



**Yuxing InfoTech Investment Holdings Limited**  
**裕興科技投資控股有限公司\***

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

Interim Report  
**2022**

\* for identification purposes only

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

## HIGHLIGHTS FOR THE SIX-MONTH PERIOD

- For the six months ended 30 June 2022, revenue of the Group was approximately HK\$89.8 million, representing an increase of 20.2% compared with the same period of last fiscal year. The Group recorded the gross profit of approximately HK\$9.9 million for the six months ended 30 June 2022 (30 June 2021: approximately HK\$20.7 million).
- Loss attributable to owners of the Company for the six months ended 30 June 2022 amounted to approximately HK\$105.4 million (30 June 2021: approximately HK\$69.7 million).
- Basic loss per share for the six months ended 30 June 2022 was HK4.24 cents (30 June 2021: HK2.83 cents).
- Total equity attributable to owners of the Company as at 30 June 2022 was approximately HK\$2,027.2 million (31 December 2021: approximately HK\$2,096.3 million) or net asset value per share of approximately HK\$0.81 (31 December 2021: approximately HK\$0.84).
- The Board does not recommend the payment of interim dividend for the six months ended 30 June 2022 (30 June 2021: Nil).

## INTERIM RESULTS

The board of Directors of the Company (the "Board") is pleased to announce the unaudited condensed consolidated interim financial statements of the Company and its subsidiaries (collectively the "Group") for the six months and three months ended 30 June 2022 together with the comparative figures for the same periods in 2021, prepared in accordance with generally accepted accounting principles in Hong Kong, as follows:

### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

	Note	Three months ended 30 June		Six months ended 30 June	
		2022	2021	2022	2021
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	5	<b>60,290</b>	34,605	<b>89,835</b>	74,734
Cost of sales		<b>(51,417)</b>	(23,177)	<b>(79,960)</b>	(53,989)
Gross profit		<b>8,873</b>	11,428	<b>9,875</b>	20,745
Other revenue and net loss	5	<b>(40,509)</b>	(46,889)	<b>(44,339)</b>	(31,535)
Distribution and selling expenses		<b>(1,379)</b>	(1,507)	<b>(3,485)</b>	(3,196)
General and administrative expenses		<b>(22,876)</b>	(26,143)	<b>(44,524)</b>	(49,330)
Other operating expenses		<b>(21,838)</b>	(936)	<b>(21,962)</b>	(1,385)
Net changes in fair value of investment properties		<b>2,716</b>	(588)	<b>2,716</b>	(588)
Loss on disposal of a subsidiary	22	<b>(1,696)</b>	–	<b>(1,696)</b>	–
Loss from operations		<b>(76,709)</b>	(64,635)	<b>(103,415)</b>	(65,289)
Finance costs	6	<b>(591)</b>	(1,094)	<b>(1,228)</b>	(1,792)
Loss before tax	7	<b>(77,300)</b>	(65,729)	<b>(104,643)</b>	(67,081)
Income tax expenses	8	<b>(301)</b>	(942)	<b>(1,242)</b>	(2,840)
Loss for the period		<b>(77,601)</b>	(66,671)	<b>(105,885)</b>	(69,921)
<b>Loss attributable to:</b>					
Owners of the Company		<b>(77,168)</b>	(66,506)	<b>(105,372)</b>	(69,679)
Non-controlling interests		<b>(433)</b>	(165)	<b>(513)</b>	(242)
		<b>(77,601)</b>	(66,671)	<b>(105,885)</b>	(69,921)
Loss per share	10				
– Basic		<b>(3.10) cents</b>	(2.67) cents	<b>(4.24) cents</b>	(2.83) cents
– Diluted		<b>(3.10) cents</b>	(2.67) cents	<b>(4.24) cents</b>	(2.83) cents

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

	Three months ended 30 June		Six months ended 30 June	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Loss for the period	<b>(77,601)</b>	(66,671)	<b>(105,885)</b>	(69,921)
Other comprehensive income:				
Item that will not be reclassified to profit or loss:				
Revaluation of property, plant and equipment upon transfer to investment properties				
– Gain on revaluation	<b>61,455</b>	–	<b>61,455</b>	–
Items that are reclassified or may be reclassified subsequently to profit or loss:				
Exchange differences arising on translation of the PRC subsidiaries	<b>(30,678)</b>	10,623	<b>(26,833)</b>	8,598
Release of translation reserves upon disposal of a subsidiary	<b>1,696</b>	–	<b>1,696</b>	–
Total other comprehensive income for the period	<b>32,473</b>	10,623	<b>36,318</b>	8,598
Total comprehensive loss for the period	<b><u>(45,128)</u></b>	<b><u>(56,048)</u></b>	<b><u>(69,567)</u></b>	<b><u>(61,323)</u></b>
<b>Total comprehensive loss attributable to:</b>				
Owners of the Company	<b>(44,695)</b>	(55,883)	<b>(69,054)</b>	(61,081)
Non-controlling interests	<b>(433)</b>	(165)	<b>(513)</b>	(242)
	<b><u>(45,128)</u></b>	<b><u>(56,048)</u></b>	<b><u>(69,567)</u></b>	<b><u>(61,323)</u></b>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 June 2022	31 December 2021
	<i>Note</i>	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Audited)
<b>NON-CURRENT ASSETS</b>			
Investment properties		<b>887,236</b>	91,793
Property, plant and equipment		<b>220,304</b>	798,934
Right-of-use assets		<b>80,147</b>	86,302
Intangible assets	11	<b>69,761</b>	87,907
Deposits paid	12	<b>19,598</b>	89,702
Prepayment for construction	12	<b>648</b>	1,104
Financial assets at fair value through profit or loss	13	<b>84,427</b>	102,169
		<b>1,362,121</b>	1,257,911
<b>CURRENT ASSETS</b>			
Cryptocurrencies	15	<b>35,045</b>	20,969
Inventories		<b>28,436</b>	15,466
Loans receivable	16	<b>178,535</b>	176,402
Trade and other receivables	12	<b>392,673</b>	540,320
Financial assets at fair value through profit or loss	13	<b>139,365</b>	148,573
Income tax recoverable		<b>1,415</b>	1,442
Pledged bank deposits		<b>200</b>	8,827
Cash and bank balances		<b>319,392</b>	335,534
		<b>1,095,061</b>	1,247,533
<b>CURRENT LIABILITIES</b>			
Trade and other payables	17	<b>370,392</b>	337,156
Dividend payables		<b>31</b>	31
Bank and other loans	18	<b>37,008</b>	44,957
Lease liabilities		<b>4,696</b>	7,185
		<b>412,127</b>	389,329
<b>NET CURRENT ASSETS</b>		<b>682,934</b>	858,204
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>2,045,055</b>	2,116,115

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30 June 2022	31 December 2021
<i>Note</i>	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Audited)
<b>NON-CURRENT LIABILITIES</b>		
Deferred tax liabilities	16,035	16,772
Income tax payable	6,231	5,487
Lease liabilities	2,139	3,639
	<u>24,405</u>	<u>25,898</u>
<b>NET ASSETS</b>	<u>2,020,650</u>	<u>2,090,217</u>
<b>EQUITY</b>		
Share capital	62,193	62,193
Reserves	1,965,027	2,034,081
	<u>2,027,220</u>	<u>2,096,274</u>
Equity attributable to owners of the Company	2,027,220	2,096,274
Non-controlling interests	(6,570)	(6,057)
	<u>2,020,650</u>	<u>2,090,217</u>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Attributable to owners of the Company											
	Share capital HK\$'000	Share premium HK\$'000	Statutory reserves HK\$'000	Contributed surplus HK\$'000	Share option reserves HK\$'000	Property revaluation reserves HK\$'000	Translation reserves HK\$'000	Other reserves HK\$'000	Retained profits HK\$'000	Total equity HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
As at 1 January 2022	62,193	280,057	8,668	234,621	8,948	26,113	54,012	4,201	1,417,461	2,096,274	(6,057)	2,090,217
<b>Loss for the period</b>	-	-	-	-	-	-	-	-	(105,372)	(105,372)	(513)	(105,885)
<b>Other comprehensive income:</b>												
Revaluation of property, plant and equipment upon transfer to investment properties	-	-	-	-	-	61,455	-	-	-	61,455	-	61,455
– Gain on revaluation	-	-	-	-	-	-	-	-	-	-	-	-
Exchange differences arising on translation of the PRC subsidiaries	-	-	-	-	-	-	(26,833)	-	-	(26,833)	-	(26,833)
Release of translation reserves upon disposal of a subsidiary (note 22)	-	-	-	-	-	-	1,696	-	-	1,696	-	1,696
<b>Total other comprehensive income</b>	-	-	-	-	-	61,455	(25,137)	-	-	36,318	-	36,318
<b>Total comprehensive loss for the period</b>	-	-	-	-	-	61,455	(25,137)	-	(105,372)	(69,054)	(513)	(69,567)
As at 30 June 2022	62,193	280,057	8,668	234,621	8,948	87,568	28,875	4,201	1,312,089	2,027,220	(6,570)	2,020,650

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Attributable to owners of the Company											
	Share capital HK\$'000	Share premium HK\$'000	Statutory reserves HK\$'000	Contributed surplus HK\$'000	Share option reserves HK\$'000	Property revaluation reserves HK\$'000	Translation reserves HK\$'000	Other reserves HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
As at 1 January 2021	51,827	207,499	8,668	234,621	10,423	26,113	46,022	25	1,588,481	2,173,679	(1,315)	2,172,364
<b>Loss for the period</b>	-	-	-	-	-	-	-	-	(69,679)	(69,679)	(242)	(69,921)
<b>Other comprehensive income:</b>												
Exchange differences arising on translation of the PRC subsidiaries	-	-	-	-	-	-	8,598	-	-	8,598	-	8,598
<b>Total other comprehensive income</b>	-	-	-	-	-	-	8,598	-	-	8,598	-	8,598
<b>Total comprehensive loss for the period</b>	-	-	-	-	-	-	8,598	-	(69,679)	(61,081)	(242)	(61,323)
<b>Transactions with owners: Contributions and distributions</b>												
Issue of new shares (Note 21(a))	10,366	72,558	-	-	-	-	-	-	-	82,924	-	82,924
Share options lapsed	-	-	-	-	(1,475)	-	-	-	1,475	-	-	-
<b>Total transactions with owners</b>	10,366	72,558	-	-	(1,475)	-	-	-	1,475	82,924	-	82,924
As at 30 June 2021	62,193	280,057	8,668	234,621	8,948	26,113	54,620	25	1,520,277	2,195,522	(1,557)	2,193,965

