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Imperium Technology Group Limited

帝國科技集團有限公司

(formerly known as Imperium Group Global Holdings Limited

帝國集團環球控股有限公司)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 0776)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2021

The board (the “Board”) of directors (the “Directors”) of Imperium Technology Group Limited (the “Company” formerly known as “Imperium Group Global Holdings Limited”) is pleased to announce the unaudited results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2021 (the “Period”), together with the unaudited comparative figures for the corresponding period in 2020 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2021

	<i>Note</i>	Unaudited	
		Six months ended 30 June	
		2021	2020
		<i>HK\$'000</i>	<i>HK\$'000</i>
REVENUE		71,993	79,883
Cost of sales		<u>(62,804)</u>	<u>(77,207)</u>
Gross profit		9,189	2,676
Other income	4	1,397	3,822
Distribution costs		(7,923)	(5,937)
Administrative expenses		(31,079)	(30,270)
Other operating expenses		<u>(1,680)</u>	<u>(7,024)</u>

		Unaudited	
		Six months ended 30 June	
		2021	2020
	<i>Note</i>	HK\$'000	HK\$'000
LOSS FROM OPERATIONS		(30,096)	(36,733)
Finance costs		<u>(3,962)</u>	<u>(3,512)</u>
LOSS BEFORE TAX		(34,058)	(40,245)
Income tax expense	5	<u>(39)</u>	<u>(153)</u>
LOSS FOR THE PERIOD		<u>(34,097)</u>	<u>(40,398)</u>
Loss for the period attributable to:			
Owners of the Company		(34,131)	(39,006)
Non-controlling interests		<u>34</u>	<u>(1,392)</u>
		<u>(34,097)</u>	<u>(40,398)</u>
LOSS PER SHARE			
Basic	7	<u>(0.11)</u>	<u>(0.14)</u>
Diluted		<u>(0.11)</u>	<u>(0.14)</u>

Unaudited
Six months ended 30 June

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>

LOSS FOR THE PERIOD	(34,097)	(40,398)
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Other comprehensive loss:

Item that will not be reclassified to profit or loss:

Fair value changes of equity instruments at fair value through other comprehensive income (FVTOCI)	—	(2,059)
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Item that may be reclassified to profit or loss:

Exchange differences arising on translating foreign operations	<u>(313)</u>	<u>(2,847)</u>
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Other comprehensive loss for the period, net of tax

	<u>(313)</u>	<u>(4,906)</u>
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Total comprehensive loss for the period

	<u>(34,410)</u>	<u>(45,304)</u>
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Total comprehensive loss for the period attributable to:

Owners of the Company	(34,444)	(43,912)
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Non-controlling interests	<u>34</u>	<u>(1,392)</u>
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	<u>(34,410)</u>	<u>(45,304)</u>
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2021

		Unaudited At 30 June 2021 <i>HK\$'000</i>	Audited At 31 December 2020 <i>HK\$'000</i>
	<i>Note</i>		
Non-current assets			
Property, plant and equipment	8	7,549	8,576
Investment properties		22,222	23,390
Right-of-use assets	9	42,771	11,809
Goodwill		2,982	2,982
Intangible assets		44,494	49,050
		<u>120,018</u>	<u>95,807</u>
Current assets			
Inventories		3,655	16,704
Contract costs		483	360
Loan receivables and interest receivables	10	8,578	10,458
Trade receivables	11	32,974	13,307
Cryptocurrency receivables	12	1,401	—
Deposits, other receivables and prepayments		37,668	31,985
Cryptocurrencies		1,208	—
Cash and bank balances		115,867	55,149
		<u>201,834</u>	<u>127,963</u>
Current liabilities			
Trade payables	13	17,235	5,134
Cryptocurrency payables	14	42	—
Lease liabilities		3,921	3,755
Loan from related parties	15	143,094	106,000
Other payables and accruals		66,185	78,833
Retirement benefit obligations		62	65
Contract liabilities		1,482	3,810
Current tax liabilities		1,224	230
		<u>233,245</u>	<u>197,827</u>

