Worldtone Riches is a company incorporated in the BVI, which in turn holds 112,500,000 Shares or approximately 15.63% of the issued share capital of the Company. Therefore, Mr. Yu is deemed, or taken to be, interested in all the Shares held by Thrive Harvest and Worldtone Riches for the purpose of the SFO.

(ii) *Long position in the ordinary shares of associated corporations*

Name of Director	Name of associated corporations	Capacity/Nature	Number of shares held	Approximate percentage of interest
Mr. Yu	Thrive Harvest	Beneficial owner	1 ordinary share	100%
	Worldtone Riches	Beneficial owner	100 ordinary shares	100%

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the paragraph headed “Directors’ and Chief Executive’s Interests and/or Short Positions in Shares, Underlying Shares and Debentures” above and in the paragraph headed “Share Schemes” below, at no time during the six months ended 31 December 2024 were rights to acquire benefits by means of the acquisition of shares or underlying shares in or debentures of the Company granted to any Director or their respective spouses or minor children, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

OTHER INFORMATION

Interest in other member of the Group

Name of member of the Group	Name of shareholder	Approximate percentage of shareholding
IP Core Network Sdn. Bhd. (108744-U)	Ms. Fathim Nur Zaida Binti Zainal Ariffin ("Ms. Fathim")	30%

Note:

Ms. Fathim was one of the members of the Group's senior management during the period from the Listing Date to 31 May 2024, when She resigned for her position as the head of sales & alliance of the Group.

Save as disclosed above, as at 31 December 2024, the Company had not been notified by any persons (other than Directors or chief executives of the Company) who had interests and/or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

SHARE SCHEMES

Share Award Scheme

The Company has adopted a share award scheme (the “**Share Award Scheme**”) on 14 April 2023 (the “**Adoption Date**”) under the Shareholders’ approval by way of poll at the extraordinary general meeting of the Company on the Adoption Date (the “**April 2023 EGM**”). The Share Award Scheme is effective upon obtaining the listing approval from the Stock Exchange on 21 April 2023. The terms of the Share Award Scheme are in compliance with the provisions of Chapter 23 of the GEM Listing Rules. The following is a summary of the principal terms of the Share Award Scheme:

(A) Purpose

The purposes of the Share Award Scheme are:

- (a) to recognise the contributions by certain employees and persons to the Group;
- (b) to provide the Eligible Award Participants (as defined in the following paragraph) with additional incentives in order to retain them for the continual operation and development of the Group; and
- (c) to attract suitable personnel for further development of the Group.

(B) Duration

Subject to any early termination as may be determined by the Board pursuant to the rules set out therein relating to the Share Award Scheme (the “**Share Award Scheme Rules**”), the Share Award Scheme shall be valid and effective for a term of ten (10) years commencing on the Adoption Date.

(C) Trustee

Orient Securities Limited has been appointed by the Company as the initial trustee (the “**Trustee**”). To the best knowledge, information and belief of the Directors after making all reasonable enquiries, Orient Securities Limited and its ultimate beneficial owners are independent third parties of the Company.

(D) Eligible Award Participants

The following classes of participants are eligible for participation in the Share Award Scheme (the “**Eligible Award Participants**”):

- (a) Employee participant(s) including the director(s) and employee(s) (whether full-time or part-time) of any member of the Group (including persons who are granted awards under the Share Award Scheme (the “**Award**”) as inducement to enter into employment contracts with the Group); and
- (b) Service provider(s) including person(s) who provide services to any members of the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long-term growth of the Group, which include any independent distributor, contractor, supplier, agent, consultant or adviser to any member of the Group (where the continuity and frequency of their services are akin to those of employees of the Group), but exclude any placing agent or financial adviser providing advisory services for fundraising, mergers or acquisitions, and other professional services provider such as auditor or valuer (the “**Service Provider(s)**”),

provided that the Board may, from time to time, at its absolute discretion select any Eligible Award Participant to be a selected participant.