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW (UNAUDITED)

	<i>Note</i>	Six months ended 30 June	
		2022 HK\$'000	2021 HK\$'000
<b>OPERATING ACTIVITIES</b>			
<b>Cash (used in)/generated from operations</b>		<b>(112,238)</b>	71,635
Income tax paid		(498)	(1,260)
<b>Net cash (used in)/generated from operating activities</b>		<b>(112,736)</b>	70,375
<b>INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(35,700)	(18,860)
Net deposits paid for acquisition of investment properties		(14,687)	–
Proceeds from disposal of property, plant and equipment		–	229
Decrease/(Increase) in prepayment for construction		456	(20,422)
Interest received		412	499
Proceeds from disposal of financial assets at fair value through profit or loss under non-current assets		–	193,769
Grant of new loans receivable		(400)	–
Repayment of loans receivable		–	26,385
Purchase of intangible assets		–	(79,614)
Dividend received		239	4,788
Net cash inflow on disposal of a subsidiary	12(b)	151,247	–
<b>Net cash generated from investing activities</b>		<b>101,567</b>	106,774
<b>FINANCING ACTIVITIES</b>			
Proceeds from issue of new shares	21(a)	–	82,924
New bank and other loans raised		–	59,846
Principal elements of lease payments		(3,771)	(4,124)
Repayment of bank loans		(6,255)	(9,809)
Interest paid		(1,228)	(1,528)
<b>Net cash (used in)/generated from financing activities</b>		<b>(11,254)</b>	127,309
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(22,423)</b>	304,458
<b>Cash and cash equivalents at beginning of reporting period</b>		<b>344,361</b>	180,815
Effect of foreign exchange rate changes		(2,346)	682
<b>Cash and cash equivalents at end of reporting period</b>		<b>319,592</b>	485,955
Analysis of the balances of cash and cash equivalents:			
– Cash and bank balances		319,392	262,023
– Cash and bank balances classified as held-for-sale	19	–	6,853
– Pledged bank deposits with maturity less than three months		200	217,079
		<b>319,592</b>	485,955

## **NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

### **1. General information**

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

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

### **2. Basis of preparation**

The Group’s unaudited condensed consolidated interim financial statements for the six months ended 30 June 2022 have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure provisions of the GEM Listing Rules. These condensed consolidated interim financial statements are unaudited but have been reviewed by the Company’s audit committee.

These unaudited condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2021. They have been prepared on the historical cost basis, except for investment properties and financial assets at fair value through profit or loss, which are measured at fair value.

The accounting policies used in preparing these unaudited condensed consolidated interim financial statements are consistent with those used in the Group’s audited consolidated financial statements for the year ended 31 December 2021, except for the adoption of the new/revised Hong Kong Financial Reporting Standards (“HKFRSs”) and HKASs which are relevant to the Group’s operation and are effective for the Group’s financial year beginning on 1 January 2022 as described below.

Amendments to HKAS 16	Proceeds before Intended Use
Amendments to HKAS 37	Cost of Fulfilling a Contract
Amendments to HKFRS 3	Reference to the Conceptual Framework
Annual Improvements to HKFRSs	2018-2020 Cycle

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

### 3. Fair value measurements

In the opinion of the Directors, the carrying amounts of financial assets approximate their fair values.

The following presents the assets measured at fair value or required to disclose their fair value in these unaudited condensed consolidated interim financial statements on a recurring basis at 30 June 2022 across the three levels of the fair value hierarchy defined in HKFRS 13, *Fair Value Measurement*, with the fair value measurement categorised in its entirety based on the lowest level input that is significant to the entire measurement. The levels of inputs are defined as follows:

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

#### Assets measured at fair value on a recurring basis

	As at 30 June 2022			
	Carrying Amount HK\$'000	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000
Investment properties	887,236	–	90,388	796,848
Financial assets at fair value through profit or loss (Note 13)	<u>223,792</u>	<u>52,450</u>	<u>30,133</u>	<u>141,209</u>

	As at 31 December 2021			
	Carrying Amount HK\$'000	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000
Investment properties	91,793	–	91,793	–
Financial assets at fair value through profit or loss (Note 13)	<u>250,742</u>	<u>25,342</u>	<u>51,110</u>	<u>174,290</u>

During the six months ended 30 June 2022, upon obtained the certificate of occupancy from the United States authority in respect of the construction of Phase I of the Group's IDC in the United States (the "US IDC"), management reassessed the use of the US IDC and believes that the Group would lease out the US IDC and/or hold for capital appreciation. Therefore, such land and building are considered investment properties rather than owner-occupied properties and resulted in the transfer of their revalued amounts totalling approximately HK\$796,848,000 previously classified as property, plant and equipment to investment properties. These investment properties were classified as Level 3 fair value measurements, upon transferring to investment properties.

During the six months ended 30 June 2022 and 2021, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 fair value measurements.

### **Valuation techniques and inputs in Level 2 fair value measurement**

*(a) Investment properties situated in the People's Republic of China (the "PRC")*

The investment properties situated in the PRC of approximately HK\$90,388,000 (31 December 2021: approximately HK\$91,793,000) were revalued by Roma Appraisals Limited, an independent professional qualified valuer, on the market value basis using direct comparison approach.

*(b) Financial assets at fair value through profit or loss: Private investment fund*

The fair value of a private investment fund, mainly invested in cryptocurrencies, is valued based on the net asset value of each fund unit quoted by the investment manager with reference to quoted prices of the underlying investments (i.e. cryptocurrencies) on trading platforms using direct comparison approach.

*(c) Financial assets at fair value through profit or loss: Unlisted equity securities outside Hong Kong*

Included in financial assets at fair value through profit or loss are equity securities delisted from the New York Stock Exchange amounted to approximately HK\$15,339,000 (31 December 2021: N/A). The fair value of the equity securities is based on the price quoted by the investment manager with reference to quoted price on trading platform.

### Movements in Level 3 fair value measurements

The details of the movements of the recurring fair value measurements categorised as Level 3 for the six months ended 30 June 2022 and 2021 are shown as follows:

	Investment properties <i>HK\$'000</i>	Financial assets at fair value through profit or loss <i>HK\$'000</i>	Assets classified as held-for-sale <i>HK\$'000</i>
As at 1 January 2022	–	174,290	–
Transfer from property, plant and equipment	796,848	–	–
Net changes in fair value recognised in profit or loss	–	(33,081)	–
<b>As at 30 June 2022</b>	<b>796,848</b>	<b>141,209</b>	<b>–</b>

	Investment properties <i>HK\$'000</i>	Financial assets at fair value through profit or loss <i>HK\$'000</i>	Assets classified as held-for-sale <i>HK\$'000</i>
As at 1 January 2021	362,685	63,624	–
Exchange realignment	4,538	–	–
Net changes in fair value recognised in profit or loss	1,439	(10,584)	–
Transferred to assets classified as held-for-sale ( <i>Note 19</i> )	(368,662)	–	368,662
<b>As at 30 June 2021</b>	<b>–</b>	<b>53,040</b>	<b>368,662</b>

### Valuation techniques and inputs in Level 3 fair value measurement

(a) *Financial assets at fair value through profit or loss: Unlisted equity securities*

The fair value of the unlisted equity securities without an active market classified in Level 3 was valued by Fairdex Valuation Advisory Limited, an independent professional qualified valuer, using direct comparison approach with unobservable inputs. The significant unobservable input used in the fair value measurement is the enterprise-value-to-revenue ratio of 10.868 (30 June 2021: 9.935).

As at 30 June 2022, if the expected enterprise-value-to-revenue ratio had been 10% (30 June 2021: 10%) higher/lower while all other variables were held constant, the Group's net loss would be decreased/increased by approximately HK\$14,659,000 respectively (30 June 2021: approximately HK\$15,620,000).

Another unlisted equity securities without an active market classified in Level 3 was stated at fair value as at 30 June 2022 as estimated by the Directors with reference to the valuation provided by Peak Vision Appraisals Limited (30 June 2021: N/A), an independent professional qualified valuer, which was performed on 31 December 2021 using income approach with unobservable inputs. The significant unobservable input used in the fair value measurement is the discount rate for calculating the present value of future earnings of 17.64% (30 June 2021: N/A). In the opinion of the Directors, the change in fair value of the unlisted equity securities during the period from 31 December 2021 to 30 June 2022 did not have material impact to the results of the Group.

As at 30 June 2022, if the expected discount rate had been 10% (30 June 2021: N/A) higher/lower while all other variables were held constant, the Group's net loss would be increased by approximately HK\$18,580,000 or decreased by approximately HK\$25,207,000 respectively (30 June 2021: N/A).

(b) *Financial assets at fair value through profit or loss: Contingent consideration receivable*

The fair value of contingent consideration receivable classified as Level 3 is derived from the estimated cash consideration to be received by the Group from disposal of a subsidiary in 2021 estimated by the management of the Group with reference to the up-to-date progress of the relevant reconstruction registration with unobservable inputs. The significant unobservable input used in fair value measurement is the weighted distribution of the possible outcomes of 50% (30 June 2021: N/A). In the opinion of the Directors, the change in fair value of the contingent consideration receivable during the period from 31 December 2021 to 30 June 2022 did not have material impact to the results of the Group.

As at 30 June 2022, if the expected weighted distribution of the possible outcomes has been 10% higher/lower (30 June 2021: N/A) while other variables were held constant, the Group's net loss would be decreased/increased by approximately HK\$14,424,000 respectively (30 June 2021: N/A).

(c) *Investment properties situated in the United States*

The fair value of investment properties situated in the United States of approximately HK\$796,848,000, which were reclassified from property, plant and equipment during the six months ended 30 June 2022, were revalued by Roma Appraisals Limited, an independent professional qualified valuer, on the market value basis using direct comparison approach with unobservable inputs. The significant unobservable input used in fair value measurement is the overall adjustments on asking factor of 32.7% (30 June 2021: N/A).

As at 30 June 2022, if the overall adjustments on asking factor has been 5% (30 June 2021: N/A) higher/lower while all other variables were held constant, the Group's net loss would be decreased/increased by approximately HK\$30,241,000 respectively (30 June 2021: N/A).

#### 4. Segment information

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

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

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

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

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

All assets are allocated to reportable segments other than head office bank balances and other unallocated financial and corporate assets which are managed on a group basis. All liabilities are allocated to reportable segments other than unallocated head office and corporate liabilities which are managed on a group basis.