		Unaudited	Audited
		At	At
		30 June	31 December
		2021	2020
	<i>Note</i>	HK\$'000	HK\$'000
NET CURRENT LIABILITIES		<u>(31,411)</u>	<u>(69,864)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>88,607</u>	<u>25,943</u>
Non-current liabilities			
Lease liabilities		2,767	4,681
Long-term loan from related parties	15	45,234	63,328
Retirement benefit obligations		402	491
Deferred tax liabilities		<u>2,632</u>	<u>2,632</u>
		<u>51,035</u>	<u>71,132</u>
NET ASSETS/(LIABILITIES)		<u><u>37,572</u></u>	<u><u>(45,189)</u></u>
CAPITAL AND RESERVES			
Equity attributable to owners to the Company			
Share capital	16	3,110	2,872
Reserves		<u>30,871</u>	<u>(51,618)</u>
		<u>33,981</u>	<u>(48,746)</u>
Non-controlling interests		<u>3,591</u>	<u>3,557</u>
TOTAL EQUITY		<u><u>37,572</u></u>	<u><u>(45,189)</u></u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

	Six months ended 30 June	
	2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000
Total equity of the Group at 1 January	(45,189)	16,353
Changes in equity during the period:		
— Exchange differences arising on translating on foreign operations	(313)	(2,847)
— Loss for the period	(34,097)	(40,398)
— Fair value changes of equity instruments at FVTOCI	—	(2,059)
Total comprehensive loss for the period	(34,410)	(45,304)
Acquisition of a subsidiary	—	6,690
Equity settled share-based transactions	—	923
Placing of shares	238	—
Share premium arising from placing of shares	115,933	—
Capital contribution	1,000	—
Total equity of the Group at 30 June	<u>37,572</u>	<u>(21,338)</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

	Six months ended 30 June	
	2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000
Net cash (used in)/from operating activities	(36,702)	700
Net cash used in investing activities	(32,728)	(9,963)
Net cash from/(used in) financing activities	<u>130,461</u>	<u>(12,904)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	61,031	(22,167)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	55,149	56,962
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	<u>(313)</u>	<u>(1,621)</u>
CASH AND CASH EQUIVALENTS AT 30 JUNE	<u>115,867</u>	<u>33,174</u>
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	<u>115,867</u>	<u>33,174</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL AND BASIS OF PREPARATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The address of its principal place of business is Room 02, 26/F., One Harbour Square, No. 181 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong. The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. The condensed consolidated financial statements are presented in Hong Kong dollars ("HK\$") and all values are rounded to the nearest thousand except when otherwise indicated, which is the Company's functional and presentation currency.

In the opinion of the Directors, Diamond State Holdings Limited, a company incorporated in the British Virgin Islands, is the immediate parent and Mr. Cheng Ting Kong is the ultimate controlling parties of the Company.

The condensed consolidated financial statements 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 ("HKICPA") as well as with the applicable disclosure provision of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The Group incurred a net loss of approximately HK\$34,097,000 during the period ended 30 June 2021 and, as of that date, the Group had net current liabilities of approximately HK\$31,411,000. These conditions indicate the existence of material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Notwithstanding the above, the condensed consolidated financial statements have been prepared on a going concern basis as the Directors have given careful consideration to the impact of the current and anticipated future liquidity of the Group and are satisfied that:

The borrowing facilities from three of the Group's related companies owned by the ultimate controlling party of the Company and the ultimate controlling party of the Company for its working capital requirements for the next twelve months will be available as and when required, having regard to the following:

- (i) Up to the date of the condensed financial statements authorized for issue, three of the Group's related companies owned by the ultimate controlling party of the Company agreed to renew and not to demand to repayment for the borrowings and amounting to approximately HK\$143,094,000 and HK\$45,234,000 currently included in current liabilities and non-current liabilities respectively a 30 June 2021 for at least the next twelve months.

- (ii) Undrawn borrowing facilities amounting to approximately HK\$30,000,000 and HK\$40,000,000 committed by a related company owned by the ultimate controlling party of the Company and the ultimate controlling party of the Company respectively.

