



# 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 RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024

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## INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024

### HIGHLIGHTS FOR THE SIX-MONTH PERIOD

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

## INTERIM RESULTS

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

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

		Six months ended 30 June	
		2024	2023
	Note	HK\$'000	HK\$'000
			Re-presented
Revenue	4	120,737	35,769
Cost of sales		<u>(83,080)</u>	<u>(24,107)</u>
Gross profit		37,657	11,662
Other revenue and net income	4	76,863	43,712
Distribution and selling expenses		(2,873)	(2,414)
General and administrative expenses		(50,833)	(59,564)
Reversal of write-down of cryptocurrencies	6	–	22,593
Other operating expenses		(8,072)	(17,401)
Net changes in fair value of investment properties		<u>574</u>	<u>(1,991)</u>
Profit/(Loss) from operations		53,316	(3,403)
Finance costs	5	(288)	(324)
Share of results of associates		<u>(387)</u>	<u>–</u>
Profit/(Loss) before tax	6	52,641	(3,727)
Income tax expenses	7	<u>(152)</u>	<u>(1,368)</u>
Profit/(Loss) for the period		<u>52,489</u>	<u>(5,095)</u>
<b>Profit/(Loss) attributable to:</b>			
Owners of the Company		53,157	(4,508)
Non-controlling interests		<u>(668)</u>	<u>(587)</u>
		<u>52,489</u>	<u>(5,095)</u>
Earnings/(Loss) per share	9		
– Basic		2.14 cents	(0.18) cent
– Diluted		<u>2.14 cents</u>	<u>(0.18) cent</u>

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

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

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 June 2024 <i>HK\$'000</i> (Unaudited)	31 December 2023 <i>HK\$'000</i> (Audited)
	<i>Note</i>		
<b>NON-CURRENT ASSETS</b>			
Investment properties		131,807	131,870
Property, plant and equipment		124,757	146,704
Right-of-use assets		68,226	71,460
Interests in associates		2,622	3,028
Deposits paid	10	5,053	12,853
Financial assets at fair value through profit or loss	11	161,551	141,965
		<u>494,016</u>	<u>507,880</u>
<b>CURRENT ASSETS</b>			
Cryptocurrencies	12	177,516	110,711
Inventories		11,099	32,656
Loans receivable	13	49,872	49,126
Trade and other receivables	10	410,986	451,576
Prepayment for construction	10	–	639
Financial assets at fair value through profit or loss	11	24,820	18,062
Income tax recoverable		555	559
Pledged bank deposits		200	200
Cash and bank balances		50,084	81,677
		<u>725,132</u>	<u>745,206</u>
Assets classified as held-for-sale	14	850,200	850,200
		<u>1,575,332</u>	<u>1,595,406</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	15	264,309	347,049
Dividend payables		31	31
Bank and other loans	16	13,957	14,273
Lease liabilities		2,472	2,995
		<u>280,769</u>	<u>364,348</u>
<b>NET CURRENT ASSETS</b>		<u>1,294,563</u>	<u>1,231,058</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>1,788,579</u>	<u>1,738,938</u>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities		28,159	28,261
Income tax payable		8,532	8,532
Lease liabilities		219	1,267
		<u>36,910</u>	<u>38,060</u>
<b>NET ASSETS</b>		<u>1,751,669</u>	<u>1,700,878</u>
<b>EQUITY</b>			
Share capital	17	62,193	62,193
Reserves		1,694,974	1,643,511
Equity attributable to owners of the Company		1,757,167	1,705,704
Non-controlling interests		(5,498)	(4,826)
<b>TOTAL EQUITY</b>		<u>1,751,669</u>	<u>1,700,878</u>

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Attributable to owners of the Company									Non-controlling interests	Total equity
	Share capital	Share premium	Statutory reserves	Contributed surplus	Property revaluation reserves	Translation reserves	Other reserves	Retained profits	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 1 January 2024	62,193	280,057	8,668	234,621	84,992	8,333	4,203	1,022,637	1,705,704	(4,826)	1,700,878
Profit for the period	-	-	-	-	-	-	-	53,157	53,157	(668)	52,489
Other comprehensive loss:											
Exchange differences arising on translation of foreign operations	-	-	-	-	-	(1,694)	-	-	(1,694)	-	(1,694)
Total other comprehensive loss	-	-	-	-	-	(1,694)	-	-	(1,694)	-	(1,694)
Total comprehensive income for the period	-	-	-	-	-	(1,694)	-	53,157	51,463	(668)	50,795
Transactions with owners:											
Change in ownership interest											
Acquisition of non-controlling interests without a change in control	-	-	-	-	-	-	-	-	-	(4)	(4)
Total transactions with owners	-	-	-	-	-	-	-	-	-	(4)	(4)
As at 30 June 2024	<u>62,193</u>	<u>280,057</u>	<u>8,668</u>	<u>234,621</u>	<u>84,992</u>	<u>6,639</u>	<u>4,203</u>	<u>1,075,794</u>	<u>1,757,167</u>	<u>(5,498)</u>	<u>1,751,669</u>
As at 1 January 2023	62,193	280,057	8,668	234,621	84,992	16,136	4,201	1,136,291	1,827,159	(1,222)	1,825,937
Loss for the period	-	-	-	-	-	-	-	(4,508)	(4,508)	(587)	(5,095)
Other comprehensive loss:											
Revaluation of property, plant and equipment upon transfer to investment properties											
- Loss on revaluation	-	-	-	-	(2,076)	-	-	-	(2,076)	-	(2,076)
Exchange differences arising on translation of foreign operations	-	-	-	-	-	(11,790)	-	-	(11,790)	-	(11,790)
Total other comprehensive loss	-	-	-	-	(2,076)	(11,790)	-	-	(13,866)	-	(13,866)
Total comprehensive loss for the period	-	-	-	-	(2,076)	(11,790)	-	(4,508)	(18,374)	(587)	(18,961)
Transactions with owners:											
Change in ownership interest											
Changes in ownership interests in a subsidiary that do not results in a loss of control	-	-	-	-	-	-	2	-	2	2	4
Total transactions with owners	-	-	-	-	-	-	2	-	2	2	4
As at 30 June 2023	<u>62,193</u>	<u>280,057</u>	<u>8,668</u>	<u>234,621</u>	<u>82,916</u>	<u>4,346</u>	<u>4,203</u>	<u>1,131,783</u>	<u>1,808,787</u>	<u>(1,807)</u>	<u>1,806,980</u>