(E) Total Number of Shares Available for Issue

The maximum number of Shares which may be allotted and issued in respect of all Awards to be granted under the Share Award Scheme, all Options to be granted under the Share Option Scheme (as defined in the following section headed “Share Option Scheme” on pages 54 to 57 of this interim report), and the options and awards to be granted under any other share scheme(s) of the Company shall not in aggregate exceed 10% of the entire issued share capital of the Company as at the Adoption Date without the Shareholders’ approval (i.e. 60,000,000 Shares).

At the date of this interim report, a total of 60,000,000 Shares, representing 10% and approximately 8.3% of the issued share capital of the Company as at the Adoption Date and as at the date of this interim report, respectively, are available for issue under the Share Award Scheme and the Share Option Scheme.

(F) Maximum Entitlement of Each Eligible Award Participant

The maximum number of Shares which may be issued in respect of all Awarded Shares which may be granted at any time under the Share Award Scheme together with options and awards which may be granted under any other share schemes for the time being of the Company to the Service Providers shall not exceed such number of Shares as equals to 1% of the issued share capital of the Company as at the Adoption Date.

(G) Grant of Award to a Director, Chief Executive or Substantial Shareholder of the Company or Any of Their Associates

Any grant of Awards to any of the Directors, chief executive of the Company or substantial Shareholder(s) (as defined in the Listing Rules), or any of their respective associates must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the proposed Grantee of the Award (if any)).

Where any grant of Awards to an independent non-executive Director or a substantial Shareholder or any of their respective associates would result in the Shares transferred and to be transferred or allotted and issued and to be allotted and issued in respect of all options and awards granted (excluding any options and awards lapsed in accordance with the terms of the relevant schemes) to such person in the twelve (12)-month period up to and including the date of such grant representing in aggregate over 0.1% of the Shares in issue, such further grant of Awards must be approved by the Shareholders in a general meeting of the Company.

(H) Timing

No Award shall be made or vested to the Eligible Award Participants pursuant to the Share Award Scheme Rules and no directions or recommendation shall be given to the Trustee with respect to granting or vesting of an Award or any acquisition, receipt or disposal of or dealing in Shares under the Share Award Scheme after inside information has come to the knowledge of the Company until (and including) the trading day after it has been announced pursuant to the requirements of the GEM Listing Rules.

(I) Vesting Period

Save for the circumstances prescribed in the Share Award Scheme, the vesting period of the Awards shall not be less than 12 months in general. However, the Board (or the Remuneration Committee where it relates to grants of the Awards to an Employee Participant who is a Director and/or senior management of the Company) will have a discretion in allowing a shorter vesting period to an Employee Participant in the certain circumstances.

For more details on the Share Awards Scheme, please refer to Appendix I to the circular of the Company dated 16 March 2023 (the “**Circular**”). No Award has been granted, exercised, cancelled or lapsed under the Share Award Scheme since the Adoption Date and at the date of this interim report.

Share Option Scheme

The Company has terminated the share option scheme that was approved and adopted by the Shareholders by way of written resolutions passed on 11 November 2019 and has adopted a new share option scheme (the “**Share Option Scheme**”) on the Adoption Date under the Shareholders’ approval by way of poll at the April 2023 EGM. The Share Option Scheme is effective upon obtaining the listing approval from the Stock Exchange on 21 April 2023. The terms of the Share Option Scheme are in compliance with the provisions of Chapter 23 of the GEM Listing Rules. The following is a summary of the principal terms of the Share Option Scheme:

(A) Purpose

The purpose of the Share Option Scheme is to attract and retain the best available personnel of the Group, to provide additional incentive to the Eligible Option Participants (as defined in the following paragraph) and to promote the success of the business of the Group. The Share Option Scheme will give the Eligible Option Participants an opportunity to have a personal stake in the Company and will help motivate the Eligible Option Participants in optimising their performance and efficiency and attract and retain the Eligible Option Participants whose contributions are important to the long-term growth and profitability of the Group.

(B) Duration

Subject to any early termination as may be determined by the Board pursuant to the rules set out therein relating to the Share Option Scheme as amended from time to time, the Share Option Scheme shall be valid and effective for a term of ten (10) years commencing on the Adoption Date.