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

## Business segments

An analysis of the Group's revenue, other revenue and net loss, net changes in fair value of investment properties, segment results and segment assets and liabilities by business segments is as follows:

For the six months ended 30 June 2022:

	IHA HK\$'000	IDC HK\$'000	Investing HK\$'000	Leasing HK\$'000	Other operations HK\$'000	Elimination HK\$'000	Consolidated HK\$'000
REVENUE	82,835	7,000	-	-	-	-	89,835
OTHER REVENUE AND NET LOSS	(968)	-	(64,259)	4,908	97	(28)	(60,250)
NET CHANGES IN FAIR VALUE OF INVESTMENT PROPERTIES	-	-	-	2,716	-	-	2,716
Segment revenue	<u>81,867</u>	<u>7,000</u>	<u>(64,259)</u>	<u>7,624</u>	<u>97</u>	<u>(28)</u>	<u>32,301</u>
<b>RESULTS</b>							
Segment results	<u>(9,848)</u>	<u>(3,903)</u>	<u>(87,153)</u>	<u>5,644</u>	<u>(5,340)</u>	<u>-</u>	<u>(100,600)</u>
Unallocated corporate income							13,803
Interest income from bank deposits							412
Other unallocated corporate expenses							<u>(17,030)</u>
Finance costs							<u>(103,415)</u> <u>(1,228)</u>
Loss before tax							<u>(104,643)</u>
Income tax expenses							<u>(1,242)</u>
Loss for the period							<u><u>(105,885)</u></u>



### Segment assets and liabilities

The following table presents segments assets and liabilities of the Group's business segments as at 30 June 2022 and 31 December 2021:

#### As at 30 June 2022:

	IHA HK\$'000	IDC HK\$'000	Investing HK\$'000	Leasing HK\$'000	Other operations HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
<b>ASSETS</b>							
Segment assets	112,574	937,036	425,554	126,389	230,036	–	1,831,589
Unallocated corporate assets						625,593	<u>625,593</u>
Consolidated total assets							<u><u>2,457,182</u></u>
<b>LIABILITIES</b>							
Segment liabilities	92,301	24,509	136,395	20,481	911	–	274,597
Unallocated corporate liabilities						161,935	<u>161,935</u>
Consolidated total liabilities							<u><u>436,532</u></u>

#### As at 31 December 2021:

	IHA HK\$'000	IDC HK\$'000	Investing HK\$'000	Leasing HK\$'000	Other operations HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
<b>ASSETS</b>							
Segment assets	99,613	1,025,221	506,338	109,474	250,955	–	1,991,601
Unallocated corporate assets						513,843	<u>513,843</u>
Consolidated total assets							<u><u>2,505,444</u></u>
<b>LIABILITIES</b>							
Segment liabilities	74,009	37,876	97,471	20,301	135,133	–	364,790
Unallocated corporate liabilities						50,437	<u>50,437</u>
Consolidated total liabilities							<u><u>415,227</u></u>

## Geographical information

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

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

### (a) Revenue

	Six months ended 30 June	
	2022 HK\$'000	2021 HK\$'000
The PRC	34,881	28,724
Hong Kong	27,255	14,071
Australia	19,017	21,301
Other overseas markets	8,682	10,638
	<b>89,835</b>	<b>74,734</b>

### (b) Other revenue and net loss

	Six months ended 30 June 2022					Consolidated HK\$'000
	IHA HK\$'000	IDC HK\$'000	Investing HK\$'000	Leasing HK\$'000	Other operations HK\$'000	
The PRC	(737)	-	378	4,844	97	4,582
Hong Kong	(231)	-	(86,038)	36	-	(86,233)
	<b>(968)</b>	<b>-</b>	<b>(85,660)</b>	<b>4,880</b>	<b>97</b>	<b>(81,651)</b>

	Six months ended 30 June 2021					Consolidated HK\$'000
	IHA HK\$'000	IDC HK\$'000	Investing HK\$'000	Leasing HK\$'000	Other operations HK\$'000	
The PRC	(1,275)	28	1,020	5,039	-	4,812
Hong Kong	-	-	(44,186)	36	-	(44,150)
	<b>(1,275)</b>	<b>28</b>	<b>(43,166)</b>	<b>5,075</b>	<b>-</b>	<b>(39,338)</b>

## 5. Revenue, other revenue and net loss

	Three months ended 30 June		Six months ended 30 June	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Revenue</b>				
<i>Revenue recognised at a point in time under HKFRS 15:</i>				
IHA business				
– Sale of goods	55,510	24,391	82,055	54,342
– Ancillary service income	780	–	780	–
Rental income from IDC business	4,000	10,214	7,000	20,392
	<u>60,290</u>	<u>34,605</u>	<u>89,835</u>	<u>74,734</u>
<b>Other revenue</b>				
Dividend income from listed securities	239	4,788	239	4,788
Rental income from investment properties	2,384	2,245	4,682	4,460
Interest income calculated using the effective interest method:				
Interest income from bank deposits	252	58	412	165
Interest income from loans receivable	3,876	3,906	7,791	7,798
	<u>6,751</u>	<u>10,997</u>	<u>13,124</u>	<u>17,211</u>
<b>Other net loss</b>				
Foreign exchange gains/(losses) net	6,480	(739)	6,117	(1,705)
Net fair value losses on financial assets at fair value through profit or loss	(53,927)	(57,396)	(64,740)	(47,660)
(Loss)/Gain on disposal of property, plant and equipment	(2)	218	(2)	218
(Loss)/Gain on utilisation of cryptocurrencies	(3)	–	726	–
Loss on leases modification	–	(7)	–	(7)
Government subsidies	160	–	160	–
Sundry income	32	38	276	408
	<u>(47,260)</u>	<u>(57,886)</u>	<u>(57,463)</u>	<u>(48,746)</u>
	<u>(40,509)</u>	<u>(46,889)</u>	<u>(44,339)</u>	<u>(31,535)</u>

## 6. Finance costs

	Three months ended 30 June		Six months ended 30 June	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Borrowing costs for bank and other loans	510	1,012	1,045	1,642
Imputed interest expenses on lease liabilities	81	82	183	150
	<b>591</b>	<b>1,094</b>	<b>1,228</b>	<b>1,792</b>

## 7. Loss before tax

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

	Three months ended 30 June		Six months ended 30 June	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Write-down of cryptocurrencies	21,401	–	21,401	–
Write-down of inventories, net	160	181	160	115
Amortisation of intangible assets	9,073	2,823	18,146	2,823
– Allocated to cost of cryptocurrencies	(9,073)	(2,823)	(18,146)	(2,823)
Depreciation of right-of-use assets	2,793	2,557	5,612	5,198
Depreciation of property, plant and equipment (Note)	4,878	1,777	6,960	3,624
– Allocated to cost of cryptocurrencies	(2,747)	–	(2,747)	–

*Note:*

Depreciation of property, plant and equipment for the six months and three months ended 30 June 2022 included depreciation of IDC facilities of approximately HK\$3,615,000 and HK\$1,807,000 respectively (30 June 2021: approximately HK\$3,000,000 and HK\$1,500,000 respectively) recognised as cost of sales for the periods.

## 8. Income tax expenses

The taxation charged to profit or loss represents:

	Three months ended 30 June		Six months ended 30 June	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Current tax</b>				
PRC corporate income tax	301	270	498	1,527
Overseas withholding tax	–	672	744	1,313
	<u>301</u>	<u>942</u>	<u>1,242</u>	<u>2,840</u>

No Hong Kong Profits Tax has been provided for the six months and three months ended 30 June 2022 and 2021 as the Group did not have any assessable profit from Hong Kong for both periods.

The income tax provision in respect of operations in the PRC is calculated at the corporate income tax (“CIT”) rate of 25% on the estimated assessable profits for the six months and three months ended 30 June 2022 and 2021 based on existing legislation, interpretations and practices in respect thereof. Certain subsidiaries of the Company have been designated as “Small-Scale and Low-Profit Enterprises” which are charged at the effective preferential CIT rates of 2.5% or 5% (30 June 2021: 2.5% or 10%) respectively on condition that the annual taxable income was no more than RMB1.0 million or between RMB1.0 million to RMB3.0 million for the six months and three months ended 30 June 2022.

The operation of the Group in the United States is subject to the United States Federal and State Income Tax. For the six months and three months ended 30 June 2022 and 2021, the United States Federal and State Income Tax has not been provided as the Group did not generate any assessable profit in the United States.

Under the United States domestic tax laws, a foreign person is subject to 30% income tax on the gross amount of certain United States-source (non-business) income. As such, withholding tax is provided at 30% for the interest income derived from the loans to a wholly-owned subsidiary in the United States by the Company for the six months and three months ended 30 June 2022 and 2021.

## 9. Dividends

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2022 (30 June 2021: Nil).

## 10. Loss per share

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

	Three months ended 30 June		Six months ended 30 June	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Loss attributable to owners of the Company	<b>(77,168)</b>	(66,506)	<b>(105,372)</b>	(69,679)
	'000	'000	'000	'000
Issued ordinary shares at 1 January	-	-	2,487,705	2,073,089
Issue of new shares (Note 21(a))	-	-	-	387,128
Issued ordinary shares at 1 April	<b>2,487,705</b>	2,487,705	-	-
Weighted average number of ordinary shares for basic loss per share	<b>2,487,705</b>	2,487,705	<b>2,487,705</b>	2,460,217
Weighted average number of ordinary shares for diluted loss per share	<b>2,487,705</b>	2,487,705	<b>2,487,705</b>	2,460,217
Loss per share				
- Basic	<b>(3.10) cents</b>	(2.67) cents	<b>(4.24) cents</b>	(2.83) cents
- Diluted (Note)	<b>(3.10) cents</b>	(2.67) cents	<b>(4.24) cents</b>	(2.83) cents

### Note:

Diluted loss per share is the same as the basic loss per share for the six months and three months ended 30 June 2022 and 2021 because the potential new ordinary shares to be issued on exercise of the outstanding share options under the Company's share option scheme have an anti-dilutive effect on the basic loss per share for the periods.

## 11. Intangible assets

The intangible assets represented the hash-rate capacity for cryptocurrencies mining which enabling the Group to mine the Ethereum (being a mainstream cryptocurrency based on market value) for a contractual term of three years. The hash-rate capacity is initially measured at cost and amortised over three years using the straight-line method.