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 1. GENERAL INFORMATION

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

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

## 2. BASIS OF PREPARATION

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

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

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

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

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

### 3. SEGMENT INFORMATION

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

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

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

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

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

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

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



## Segment revenue and results

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

**For the six months ended 30 June 2024:**

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

For the six months ended 30 June 2023:

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

## Geographical information

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

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

### (a) Revenue

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

### (b) Other revenue and net income

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

  

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

#### 4. REVENUE, OTHER REVENUE AND NET INCOME

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

#### 5. FINANCE COSTS

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

## 6. PROFIT/(LOSS) BEFORE TAX

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

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

*Note:*

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

## 7. INCOME TAX EXPENSES

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

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

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

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

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

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

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

## 8. DIVIDENDS

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

## 9. EARNINGS/(LOSS) PER SHARE

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

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

*Note:*

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

# 10. TRADE AND OTHER RECEIVABLES AND PREPAYMENT FOR CONSTRUCTION

		30 June 2024 HK\$'000	31 December 2023 HK\$'000
	Note		
Trade receivables		75,088	132,356
Less: Loss allowance		(16,407)	(16,407)
	(a)	58,681	115,949
Receivables from disposal of a subsidiary		257	257
Earnest money paid for acquisition of intangible assets	(b)	62,452	62,900
Other receivables, net of loss allowance		22,151	15,465
Prepayments and deposits, net of loss allowance	(c)	272,498	269,858
Prepayment for construction		–	639
		<u>416,039</u>	<u>465,068</u>
Current portion		410,986	452,215
Non-current portion		<u>5,053</u>	<u>12,853</u>
		<u>416,039</u>	<u>465,068</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 2024 HK\$'000	31 December 2023 HK\$'000
0–30 days	15,476	49,516
31–60 days	7,804	27,963
61–90 days	3,002	14,001
Over 90 days	<u>32,399</u>	<u>24,469</u>
	<u>58,681</u>	<u>115,949</u>

- (b) Earnest money of RMB57,000,000 (equivalent to approximately HK\$62,452,000) (31 December 2023: RMB57,000,000 (equivalent to approximately HK\$62,900,000)) was paid for the procurement of hash-rate capacity which was recognised as intangible assets of the Group. The earnest money will be refunded to the Group upon settlement of the remaining outstanding payables for the procurement of hash-rate capacity (note 15(b)(i)).

(c) Included in prepayments and deposits, net of loss allowance are the following balances:

- (i) Trading deposits of a total sum of approximately RMB190,082,000 (equivalent to approximately HK\$208,263,000) (31 December 2023: approximately RMB190,082,000 (equivalent to approximately HK\$209,757,000)) were paid to Zhongda Bocheng Energy Technology (Shenzhen) Limited\* (中達博誠能源科技(深圳)有限公司) (“Zhongda Bocheng”), an independent third party for the purchase of cryptocurrency mining machines which will be held for trading purpose. On the other hand, RMB110,000,000 (equivalent to approximately HK\$120,522,000) (31 December 2023: RMB110,000,000 (equivalent to approximately HK\$121,386,000)) were received from Zhongda Bocheng as a performance bond, which is not available to set-off against the trading deposits aforesaid and recognised as other payables (note 15(b)(ii)). The Group partially terminated the purchase of cryptocurrency mining machines and the trading deposits of approximately RMB49,977,000 (equivalent to approximately HK\$54,757,000) will be refunded to the Group before 31 December 2024 in accordance with the termination agreement signed with Zhongda Bocheng. For the remaining prepayments of approximately RMB140,105,000 (equivalent to approximately HK\$153,506,000), the Group and Zhongda Bocheng entered into an extension agreement to extend the delivery of the cryptocurrency machines to December 2024.
- (ii) Earnest money of an aggregate of US\$3,200,000 (equivalent to approximately HK\$24,960,000) (31 December 2023: US\$3,200,000 (equivalent to approximately HK\$24,960,000)) was paid to an independent third party (the “Vendor”) for a global sale project under a corporation agreement (the “Agreement”). The interest of a wholly-owned subsidiary of the Vendor was charged as collateral of such earnest money. During the year ended 31 December 2023, the Group had notified the Vendor for termination of the Agreement and is in negotiation with the Vendor in the refund of such earnest money.