(C) Eligible Option Participants

The following classes of participants are eligible for participation in the Share Option Scheme (the “**Eligible Option Participants**”):

- (a) Employee participant(s) including the director(s) and employee(s) (whether full-time or part-time) of any member of the Group (including persons who are granted Options under the Share Option Scheme as inducement to enter into employment contracts with the Group); and
- (b) The Service Provider(s),

provided that the Board may, from time to time, at its absolute discretion select any Eligible Option Participant to be a selected participant.

(D) Total Number of Shares Available for Issue

The maximum number of Shares which may be allotted and issued in respect of all Awards and Options to be granted under the Share Award Scheme and the Share Option Scheme, respectively, and the options and awards to be granted under any other share scheme(s) is 60,000,000 Shares.

At the date of this interim report, a total of 60,000,000 Shares, representing 10% and approximately 8.3% of the issued share capital of the Company as at the Adoption Date and as at the date of this interim report, respectively, are available for issue under the Share Award Scheme and the Share Option Scheme.

(E) Maximum Entitlement of Each Eligible Option Participant

Where any grant of Options to an Eligible Option Participant would result in the Shares issued and to be issued in respect of all options and awards granted to such Eligible Option Participant (excluding any options and awards lapsed in accordance with the terms of the relevant schemes) in the twelve (12)-month period up to and including the date of such grant representing in aggregate over 1% of the Shares in issue, such grant must be separately approved by the Shareholders in general meeting with such Eligible Option Participant and his/her close associates (or associates if the Eligible Option Participant is a connected person) abstaining from voting. The Company must send a circular to the Shareholders and the circular must disclose the identity of the Eligible Option Participant, the number and terms of any option(s) to be granted to Eligible Option Participant(s) to subscribe for new Share(s) under the Share Option Scheme (the “**Option**”) to be granted (and options previously granted to such Eligible Option Participant in the twelve (12)-month period), the purpose of granting Options to the Eligible Option Participant, an explanation as to how the terms of the Options serve such purpose and such information as may be required by the Stock Exchange from time to time. The number and terms (including the subscription price) of Options to be granted to such Eligible Option Participant must be fixed before Shareholders’ approval and the date of Board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price.

(F) Grant and Acceptance of Options

The Board shall, subject to the Share Option Scheme Rules and the GEM Listing Rules, be entitled (but shall not be bound) at any time and from time to time on any Business Day within a period of ten (10) years commencing on the Adoption Date to make an offer for the grant of the Option to such Eligible Option Participant as it may in its absolute discretion select, and subject to such conditions as the Board may think fit, to subscribe for such number of Shares (being a board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof) as the Board may, subject to maximum number of Shares available for issue, determine the subscription price, provided that no such grant shall be made if a prospectus is required to be issued under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) or any applicable laws or if such grant will result in the breach by the Company or the Directors of any applicable securities laws and regulations in any jurisdiction.

(G) Vesting Period

Save for the circumstances prescribed in the Share Option Scheme, the Option must be held by the grantee for at least twelve (12) months before the Option can be exercised.

(H) Subscription Price of Shares

The subscription price for Shares to be subscribed under the Share Option Scheme may be determined by the Board at its absolute discretion, provided that it shall not be less than the highest of:

- (a) the closing price of the Shares as shown in the daily quotations sheet of the Stock Exchange on the offer date, which must be a business day;
- (b) the average of the closing prices of the Shares as shown in the daily quotations sheets of the Stock Exchange for the five (5) consecutive business days immediately preceding the offer date; and
- (c) the nominal value of the Share on the offer date.

For more details on the Share Option Scheme, please refer to Appendix II to the Circular. No share option has been granted, exercised, cancelled or lapsed under the Share Option Scheme since the Adoption Date and at the date of this interim report.

As at 1 July 2024 and 31 December 2024, the service provider sublimit, which was available for grant under the Share Award Scheme and the Share Option Scheme, was 6,000,000 Shares, being 1% of the issued share capital of the Company as at the Adoption Date.