	<b>Hash-rate capacity</b> <i>HK\$'000</i>
Reconciliation of carrying amount – year ended 31 December 2021	
At beginning of the reporting period	–
Additions	108,876
Amortisation	(20,969)
	<u>87,907</u>
At end of the reporting period	<u><u>87,907</u></u>
<b>Reconciliation of carrying amount</b> <b>– period ended 30 June 2022</b>	
At beginning of the reporting period	<b>87,907</b>
Amortisation	<b>(18,146)</b>
	<u><b>69,761</b></u>
<b>At end of the reporting period</b>	<b><u><u>69,761</u></u></b>
As at 31 December 2021	
Cost	108,876
Accumulated amortisation	(20,969)
	<u>87,907</u>
<b>As at 30 June 2022</b>	
Cost	<b>108,876</b>
Accumulated amortisation	<b>(39,115)</b>
	<u><b>69,761</b></u>

## 12. Trade and other receivables and prepayment for construction

		30 June 2022 <i>HK\$'000</i>	31 December 2021 <i>HK\$'000</i>
	<i>Note</i>		
Trade receivables		73,045	60,821
Less: Loss allowance		<u>(15)</u>	<u>(15)</u>
	<i>(a)</i>	73,030	60,806
Receivables from disposal of a subsidiary	<i>(b)</i>	257	151,504
Earnest money paid for acquisition of intangible assets	<i>(c)</i>	58,466	73,385
Prepayment for acquisition of machines		–	84,179
Deposit paid for acquisition of investment property	<i>(d)</i>	17,311	4,017
Other receivables, net of loss allowance		15,046	2,182
Prepayments and deposits	<i>(e)</i>	248,161	253,949
Prepayment for construction	<i>(f)</i>	<u>648</u>	<u>1,104</u>
		<u><b>412,919</b></u>	<u><b>631,126</b></u>
Current portion		392,673	540,320
Non-current portion		<u>20,246</u>	<u>90,806</u>
		<u><b>412,919</b></u>	<u><b>631,126</b></u>

*Notes:*

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

	30 June 2022 HK\$'000	31 December 2021 HK\$'000
0 – 30 days	33,878	21,238
31 – 60 days	6,591	16,921
61 – 90 days	14,250	6,329
Over 90 days	18,311	16,318
	<b>73,030</b>	<b>60,806</b>

- (b) Receivables from disposal of a subsidiary comprised cash consideration of approximately US\$33,000 (equivalent to approximately HK\$257,000) (31 December 2021: approximately US\$19,424,000 (equivalent to approximately HK\$151,504,000)) and the fair value of contingent consideration of approximately HK\$72,121,000 (31 December 2021: approximately HK\$72,121,000) recognised as financial assets at fair value through profit or loss (note 13) receivable from an independent third party in respect of the disposal of the entire equity interest of Shanghai Indeed Technology Co., Ltd. (“Shanghai Indeed”), an indirect wholly-owned subsidiary of the Company. The cash consideration was payable within 5 business days after all inter-company balances in Shanghai Indeed and the Group being settled which was completed before 31 December 2021 and was partially settled during the reporting period.
- (c) Earnest money of RMB50,000,000 (equivalent to approximately HK\$58,466,000) (31 December 2021: RMB60,000,000 (equivalent to approximately HK\$73,385,000)) was paid for the procurement of hash-rate capacity which was recognised as intangible assets (note 11) of the Group as at 30 June 2022. The earnest money will be refunded to the Group upon settlement of the remaining outstanding payables for the procurement of hash-rate capacity (note 17(b)(i)).

- (d) On 31 May 2022, an indirect wholly-owned subsidiary of the Company, Meishan Yurui Shengda Pharmaceutical Service Co., Ltd\* (眉山裕睿盛達醫藥服務有限公司) and Meishan Pharmacy World Entrepreneurship Incubator Co., Ltd\* (眉山藥行天下創業孵化器有限公司), an independent third party, entered into an agreement to acquire a property located in the PRC at a consideration of approximately RMB24,675,000. The property would be held to earn rental income or sell for a profit if considered appropriate. As at 30 June 2022, approximately RMB14,805,000 (equivalent to approximately HK\$17,311,000) was paid to Meishan Pharmacy World Entrepreneurship Incubator Co., Ltd\* and recognised as prepayment under non-current assets.

On 23 March 2022, an indirect wholly-owned subsidiary of the Company, Tibetan Crane (Shenzhen) Investment Company Limited\* (黑頸鶴(深圳)投資有限公司) and Chengdu Hong Sheng Property Technology Company Limited\* (成都洪盛產城科技有限公司), an independent third party, terminated a provisional agreement signed on 31 December 2021 for the acquisition of a property located in the PRC at a consideration of approximately RMB32,845,000. The prepayment of approximately RMB3,285,000 (equivalent to approximately HK\$4,017,000) was fully refunded on 31 March 2022.

- (e) As at 30 June 2022, a total sum of approximately RMB190,082,000 (equivalent to approximately HK\$222,266,000) (31 December 2021: approximately RMB194,082,000 (equivalent to approximately HK\$237,380,000)) were paid to Zhongda Bocheng Energy Technology (Shenzhen) Limited\* (中達博誠能源科技(深圳)有限公司) ("Zhongda Bocheng"), an independent third party as trading deposits for the purchase of cryptocurrency mining machines which will be held for trading purpose. On the other hand, RMB110,000,000 (equivalent to approximately HK\$128,625,000) (31 December 2021: RMB110,000,000 (equivalent to approximately HK\$134,540,000)) were received from Zhongda Bocheng as a performance bond, which is not available to set-off against the trading deposits aforesaid and recognised as other payables (note 17(b)(ii)).
- (f) In relation to the construction of the Group's IDC in the United States, the Group has entered into a holding escrow agreement with a bank in the United States and the construction company pursuant to which the Group agrees to maintain an amount of US\$20,000,000 (equivalent to approximately HK\$156,000,000) or the amount due to the construction company, whichever is lower, in the escrow account.

As at 30 June 2022, the Group maintained approximately US\$83,000 (equivalent to approximately HK\$648,000) (31 December 2021: approximately US\$142,000 (equivalent to approximately HK\$1,104,000)) in the escrow account.

\* For identification purpose only

## 13. Financial assets at fair value through profit or loss

	Note	30 June 2022 HK\$'000	31 December 2021 HK\$'000
Equity securities listed in Hong Kong	(a)	13,842	16,193
Equity securities listed outside Hong Kong	(a)	7,750	9,149
Money market funds	(a)	30,858	–
Private investment funds	(b)	14,794	51,110
Unlisted equity securities outside Hong Kong	(c)	84,427	102,169
Contingent consideration receivable from disposal of a subsidiary	12(b)	72,121	72,121
		<b>223,792</b>	<b>250,742</b>
Current portion		139,365	148,573
Non-current portion		84,427	102,169
		<b>223,792</b>	<b>250,742</b>

## Notes:

- (a) The fair value of listed equity securities and money market funds are based on quoted market prices in active markets at the end of the reporting period.
- (b) The private investment fund invested in cryptocurrencies and unlisted equity investment with carrying amount of approximately HK\$14,794,000 (31 December 2021: approximately HK\$44,084,000) as at 30 June 2022.

As at 31 December 2021, there was another private investment fund invested in listed equity securities in the United States with carrying amount of approximately HK\$7,026,000, which was redeemed during the period.

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

- (c) The investments in unlisted equity securities of companies incorporated in the Cayman Islands of approximately HK\$69,088,000 (31 December 2021: approximately HK\$102,169,000) are not held for trading. The valuation techniques and inputs applied for fair value measurement have been disclosed in note 3.

As at 30 June 2022, the fair value of equity securities delisted from the New York Stock Exchange amounted to approximately HK\$15,339,000 (31 December 2021: Nil) is based on the price quoted by the investment manager with reference to quoted price on trading platform.

#### 14. Investment portfolio

The Group's ten largest investments, including individual investments with value exceeding 5% of the Group's total assets, as at 30 June 2022 and 31 December 2021 with brief description of the investee companies are as follows:

##### As at 30 June 2022

Stock code	Name of investee company	Note	Number of shares held	Effective shareholding interest	Acquisition cost HK\$'000	Fair value HK\$'000	Accumulated unrealised holding gain/(loss) arising on revaluation from the date of acquisition to 30 June 2022 HK\$'000	Net gain/(loss) for the six months ended 30 June 2022 HK\$'000	Dividend received for the six months ended 30 June 2022 HK\$'000	Classification of financial assets
8137	<b>Listed equity securities</b> Honbridge Holdings Limited		43,212,000	0.44%	58,395	13,180	(45,215)	(2,377)	-	Fair value through profit or loss ("FVPL")
LU	Lufax Holding Ltd (American depositary shares)		90,000	0.05%	9,427	4,238	(5,190)	287	239	FVPL
CNG	China Nonferrous Gold Ltd		7,070,134	1.85%	21,707	3,512	(18,195)	(1,688)	-	FVPL
	<b>Private investment fund</b>									
	Sun Global Restructuring-led Partnership Fund LP ("Sun Fund")	(i)	N/A	N/A	66,500	14,794	(51,706)	(29,290)	-	FVPL
	<b>Unlisted equity securities</b>									
DDIY	DDI Global Inc. (American depositary shares)	(ii)	662,600	0.06%	12,729	15,339	2,610	2,722	-	FVPL
	APAL Holdings Limited ("APAL")	(ii)	100,000,000	9.47%	78,000	21,041	(56,959)	(33,081)	-	FVPL
	Profound View Group ("Profound")	(ii)	918	8.41%	48,000	48,047	47	-	-	FVPL
	<b>Money market funds</b>									
	Minsheng daily increases profits on public financial products* ("Minsheng Financial Product")	(iv)	N/A	N/A	22,217	22,520	303	313	-	FVPL
	Bank of communications Yuntong wealth fixed-term structured deposit agreement* ("BOCOM Financial Product")	(iv)	N/A	N/A	5,730	5,730	-	35	-	FVPL
	Agricultural Bank of China Pay at anytime open-end RMB wealth management product* ("ABC Financial Product")	(iv)	N/A	N/A	1,988	2,017	29	30	-	FVPL

The above investments represent in aggregate over 99.3% in value of the Group's investments. Apart from the ten largest investments listed above, the Group also held various other individual investments with value representing below 1% of the Group's total assets as at 30 June 2022.