## 11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

### Notes:

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



## 12. CRYPTOCURRENCIES

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

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

*Note:*

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

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

## 13. LOANS RECEIVABLE

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

#### **14. ASSETS CLASSIFIED AS HELD-FOR-SALE**

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

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

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

## 15. TRADE AND OTHER PAYABLES

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

*Notes:*

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

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

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

- (i) Outstanding payable of RMB67,000,000 (equivalent to approximately HK\$79,748,000) (31 December 2023: RMB67,000,000 (equivalent to approximately HK\$79,748,000)) for the procurement of hash-rate capacity, which has been recognised as intangible assets of the Group since the year ended 31 December 2021. The outstanding payable, which is repayable on demand, is not available to set-off against the earnest money of RMB57,000,000 (equivalent to approximately HK\$62,452,000) (31 December 2023: RMB57,000,000 (equivalent to approximately HK\$62,900,000)) paid for the procurement of hash-rate capacity (note 10(b)).
- (ii) A performance bond, which is repayable on demand, received from Zhongda Bocheng in relation to the purchase of cryptocurrency mining machines amounted to RMB110,000,000 (equivalent to approximately HK\$120,522,000) (31 December 2023: RMB110,000,000 (equivalent to approximately HK\$121,386,000)) (note 10(c)(i)).
- (iii) Outstanding payable of approximately HK\$12,304,000 (31 December 2023: approximately HK\$12,304,000) for the purchase of cryptocurrency mining machines, which was recognised as property, plant and equipment of the Group as at 30 June 2024, is repayable on demand.

## 16. BANK AND OTHER LOANS

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

*Note:*

As at 30 June 2024, the bank loans carried variable interest rates ranging from 3.33% to 3.53% (31 December 2023: 3.33% to 3.53%) per annum. The bank loans are secured by the assets of the Group as set out in note 18.

## 17. SHARE CAPITAL

	<b>Number of shares</b>		<b>Amount</b>	
	<b>30 June 2024 '000</b>	<b>31 December 2023 '000</b>	<b>30 June 2024 HK\$'000</b>	<b>31 December 2023 HK\$'000</b>
<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 and 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

## 18. PLEDGED ASSETS

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

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

## 19. EVENTS AFTER THE REPORTING PERIOD

### Default of Supplemental Loan Agreement

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

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

## 20. APPROVAL OF THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

## **MANAGEMENT DISCUSSION AND ANALYSIS**

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

### **BUSINESS REVIEW AND PROSPECT**

#### **IHA Business**

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

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

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

#### **IDC Business**

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

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

## **Investing Business**

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

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

## **Leasing Business**

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

## **FINANCIAL REVIEW**

### **Revenue and Gross Profit**

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

### **Other Revenue and Net Income**

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



## **Net Change in Fair Value of Investment Properties**

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

## **Distribution and Selling Expenses**

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

## **General and Administrative Expenses**

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

## **Other Operating Expenses**

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

## **Reversal of Write-down of Cryptocurrencies**

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

## **Finance Costs**

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

## **Profit for the Period**

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

## **Liquidity and Financial Resources**

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

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

## **Capital Commitment**

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

## **Contingent Liabilities**

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

## **Charges on Group Assets**

Details of charges on the Group assets are set out in note 18 to the unaudited condensed consolidated interim financial statements in this announcement.

## **Capital Structure**

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

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

### ***Acquisitions and Disposals of Cryptocurrencies***

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

## **Events After the Reporting Period**

### ***Default of Supplemental Loan Agreement***

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

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

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

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

## **TREASURY POLICIES**

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

## CREDIT POLICIES

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

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

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

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

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

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

## KEY RISKS AND UNCERTAINTIES

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

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

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

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

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

## **HUMAN RESOURCES AND RELATIONS WITH THE EMPLOYEES**

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

## **ENVIRONMENTAL POLICIES AND PERFORMANCE**

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

## **COMPLIANCE WITH LAWS AND REGULATIONS**

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

## **RESERVES**

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

## **DIVIDEND**

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

## **MANAGEMENT CONTRACTS**

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

## **COMPETING INTERESTS**

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

## **CORPORATE GOVERNANCE**

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

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

### **CG Code provision F.2.2**

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

## **AUDIT COMMITTEE**

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

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

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



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

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

## **SECURITIES TRANSACTIONS BY DIRECTORS**

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

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

Hong Kong, 28 August 2024

\* *For identification purposes only*

*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.*

*This announcement will remain on the "Latest Listed Company Information" page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for at least seven days from the date of its publication and on the Company's website at [www.yuxing.com.cn](http://www.yuxing.com.cn).*