AUDIT COMMITTEE

As at 31 December 2024, the Audit Committee has four members comprising three Independent Non-executive Directors, namely Mr. Ng Der Sian (*Chairman*), Dr. Tsoi Chi Chuen Cheney and Ms. Zheng Li Ping; and one Non-executive Director, namely Ms. Jin Yangyang. None of them are members of the former or existing auditors of the Company. The Board considers that the Audit Committee has extensive commercial experience in business, financial and legal matters. The primary duties of the Audit Committee include, among other matters, to review and monitor financial reporting and the judgment contained therein; to review financial, internal controls and risk management systems, accounting policies and practices with management and external auditors; to make recommendation to the Board on the appointment, re-appointment and removal of the external auditors and to approve the remuneration and terms of engagement of the external auditors; and to review the Company's compliance with the Corporate Governance Code ("**CG Code**") contained in Appendix C1 to the GEM Listing Rules.

The Audit Committee has reviewed and discussed with the management the accounting principles and practices adopted by the Group and auditing, internal controls, risk management systems and financial reporting matters, and the Company's policies and practices on corporate governance. The Audit Committee has also reviewed and discussed with the management the unaudited condensed consolidated interim financial results of the Group for the six months ended 31 December 2024 and this interim report and is of the opinion that the preparation of such statements complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures have been made.

CORPORATE GOVERNANCE CODE

The Company's corporate governance practices follow the principles and code provisions as set out in the CG Code in Appendix C1 of the GEM Listing Rules. The Company has adopted and complied with, where applicable, the CG Code during the six months ended 31 December 2024 to ensure that the Group's business activities and decision making processes are regulated in a proper and prudent manner, save for the deviation stipulated below.

According to the code provision C.2.1 of the CG Code, the role of chairman and chief executive officer should be separated and should not be performed by the same individual. Under the current management structure of the Company, Mr. Yu is the chairman of the Board (the “**Chairman**”) and the chief executive officer of the Company (the “**Chief Executive Officer**”). As Mr. Yu has more than 13 years of experience in technologies, media and telecommunications sector, corporate strategic management, project management, investment business and fund management, and due to his familiarity with the operations of the Group, the Board believes that it is in the best interest of the Group to continue to have Mr. Yu acting as both the Chairman and the Chief Executive Officer for effective management and business planning of the Group. Further, the Company has put in place an appropriate check-and-balance mechanism through the Board and three Independent Non-executive Directors. The Company will consult the Board for any major decisions. Therefore, the Board considers that the current structure of vesting rights of the Chairman and the Chief Executive Officer in the same person will not impair the balance of power and authority between the Board and the management of the Company and the deviation from code provision C.2.1 of the CG Code is appropriate in such circumstances.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the required standards of dealings (the “**Required Standard of Dealings**”) set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the Required Standard of Dealings during the six months ended 31 December 2024.

COMPETING INTERESTS

During the six months ended 31 December 2024, so far as the Directors are aware, none of the Directors, controlling shareholders or substantial shareholders of the Company, neither themselves nor their respective close associates (as defined under the GEM Listing Rules) had held any position or had interest in any businesses or companies that were materially competing or might materially compete with the business of the Group, or gave rise to any concern regarding conflict of interest.

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

Neither the Company, nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities during the six months ended 31 December 2024.

FORWARD LOOKING STATEMENTS

This interim report contains forward looking statements with respect to the financial conditions, results of operations and business of the Group. These forward looking statements represent the Company's expectations or beliefs concerning future events and involve known and unknown risks and uncertainty that could cause actual results, performance or events to differ materially from those expressed or implied in such statements.

APPRECIATION

The Group's continued success depends on all its staff's commitment, dedication and professionalism. The Board would like to thank every member of staff for their diligence and dedication and to express its sincere appreciation to our shareholders, clients and suppliers for their continuous and valuable support.

By Order of the Board
Byte Metaverse Holdings Limited
Yu Decai

Executive Director, Chairman and Chief Executive Officer

Hong Kong, 24 February 2025

As at the date of this interim report, the Board comprises Mr. Yu Decai and Mr. Hu Mingdai as Executive Directors; Ms. Jin Yangyang as Non-executive Director; and Dr. Tsoi Chi Chuen Cheney, Mr. Ng Der Sian and Ms. Zheng Li Ping as Independent Non-executive Directors.

Website: byte-metaverse.com