As at 31 December 2021

Stock code	Name of investee company	Note	Number of shares held	Effective shareholding interest	Acquisition cost	Fair value	Accumulated unrealised holding gain/(loss) arising from the date of acquisition to 30 June 2021	Net gain/(loss) for the six months ended 30 June 2021	Dividend received for the six months ended 30 June 2021	Classification of financial assets
					HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
<b>Listed equity securities</b>										
0641	CHC Fong's International Company Limited		1,176,000	0.11%	2,629	464	(2,064)	88	-	FVPL
0707	Asia Television Holdings Limited		2,106,000	0.02%	558	44	(470)	(34)	-	FVPL
1439	Mobile Internet (China) Holdings Limited		3,215,000	0.23%	6,604	129	(6,373)	35	-	FVPL
8137	Honbridge Holdings Limited		43,212,000	0.44%	58,395	15,556	(38,301)	216	-	FVPL
LU	Lufax Holding Ltd (American depositary shares)		90,000	0.05%	9,427	3,951	(1,529)	(2,012)	-	FVPL
CNG	China Nonferrous Gold Ltd		7,070,134	1.85%	21,707	5,198	(16,017)	(1,021)	-	FVPL
<b>Private investment funds</b>										
	Altive Master Fund SPC		N/A	N/A	20,008	7,026	-	-	-	FVPL
	iSun Fund	(i)	N/A	N/A	66,500	44,084	(36,279)	13,010	-	FVPL
<b>Unlisted equity securities</b>										
	APAL	(ii)	100,000,000	9.47%	78,000	54,122	(24,960)	(10,584)	-	FVPL
	Profound	(iii)	918	8.41%	48,000	48,047	N/A	N/A	N/A	FVPL

The above investments represent in aggregate 100% in value of the Group's investments.

*Notes:*

- (i) iSun Fund is a Cayman Islands exempted limited partnership, with the principal objective of primarily target investments in public or private companies or digital assets (such as cryptocurrencies) in the data centre, fintech or high tech (software and hardware) sectors. The partnership is managed by the general partner, iSun GP I Limited, which holds the property of the partnership on behalf of the partnership. The partnership shall continue in existence for five years unless dissolution of the partnership. The objective of the partnership is to produce attractive returns on the capital from the partnership while managing investment risk. As at 30 June 2022, the fair value of the partnership is approximately HK\$14,794,000 (31 December 2021: approximately HK\$44,084,000) by reference to the quoted prices of the underlying investments and the valuation on the unlisted equity securities from the investment manager using discounted cash flows model.
- (ii) APAL is an exempt company incorporated in the Cayman Islands with limited liability. APAL and its subsidiaries are principally engaged in the business of global aircraft leasing, aircraft trading, securitised aircraft leasing financial products, aircraft parts trading, maintenance of aircraft, dismantling aircraft and other related consulting services. As at 30 June 2022, the fair value of the entire unlisted equity securities is approximately HK\$222,188,000 (31 December 2021: approximately HK\$571,530,000) by reference to the valuation provided by an independent professional qualified valuer using direct comparison approach with unobservable inputs.
- (iii) Profound is a company incorporated in the Cayman Islands with limited liability. Profound and its subsidiaries are principally engaged in the business of biotechnology and new drug research and development. As at 30 June 2022, the fair value of the entire unlisted equity securities as estimated by the Directors is approximately RMB595,900,000 (equivalent to approximately HK\$705,207,000) by reference to the valuation provided by an independent professional qualified valuer, which was performed on 31 December 2021 using income approach with unobservable inputs.
- (iv) Minsheng Financial Product\* (民生銀行天天增利對公款理財產品) administrated by China Minsheng Bank Corp., Ltd principally invests in low risk and high liquidity financial instruments. The objective of the fund is pursuing superior return compared with similar products in the market and ensuring the stability of the investment capital. During the six months ended 30 June 2022, the quoted annualised daily return rate ranging from 2.5% to 3.2% per annum.
- (v) BOCOM Financial Product\* (交通銀行蘊通財富定期型結構性存款協議) administrated by Bank of Communications, the derivatives embedded in the products are linked to exchange rates, interest rates, commodities, indices and other targets. The product income is determined based on the comparison between the EUR/USD exchange rate fixing price on the exchange rate observation day and the EUR/USD exchange rate initial price on the product establishment day. During the six months ended 30 June 2022, the profit yield ranging from 1.4% to 2.5% per annum.

\* For identification purpose only

- (vi) ABC Financial Product\* (農業銀行時時付開放式理財產品) administrated by Agricultural Bank of China Financial Management Co., Ltd principally invests in low risk and high liquidity financial instruments. The objective of the fund is pursuing superior return compared with similar products in the market and ensuring the stability of the investment capital. During the six months ended 30 June 2022, the quoted annualised daily return rate ranging from 2.1% to 2.7% per annum.

## 15. Cryptocurrencies

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

	Note	30 June 2022 HK\$'000	31 December 2021 HK\$'000
<b>Mainstream:</b>			
Ethereum ("ETH")	(a)	22,821	20,969
Bitcoin ("BTC")	(b)	6,764	–
USD Coin		5,460	–
		<b>35,045</b>	<b>20,969</b>

Notes:

- (a) The cryptocurrencies of ETH held by the Group was generated from the hash-rate capacity under the intangible assets (note 11).
- (b) The cryptocurrencies of BTC held by the Group was generated from the mining machines under the property, plant and equipment.
- (c) As at 30 June 2022, cryptocurrencies are stated at the lower of cost and net realisable value. The Group estimated the net realisable value of the cryptocurrencies with reference to their market prices in the relevant cryptocurrencies markets less the estimated costs necessary to make the sale. Write-down of cryptocurrencies of approximately HK\$21,401,000 (31 December 2021: HK\$Nil) was recognised for the six months ended 30 June 2022.

\* For identification purpose only

## 16. Loans receivable

	30 June 2022 HK\$'000	31 December 2021 HK\$'000
Loans receivable from third parties	238,343	236,210
Less: Loss allowance	<u>(59,808)</u>	<u>(59,808)</u>
	<u>178,535</u>	<u>176,402</u>

The loans receivable comprises:

- (i) A RMB90,000,000 loan to an independent third party borrower. At 31 December 2020, the loan was interest bearing at 8% per annum, repayable in December 2021 and secured by a corporate guarantee provided by an independent third party and a personal guarantee provided by a shareholder of the borrower. In 2021, the loan was extended to be repayable in September 2022 and further secured by a corporate guarantee provided by another independent third party (the "Third Guarantor") and the collateral of the share charges of a company incorporated in the PRC which is 2.4987% owned by the Third Guarantor (the "Loan Extension").

The Loan Extension was subject to certain conditions to be fulfilled by the borrower (the "Conditions"), details of which are disclosed in the Company's announcement dated 16 December 2021. At 31 December 2021, neither of the terms under the Conditions was completed and the Loan Extension became ineffective. On 10 February 2022, the Group issued a demand letter to the borrower and the guarantors demanding repayment of the all the outstanding loans principal and accrued interests. On 16 February 2022, the borrower proposed a new repayment schedule of the outstanding loans and accrued interest thereon. As at the date of this report, no consent to the repayment schedule was reached by both parties.

At the end of the reporting period, the principal of RMB90,000,000 (equivalent to approximately HK\$105,239,000) (31 December 2021: RMB90,000,000 (equivalent to approximately HK\$110,079,000)) and accrued interest receivable of approximately HK\$15,225,000 (31 December 2021: approximately HK\$11,497,000) were recognised as loans receivable under current assets. Loss allowance of approximately HK\$47,196,000 (31 December 2021: approximately HK\$47,196,000) in respect of this credit impaired loan receivable has been recognised at the end of the reporting period. Details of the loan were disclosed in the Company's announcements dated 19 December 2019, 18 September 2020, 17 December 2020, 16 December 2021 and 11 February 2022 respectively.

- (ii) A HK\$41,000,000 loan to an independent third party borrower which is secured by a corporate guarantee provided by a substantial shareholder of the Company. The loan was interest-bearing at 8% per annum and extended to be repayable in September 2022. Pursuant to the extension of the loan agreement, the loan is further secured by accounts receivable of the borrower of approximately HK\$18,732,000 as collateral, with other terms remain unchanged.

At the end of the reporting period, the principal of HK\$41,000,000 (31 December 2021: HK\$41,000,000) and accrued interest receivable of approximately HK\$1,626,000 (31 December 2021: HK\$Nil) were recognised as loans receivable under current assets. Loss allowance of approximately HK\$1,577,000 (31 December 2021: approximately HK\$1,577,000) in respect of this loan receivable has been recognised at the end of the reporting period. Details of the loan were disclosed in the Company's announcements dated 9 December 2019, 12 December 2019, 29 June 2020, 31 December 2020 and 31 December 2021 respectively.

- (iii) A HK\$60,000,000 loan to an independent third party borrower. The loan was secured by corporate guarantees provided by two independent third parties, interest-bearing at 5% per annum and extended to be repayable in October 2022. Pursuant to the extension of the loan agreement, the loan principal of HK\$60,000,000 is secured by a corporate guarantee provided by another independent third party (the "New Guarantor"), as well as the collateral of 5,000 pieces of brand-new computer supporting products held by the New Guarantor. Other terms of the loan remain unchanged.

At the end of the reporting period, the principal of HK\$60,000,000 (31 December 2021: HK\$60,000,000) and accrued interest receivable of approximately HK\$2,244,000 (31 December 2021: approximately HK\$756,000) were recognised as loans receivable under current assets. Loss allowance of approximately HK\$8,483,000 (31 December 2021: approximately HK\$8,483,000) in respect of this loan receivable has been recognised at the end of the reporting period. Details of the loan were disclosed in the Company's announcements dated 18 March 2020, 17 June 2020 and 30 September 2021 respectively.

- (iv) A RMB10,000,000 loan to an independent third party borrower which is unsecured and interest-bearing at 5% per annum and extended to be repayable in September 2022 with other terms remain unchanged.

At the end of the reporting period, the principal of RMB10,000,000 (equivalent to approximately HK\$11,693,000) (31 December 2021: RMB10,000,000 (equivalent to approximately HK\$12,231,000)) and accrued interest receivable of approximately HK\$913,000 (31 December 2021: approximately HK\$647,000) were recognised as loans receivable under current assets. Loss allowance of approximately HK\$2,552,000 (31 December 2021: approximately HK\$2,552,000) in respect of this loan receivable has been recognised at the end of the reporting period.

- (v) During the reporting period, a new loan of HK\$400,000 was granted to an independent third party borrower which is unsecured and interest-bearing at 5% per annum and repayable in November 2022. At the end of the reporting period, the principal of HK\$400,000 and accrued interest receivable of approximately HK\$3,000 were recognised as loans receivable under current assets.

## 17. Trade and other payables

	Note	30 June 2022 HK\$'000	31 December 2021 HK\$'000
Trade payables	(a)	35,441	31,053
Contract liabilities		34,318	18,026
Other payables	(b)	280,844	267,704
Accruals		19,789	20,373
		<b>370,392</b>	<b>337,156</b>

## Notes:

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

	30 June 2022 HK\$'000	31 December 2021 HK\$'000
0 – 30 days	13,638	16,603
31 – 60 days	16,472	3,187
61 – 90 days	634	10,136
Over 90 days	4,697	1,127
	<b>35,441</b>	<b>31,053</b>

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

- (i) Outstanding payable of RMB72,000,000 (equivalent to approximately HK\$85,207,000) (31 December 2021: RMB82,000,000 (equivalent to approximately HK\$97,041,000)) for the procurement of hash-rate capacity, which was recognised as intangible assets of the Group as at 30 June 2022. The outstanding payable, which is repayable within one year, is not available to set-off against the earnest money of RMB50,000,000 (equivalent to approximately HK\$58,466,000) paid for the procurement of hash-rate capacity (note 12(c)).
- (ii) A performance bond, which is repayable within one year, received from Zhongda Bocheng in relation to the purchase of cryptocurrency mining machines amounted to RMB110,000,000 (equivalent to approximately HK\$128,625,000) (31 December 2021: RMB110,000,000 (equivalent to approximately HK\$134,540,000)) (note 12 (e)).

## 18. Bank and other loans

	Note	30 June 2022 HK\$'000	31 December 2021 HK\$'000
<b>Current and secured</b>			
Bank loans with repayment on demand clause	(a)	11,693	12,231
Term loans from banks with repayment on demand clause	(a)	1,929	2,149
<b>Current and unsecured</b>			
Other loan	(b)	23,386	30,577
		<b>37,008</b>	<b>44,957</b>

Notes:

- (a) As at 30 June 2022, the bank loans carried variable interest rates ranging from 2.45% to 4.50% (31 December 2021: 2.45% to 4.50%) per annum. The bank loans are secured by the assets of the Group as set out in note 20.
- (b) Other loan represented a short-term loan from a related party, Amrtan Ocean Traditional Chinese Medicine Co. Ltd.\* (甘露海中醫有限公司) (“Amrtan Ocean”) with principal of RMB20,000,000 (equivalent to approximately HK\$23,386,000) (31 December 2021: RMB25,000,000 (equivalent to approximately HK\$30,577,000)) which was unsecured, interest-bearing at 5% per annum and extended to be repayable on 30 September 2022. An Executive Director and a substantial shareholder of the Company, Mr. Cong Yu, is one of the directors and beneficial owner of Amrtan Ocean.

## 19. Assets classified as held-for-sale

On 28 April 2021, the Group entered into an agreement with Empress Investments Pte. Ltd., an independent third party, to dispose of 100% of the equity interest of Shanghai Indeed, an indirect wholly-owned subsidiary of the Company, at an aggregate cash consideration of US\$68,000,000 (subject to adjustments). The disposal was completed on 3 September 2021. Details are disclosed in the Company’s announcement dated 28 April 2021 and the circular dated 26 May 2021.

\* For identification purpose only

As at 30 June 2021, the assets and liabilities associated with Shanghai Indeed classified as held-for-sale are analysed as follows:

	<i>HK\$'000</i>
Investment properties	368,662
Prepayment for construction	32,096
Other receivables	233
Cash and bank balances	<u>6,853</u>
Total assets classified as held-for-sale	<u><u>407,844</u></u>

	<i>HK\$'000</i>
Other payables	11,543
Income tax payable	267
Deferred tax liabilities	<u>10,891</u>
Total liabilities associated with assets classified as held-for-sale	<u><u>22,701</u></u>

## 20. Pledged assets

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

	<b>30 June 2022</b>	31 December 2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Investment properties	<b>69,621</b>	70,682
Leasehold improvements	<b>64</b>	77
Right-of-use assets	<b>68,834</b>	70,695
Financial assets at fair value through profit or loss	–	3,950
Bank deposits	<b>200</b>	8,827
	<u><u>        </u></u>	<u><u>        </u></u>

## 21. Share capital

	Number of shares		Amount	
	30 June	31 December	30 June	31 December
	2022	2021	2022	2021
	'000	'000	HK\$'000	HK\$'000
<b>Authorised:</b>				
At beginning and end of the reporting period				
Ordinary shares of HK\$0.025 each	<b>8,000,000</b>	8,000,000	<b>200,000</b>	200,000
<b>Issued and fully paid:</b>				
At beginning of the reporting period				
Ordinary shares of HK\$0.025 each	<b>2,487,705</b>	2,073,089	<b>62,193</b>	51,827
Issue of new shares ( <i>Note (a)</i> )	–	414,616	–	10,366
At end of the reporting period				
Ordinary shares of HK\$0.025 each	<b>2,487,705</b>	2,487,705	<b>62,193</b>	62,193

*Note:*

(a) *Issue of new shares*

On 30 December 2020, the Company and the subscribers entered into the subscription agreements pursuant to which the Company issued 414,616,000 new shares at a price of HK\$0.20 per share ("Subscription"). The Subscription was completed on 12 January 2021 and the total proceeds of the Subscription amounted to approximately HK\$82,924,000, of which approximately HK\$10,366,000 was credited to share capital and the balance of approximately HK\$72,558,000 was credited to the share premium account. These shares rank pari passu with the existing shares in all respects.

## 22. Disposal of a subsidiary

During the six months ended 30 June 2022, the Group disposed of the entire equity interests in a subsidiary in the PRC, Lasaruida Investment Consultation Management Company Limited\* (拉薩睿達投資諮詢管理有限公司) through deregistration which was completed in April 2022.

	30 June 2022 HK\$'000
Net assets disposed of	–
Reclassification adjustment from equity to profit or loss upon disposal:	
Translation reserves	1,696
Loss on disposal	<u>(1,696)</u>
<b>Consideration received or receivable</b>	<u>–</u>

## 23. Capital commitments

Capital commitments as at 30 June 2022 and 31 December 2021 are analysed as follows:

	30 June 2022 HK\$'000	31 December 2021 HK\$'000
<b>Contracted:</b>		
Acquisition of investment properties	<u>11,541</u>	<u>36,156</u>

## 24. Approval of the unaudited condensed consolidated interim financial statements

The unaudited condensed consolidated interim financial statements were approved by the Board on 11 August 2022.

\* For identification purpose only

## MANAGEMENT DISCUSSION AND ANALYSIS

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

### BUSINESS REVIEW AND PROSPECT

#### IHA Business

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

During the six months ended 30 June 2022 (the “Period”), the Group’s revenue from the IHA business amounted to approximately HK\$82.8 million, representing an increase of 52.4% compared with the same period of last fiscal year. The relaxed control measures of the novel coronavirus (“COVID-19”) pandemic led to a recovery of consumer sentiment and a rebound in revenue in the second quarter of the year. The segment loss of approximately HK\$9.8 million decreased by 18.1% as a result of the tightened operating cost measures.

In light of the post-economic recession of the resurgence of the COVID-19 pandemic, the Group has enhanced the risk assessment and adopted more conservative cost-saving policies from the second quarter of the year. The supplies of microchip supply have been stabilised through stringent inventory management. The segment loss is expected to narrow down in the second half of the year.

#### IDC Business

The Group concentrates its efforts on providing renowned domestic and foreign enterprises with reliable data centre facilities services.

The Group's revenue generated from leasing of properties used as IDC and facilities used in IDC was significantly decreased from approximately HK\$20.4 million for the six months ended 30 June 2021 to approximately HK\$7.0 million for the Period. The decline of the revenue was caused by the cease of rental income recorded from the disposed of Shanghai IDC. The IDC business recorded a segment loss of approximately HK\$3.9 million attributed to the decline of revenue from the business and the increasing cost pressure in respect of the US IDC.

### **Investing Business**

The Group's investing segment was principally engaged in the investing in digital assets and financial instruments including private investment funds and unlisted equity securities.

The segment recorded a loss of approximately HK\$87.2 million (30 June 2021: approximately HK\$52.3 million) for the Period. The main reason was principally caused by the net losses on financial assets at fair value through profit or loss of approximately HK\$64.7 million (30 June 2021: approximately HK\$47.7 million) resulting from the unsolved Russian-Ukrainian crisis and the recent price downfall following the collapse of Terra (Luna) and TerraUSD (UST).

The blockchain-based software network has wide applications across the tech world particularly for gaming, music, entertainment, and decentralized finance (DeFi), building the foundation for the long-term growth of digital assets. Considering the future prospect, the Group has further purchased mining machines for Bitcoin mining. Details of the purchase are set out in the Company's announcement dated 16 May 2022.

## Leasing Business

The leasing segment of the Group comprised leasing out of properties. The rental income from the segment was approximately HK\$4.9 million (30 June 2021: approximately HK\$5.1 million), representing a slight decrease of 4.1% compared with the same period of last fiscal year. The segment profit of HK\$5.6 million was attributed to the revaluation gain of the investment properties in Zhongshan.

On 23 March 2022, the Group has terminated the provisional agreement for the acquisition of a property located in Chengdu, Sichuan. Instead, another sales and purchase agreement was entered with an independent third party for the acquisition of a property located in Meishan, Sichuan for investment purposes to earn stable rental income or sell for a profit if considered appropriate. The acquisition is expected to be completed in the second half of the year.

## Business Prospect

The digital economy is rapidly replacing the old way of activity of modern society. Thanks to the information technologies, the efficiency of most sectors of the economy and public administration increases, and the opportunities for interaction of subjects of legal relations expand through the new end-to-end digital technologies, like artificial intelligence and robotics, and the speed of developing and making managerial decision increases. The digital transformation remains central to the long-term new infrastructure initiatives which will further drive services spending in both the public sector and strategic industries. The growing demand will continually support the future prospect of the IDC business.

The COVID-19 pandemic is fueling the growth of the stay-at-home economy, which increases the penetration rate of screen-based entertainment. With the maturity of infrastructure construction in support of the digital transformation, i.e. from analogue TV to digital TV signal, there's a growing demand in emerging countries for TV STB. The IHA business will seize business opportunities in new markets for higher growth potential.

Notwithstanding the difficult challenges ahead, the Group will use its best endeavours to take all necessary effective actions and measures that the Board thinks fit with the aim of ensuring the sustainability of the Group's business development.

## FINANCIAL REVIEW

### Revenue and Gross Profit

During the Period, the Group's revenue from the IHA business amounted to approximately HK\$82.8 million, representing an increase of 52.4% compared with the same period of last fiscal year. Meanwhile, the gross profit of the IHA business increased by 48.9% to approximately HK\$6.5 million for the Period as compared with the same Period of the last fiscal year in line with the growth of revenue from the IHA business. For IDC business, the Group recorded a revenue of approximately HK\$7.0 million for the Period (30 June 2021: approximately HK\$20.4 million), representing a decrease of 65.7% as compared to the same period of last fiscal year. The overall gross profits dropped significantly by 52.4% due to the downtrend of the revenue from the IDC business.

### Operating Results

#### *Other Revenue and Net Loss*

The Group recorded other revenue and net loss of approximately HK\$44.3 million for the Period (30 June 2021: approximately HK\$31.5 million). This was mainly attributed to the net losses on financial assets at fair value through profit or loss of approximately HK\$64.7 million as a result of the unsatisfactory performance of the Group's investment portfolio amid the volatility of the digital asset market and the global economic recession.

#### *Changes in Fair Value of Investment Properties*

The Group recognised a net revaluation gain of approximately HK\$2.7 million on its investment properties for the Period (30 June 2021: net loss of approximately HK\$0.6 million). The net gain was significantly attributed to the growth of occupancy rate of the investment properties.

#### *Operating Expenses*

The Group's distribution and selling expenses mainly attributed to the IHA business increased by 9.0% to approximately HK\$3.5 million (30 June 2021: approximately HK\$3.2 million) for the Period due to the one-off payment of redundancy. The general and administrative expenses decreased by 9.7% to approximately HK\$44.5 million (30 June 2021: approximately HK\$49.3 million) for the Period as a result of the tightened cost measure on corporate expenses.

### *Other Operating Expenses*

The other operating expenses are mainly comprised of miscellaneous costs, related tax from investing and leasing activities and write-down of cryptocurrencies. The Group recorded approximately HK\$22.0 million (30 June 2021: approximately HK\$1.4 million) of other operating expenses for the Period, representing a significant increase which was mainly caused by the write-down of cryptocurrencies amounted to approximately HK\$21.4 million (30 June 2022: Nil) for the Period as a result of the volatility of the digital asset market.

### *Finance Costs*

The finance costs of the Group decreased by 31.5% to approximately HK\$1.2 million (30 June 2021: approximately HK\$1.8 million) for the Period due to the decrease in reliance on debt financing.

### *Loss for the Period*

As a result of the foregoing, the Group recorded a loss attributable to owners of the Company of approximately HK\$105.4 million (30 June 2021: approximately HK\$69.7 million) for the Period.

## **Liquidity and Financial Resources**

As at 30 June 2022, the Group had net current assets of approximately HK\$682.9 million. The Group had cash and bank balances of approximately HK\$319.4 million and pledged bank deposits of approximately HK\$0.2 million respectively. The financial resources were funded mainly by debt financing.

The current ratio, calculated by dividing current assets by current liabilities, was 2.7 times (31 December 2021: 3.2 times) as at 30 June 2022. The gearing ratio, as measured by total liabilities divided by total equity, was 21.6% (31 December 2021: 19.9%) as at 30 June 2022. The gearing ratio increased as a result of the increase on other payables in relation to the investment in capital assets. The Group adopts a prudent approach to cash management. Apart from certain debts including lease liabilities, bank and other loans, the Group did not have any material outstanding debts as at 30 June 2022. Payment to settle trade and other payables represented a significant part of the cash outflow of the Group. Taking into account the light debt leverage, the Group is able to generate cash and meet upcoming cash requirements. Hence, the Group has adequate liquidity and financial resources to meet its working capital requirements in the next twelve months from the balance sheet date and remained at a stable and healthy level.

## Capital Commitment

Saved as disclosed in note 23 to the condensed consolidated financial statements, the Group had no other capital commitments as at 30 June 2022.

## Contingent Liabilities

The Group had no contingent liabilities as at 30 June 2022 (31 December 2021: Nil).

## Treasury Policies

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

## Credit Policies

The Group has adopted a credit policy to manage and monitor the recoverability of the loans, details of which are outlined below:

- (a) Credit risk assessment: The Group would perform credit risk assessment before extending or granting the loans by (i) reviewing the financial reports and statements showing the net asset value of the potential or existing borrowers and other relevant financial information; and (ii) performing an assessment on the financial condition of the potential or existing guarantors, such as the type and value of assets owned by the potential or existing guarantors; and (iii) reviewing the financial positions of the existing borrowers on an annual basis.
- (b) Security/Collateral assessment: The Group would assess and decide the necessity and the value of security/collateral for granting or extending each loan, whether to an individual or enterprise, on a case-by-case basis considering the factors including but not limited to the repayment history, results of public search towards the potential or existing borrower, the value and location of the assets owned by the potential or existing borrowers.

- (c) **Loan collection/Recovery:** The Group would issue overdue payment reminders to the borrower, instruct its legal advisers to issue demand letters for overdue loans, negotiate with the borrower for the repayment or settlement of the loan and/or commence legal action against the borrower. In respect of the loans not yet overdue, the Group will closely monitor for any adverse news which may trigger a default in payment.

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

There was no default even happened in respect of the Group's loan portfolio during the Period. However, the default risk is expected to increase due to the material uncertainties of the global economic recession affected by the COVID-19 pandemic, which may have an adverse effect on the value of the loan collateral. A prudent attitude to better the default risk management of the loans receivable will be adopted by closely monitoring and evaluating the value of the loan collateral.

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

### **Charges on Group Assets**

Details of charges on the Group assets are set out on note 20 to the unaudited condensed consolidated interim financial statements in this report.

### **Capital Structure**

As at 30 June 2022, the Group had shareholder's capital of approximately HK\$62.2 million (31 December 2021: approximately HK\$62.2 million). The shareholder's capital of the Company is constituted of 2,487,704,800 shares (31 December 2021: 2,487,704,800 shares).

## Issue of Listed Securities of the Company and Use of Proceeds

A summary of the issue of listed securities by the Company during last year and the relevant use of proceeds is set out below:

<b>Date of announcement</b>	30 December 2020
<b>Date of completion</b>	12 January 2021
<b>Name of subscriber(s)</b>	Cedar Surplus Investments Limited and Mr. Zhu Weisha
<b>Number of shares issued</b>	414,616,000
<b>Class of shares issued</b>	Ordinary shares
<b>Issue of price per share</b>	HK\$0.20
<b>Net price per share</b>	HK\$0.199
<b>Aggregate nominal value of share issued</b>	HK\$10,365,400
<b>Closing price per share on which the terms of the issue were fixed</b>	HK\$0.199 (as at 30 December 2020)
<b>Gross proceeds</b>	approximately HK\$82.9 million
<b>Net proceeds</b>	approximately HK\$82.7 million
<b>Reason for the issue</b>	The Board considered that the issue of shares would provide a good opportunity to raise additional funds to be used for (i) the development of the major operating businesses of IDC; (ii) the development of the major operating businesses of IHA; and (iii) general working capital purposes.

The below table sets out the intended use of net proceeds, utilisation and the remaining balance of the net proceeds as at 30 June 2022:

	Intended use of net proceeds <i>HK\$'000</i>	Utilisation <i>HK\$'000</i>	Remaining balance as at 30 June 2022 <i>HK\$'000</i>
IDC business	66,179	66,179	–
IHA business	8,272	8,272	–
General working capital	<u>8,272</u>	<u>8,272</u>	<u>–</u>
Total	<u><b>82,723</b></u>	<u><b>82,723</b></u>	<u><b>–</b></u>

The net proceeds were used according to the intentions previously disclosed by the Company.

Saved as disclosed above, there was no other issue of listed securities of the Company during the Period.

## Significant Investments/Material Acquisitions and Disposals

### *Acquisition of Machines*

On 16 May 2022, Rich Universe International Limited (the “Purchaser”), a direct wholly-owned subsidiary of the Company and Inno Century Limited (the “Vendor”) entered into a sales and purchase agreement pursuant to which the Purchaser has agreed to purchase the 6,832 sets of Bitmain Antminer T17E (the “Machines”) from the Vendor at the consideration of HK\$60,121,000. Details of the acquisition are disclosed in the Company’s announcement dated 16 May 2022.

The Purchaser subsequently received the Machines during the second quarter of the year.

### **Future Plans for Material Investment and Capital Assets**

There is no other plan for material investments or capital assets as at 30 June 2022.

### **Human Resources and Relations with the Employees**

As at 30 June 2022, the Group have over 140 (30 June 2021: over 160) full-time employees, of which 14 (30 June 2021: 13) were based in Hong Kong and the rest were in the PRC, the United States and Germany. Staff costs of the Group amounted to approximately HK\$31.1 million (30 June 2021: approximately HK\$31.6 million) for the Period. The employees of the Company’s subsidiaries are employed and promoted based on their suitability for the positions offered. The salary benefit levels of the Group’s employees are in line with the market rates. Employees are rewarded on a performance-related basis within the general framework of the Group’s remuneration system which is reviewed annually. In addition to basic salaries, staff benefits also include medical schemes, various insurance schemes and share option schemes.

## Key Risks and Uncertainties

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

- (i) The revenue of the Group is difficult to predict and may be volatile in any given reporting period owing to the tightened supply of microchips as the raw material of the distributed products of the IHA business;
- (ii) The Group may be potentially exposed to the growth in cost pressures from raw materials of the distributed products of the IHA business;
- (iii) The IHA business may be threatened by fierce competition in the rapid iteration of technological products;
- (iv) The subcontractors of the IDC construction may fail to complete as scheduled and the unsatisfactory quality of the work may incur extra costs to the Group to complete the work owing to the prolonged situation of the COVID-19 pandemic;
- (v) The service and rental income from U.S. IDC may fail to meet the expectation due to the spread of the COVID-19 pandemic and the economic crisis from the pandemic recession;
- (vi) The investment return from the stock market may be subject to frequent changes in market policies and regulations;
- (vii) The value of digital assets held by the Group may be subject to volatile market prices, impairment and unique risks of loss such as cyberattacks, human errors or computer malfunctions;
- (viii) The Group may face regulatory challenges to or limitations on the Group's digital asset investment; and
- (ix) The Group may be impacted by macroeconomic conditions resulting from the global COVID-19 pandemic.

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

## **Environmental Policies and Performance**

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

## **Compliance with Laws and Regulations**

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

## **RESERVES**

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

## **DIVIDEND**

The Board has not declared an interim dividend for the Period (30 June 2021: Nil).

## **SHARE OPTION SCHEME**

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

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

On 30 August 2019, the Company offered to grant 11 eligible participants to subscribe for a total of 100,000,000 ordinary Shares of HK\$0.025 each in the capital of the Company at an exercise price HK\$0.33 per Share (the “2019 Share Options”). The 2019 Share Options are exercisable up to three years from the date of grant. As there is no vesting condition for the 2019 Share Options, they were vested immediately at the date of grant. As a result, non-cash share-based compensation expenses in respect of all the 2019 Share Options of approximately HK\$10,481,000 was recognised as expense by the Group with the same amount credited to share option reserves under equity for the year ended 31 December 2019. For details of the terms of the 2019 Share Options, please refer to the Company’s announcement dated 30 August 2019.

Details of the movements of the 2019 Share Options granted to subscribe for the Shares are as follows:

### For the six months ended 30 June 2022

Name of grantees	Date of grant	Exercise price per share <i>HK\$</i>	Exercisable period	Number of Shares issuable under the share options					Outstanding as at 30 June 2022
				Outstanding as at 1 January 2022	Granted during the Period	Exercised during the Period	Lapsed during the Period	Cancelled during the Period	
<b>Directors</b>									
Mr. Li Qiang	30.08.2019	0.33	30.08.2019 – 29.08.2022	2,000,000	–	–	–	–	2,000,000
Mr. Gao Fei	30.08.2019	0.33	30.08.2019 – 29.08.2022	2,000,000	–	–	–	–	2,000,000
Mr. Shi Guangrong	30.08.2019	0.33	30.08.2019 – 29.08.2022	13,000,000	–	–	–	–	13,000,000
Mr. Zhu Jiang	30.08.2019	0.33	30.08.2019 – 29.08.2022	13,000,000	–	–	–	–	13,000,000
Ms. Shen Yan	30.08.2019	0.33	30.08.2019 – 29.08.2022	1,000,000	–	–	–	–	1,000,000
Ms. Dong Hairong	30.08.2019	0.33	30.08.2019 – 29.08.2022	2,000,000	–	–	–	–	2,000,000
<b>Continuous contract employees</b>									
	30.08.2019	0.33	30.08.2019 – 29.08.2022	33,000,000	–	–	–	–	33,000,000
<b>Other eligible participants</b>									
	30.08.2019	0.33	30.08.2019 – 29.08.2022	19,000,000	–	–	–	–	19,000,000
				<u>85,000,000</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>85,000,000</u>
<b>Weighted average exercise price (HK\$)</b>				<u>0.33</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>0.33</u>

## For the six months ended 30 June 2021

Name of grantees	Date of grant	Exercise price per Share HK\$	Exercise period	Number of Shares issuable under the share options					Outstanding as at 30 June 2021
				Outstanding as at 1 January 2021	Granted during the Period	Exercised during the Period	Lapsed during the Period	Cancelled during the Period	
<b>Directors</b>									
Mr. Li Qiang	30.08.2019	0.33	30.08.2019 – 29.08.2022	2,000,000	-	-	-	-	2,000,000
Mr. Gao Fei	30.08.2019	0.33	30.08.2019 – 29.08.2022	2,000,000	-	-	-	-	2,000,000
Mr. Shi Guangrong	30.08.2019	0.33	30.08.2019 – 29.08.2022	13,000,000	-	-	-	-	13,000,000
Mr. Zhu Jiang	30.08.2019	0.33	30.08.2019 – 29.08.2022	13,000,000	-	-	-	-	13,000,000
Ms. Shen Yan	30.08.2019	0.33	30.08.2019 – 29.08.2022	1,000,000	-	-	-	-	1,000,000
Ms. Dong Hairong	30.08.2019	0.33	30.08.2019 – 29.08.2022	2,000,000	-	-	-	-	2,000,000
<b>Continuous contract employees</b>	30.08.2019	0.33	30.08.2019 – 29.08.2022	47,000,000	-	-	(14,000,000)	-	33,000,000
<b>Other eligible participants</b>	30.08.2019	0.33	30.08.2019 – 29.08.2022	19,000,000	-	-	-	-	19,000,000
				<u>99,000,000</u>	<u>-</u>	<u>-</u>	<u>(14,000,000)</u>	<u>-</u>	<u>85,000,000</u>
Weighted average exercise price (HK\$)				<u>0.33</u>	<u>-</u>	<u>-</u>	<u>0.33</u>	<u>-</u>	<u>0.33</u>

*Note:*

There was no (30 June 2021: 14,000,000) share option lapsed according to the terms of the Share Option Scheme during the Period.

Save as disclosed above, at the date of approval of these unaudited condensed consolidated interim financial statements for the Period, no other share options were exercised subsequent to the end of the Period.

When the share options lapse after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserves will be transferred to the retained profits.

The fair value of the share options are subject to a number of assumption and the limitation of the Binominal Model.

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

As at 30 June 2022, the interests or short positions of the Directors and chief executive of the Company in the Shares, underlying shares and/or debentures of the Company and/or any of its associated corporations (within the meanings of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

### (1) Long positions in the shares of the Company

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

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

Pursuant to the Share Option Scheme approved by the Shareholders on 14 January 2015, the Directors and chief executive of the Company in the capacity as beneficial owners were granted unlisted and physically settled share options to subscribe for the Shares, details of which as at 30 June 2022 were as follows:

Name of grantees	Date of grant	Exercise price per Share HK\$	Exercisable period	Number of Shares issuable under the share options					Outstanding as at 30 June 2022
				Outstanding as at 1 January 2022	Granted during the Period	Exercised during the Period	Lapsed during the Period	Cancelled during the Period	
<b>Directors</b>									
Mr. Li Qiang	30.08.2019	0.33	30.08.2019 – 29.08.2022	2,000,000	-	-	-	-	2,000,000
Mr. Gao Fei	30.08.2019	0.33	30.08.2019 – 29.08.2022	2,000,000	-	-	-	-	2,000,000
Mr. Shi Guangrong	30.08.2019	0.33	30.08.2019 – 29.08.2022	13,000,000	-	-	-	-	13,000,000
Mr. Zhu Jiang	30.08.2019	0.33	30.08.2019 – 29.08.2022	13,000,000	-	-	-	-	13,000,000
Ms. Shen Yan	30.08.2019	0.33	30.08.2019 – 29.08.2022	1,000,000	-	-	-	-	1,000,000
Ms. Dong Hairong	30.08.2019	0.33	30.08.2019 – 29.08.2022	2,000,000	-	-	-	-	2,000,000
				<b>33,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>33,000,000</b>

Further details regarding the Share Option Scheme are set out under the heading “Share Option Scheme” in this report.

Save as disclosed above, as at 30 June 2022, none of the Directors or chief executive of the Company had any interests or short positions in any Shares, underlying shares and/or debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to rules 5.46 to 5.67 of the GEM Listing Rules.

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

Based on the information provided to the Company in notices filed, as at 30 June 2022, the entities and/or persons or corporations who had any interests or short positions in the Shares and/or underlying shares of the Company which fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO or had otherwise notified to the Company were as follows:

### Long positions in the shares and underlying shares of the Company

Name of Shareholders	Nature of interests	Number of ordinary Shares	Capacity	Approximate percentage of the total issued share capital of the Company
Unicorn Resources Inc. ("Unicorn") (Note 1)	Corporate	741,379,800	Beneficial owner	29.80%
Cedar Surplus Investments Limited ("Cedar Surplus") (Note 1)	Corporate	741,379,800	Interest of a controlled corporation	29.80%
Mr. Cong Yu (Note 1)	Personal	741,379,800	Interest of a controlled corporation	29.80%
Mr. Zhu Weisha (Note 2)	Personal	741,379,800	Interest of a controlled corporation	29.80%
		19,000,000	Beneficial owner	0.76%
Honbridge Holdings Limited (Stock Code: 8137) ("Honbridge") (Note 3)	Corporate	351,867,200	Beneficial owner	14.14%
Hong Bridge Capital Limited ("Hong Bridge") (Note 3)	Corporate	351,867,200	Interest of a controlled corporation	14.14%
Mr. He Xuechu (Note 4)	Personal	351,867,200	Interest of a controlled corporation	14.14%
		300,000	Interest of spouse	0.01%
Ms. Foo Yatyan (Note 4)	Personal	351,867,200	Interest of spouse	14.14%
		300,000	Beneficial owner	0.01%

*Notes:*

1. Unicorn is the beneficial owner of 741,379,800 Shares. Cedar Surplus holds 55% interest in Unicorn and it is deemed to be interested in the 741,379,800 Shares held by Unicorn. Mr. Cong Yu holds 100% interest in Cedar Surplus (which holds 55% interest in Unicorn) and he is therefore deemed to be interested in the 741,379,800 Shares held by Unicorn.
2. Mr. Zhu Weisha holds 45% interest in Unicorn and he is deemed to be interested in the 741,379,800 Shares held by Unicorn. The remaining interest in 19,000,000 Shares is beneficially owned by Mr. Zhu Weishu, representing 19,000,000 underlying shares in respect of the share options granted by the Company on 30 August 2019.
3. Honbridge is the beneficial owner of 351,867,200 Shares. Hong Bridge holds 41.25% interest in Honbridge and it is deemed to be interested in the 351,867,200 Shares held by Honbridge.
4. Mr. He Xuechu holds 51% interest in Hong Bridge (which holds 41.25% interest in Honbridge) and he is therefore deemed to be interested in the 351,867,200 Shares held by Honbridge. Ms. Foo Yatyan is the beneficial owner of 300,000 Shares. As Ms. Foo Yatyan is the spouse of Mr. He Xuechu, Ms. Foo Yatyan is deemed to be interested in all the Shares in which Mr. He Xuechu is interested and Mr. He Xuechu is deemed to be interested in all the Shares in which Ms. Foo Yatyan is interested.
5. Based on a total of 2,487,704,800 Shares as at 30 June 2022.

Save as disclosed above, as at 30 June 2022, the Directors are not aware of any persons or corporations who had any interests or short positions in the Shares and/or underlying shares of the Company which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

## MANAGEMENT CONTRACTS

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

## COMPETING INTERESTS

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

## CORPORATE GOVERNANCE

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

During the six months ended 30 June 2022, the Company has applied the principles and complied with the applicable code provisions of the Corporate Governance Code (the "CG Code") as set out in Part 2 of Appendix 15 to the GEM Listing Rules, except in relation to CG Code provisions F.2.2, as more particularly described below.

### CG Code provision F.2.2

Pursuant to CG Code provision F.2.2, the Chairman of the Board should attend the annual general meeting ("AGM") and invite the chairman of the audit, remuneration and nomination committees to attend and be available to answer questions at the AGM. Mr. Chen Biao, an executive Director, has been performing the above duties in lieu of Mr. Li Qiang, the Chairman of the Board, who had other pre-arranged business commitments on the AGM held on 28 June 2022.

## AUDIT COMMITTEE

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

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

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

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

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

## **SECURITIES TRANSACTIONS BY DIRECTORS**

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

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

Hong Kong, 11 August 2022

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