Having taken into account the above, the Directors consider that the Group will have sufficient financial resources to meet in full its working capital requirements and financial obligations as and when they all due in the foreseeable future. Accordingly, the condensed consolidated financial statements have been prepared on a going concern basis.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for certain properties and financial instruments, which are measured at fair value, as appropriate.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2021 are the same as those followed in the preparation of the Group's annual financial information for the year ended 31 December 2020.

The Group has adopted the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, HKASs and Interpretations) issued by the HKICPA for the first time for these Financial Statements.

Amendments to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2

Several amendments apply for the first time in 2021, but do not have an impact on the interim condensed consolidated financial statements of the Group.

3. SEGMENT INFORMATION

Information reported to the executive Directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods delivered. For management purposes, the Group has six (2020: four) reportable segments, cloud computing and data storage, esports, game publishing, household products, money lending and property investment.

Information about reportable segment revenue, profit or loss and assets:

2021

	Cloud computing and data storage HK\$'000	Esports HK\$'000	Game publishing HK\$'000	Household products HK\$'000	Money lending HK\$'000	Property investment HK\$'000	Total HK\$'000
Six months ended 30 June 2021							
(unaudited)							
Revenue from external customers	3,596	18,525	10,787	37,325	1,053	707	71,993
Intersegment revenue	—	—	—	—	—	—	—
Segment loss	(1,244)	(4,691)	(19,658)	(1,762)	231	329	(26,795)
Interest revenue	—	1	—	198	—	—	199
Interest expense	(266)	(744)	(19)	—	(822)	—	(1,851)
Depreciation and amortisation	(2,201)	(2,747)	(630)	(175)	(7)	—	(5,760)
Income tax expense	—	—	(39)	—	—	—	(39)
Additions to segment non-current assets	35,054	—	27	—	—	—	35,081
Other material non-cash items:	—	—	—	—	—	—	—
— Impairment of assets	(986)	—	—	—	—	—	(986)
— Fair value change of investment properties	—	—	—	—	—	(378)	(378)
As at 30 June 2021							
Segment assets	<u>54,390</u>	<u>71,019</u>	<u>55,833</u>	<u>38,846</u>	<u>10,521</u>	<u>22,222</u>	<u>252,831</u>

2020

	Game publishing HK\$'000	Household products HK\$'000	Money lending HK\$'000	Property investment HK\$'000	Total HK\$'000
Six months ended 30 June 2020 (unaudited)					
Revenue from external customers	12,915	65,124	1,187	657	79,883
Intersegment revenue	—	—	—	—	—
Segment loss	(28,260)	(1,754)	(840)	(551)	(31,405)
Interest revenue	1	119	1,187	—	1,307
Interest expense	(38)	(1,105)	—	—	(1,143)
Depreciation and amortisation	(947)	(548)	(369)	—	(1,864)
Income tax expense	(152)	—	—	—	(152)
Additions to segment non-current assets	358	29	—	—	387
Other material non-cash items:					
— Impairment of assets	(5,524)	—	(1,500)	—	(7,024)
— Fair value change of investment properties	—	—	—	(1,208)	(1,208)
As at 30 June 2020					
Segment assets	<u>67,539</u>	<u>73,310</u>	<u>13,282</u>	<u>22,154</u>	<u>176,285</u>

Reconciliations of segment assets:

	At 30 June 2021 (unaudited) HK\$'000	At 31 December 2020 (audited) HK\$'000
Assets		
Total assets of reportable segment	252,831	209,771
Unallocated corporate assets	<u>69,021</u>	<u>13,999</u>
Consolidated total assets	<u>321,852</u>	<u>223,770</u>

Reconciliation of reportable segment revenue and results:

	Six months ended 30 June	
	2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000
Revenue		
Total revenue of reportable segments	71,993	79,883
Elimination of intersegment revenue	—	—
Consolidated revenue	<u>71,993</u>	<u>79,883</u>
Profit or loss		
Total loss of reportable segments	(26,795)	(31,405)
Unallocated corporate income	—	133
Unallocated corporate expenses	(7,302)	(9,126)
Consolidated loss for the period	<u>(34,097)</u>	<u>(40,398)</u>

4. OTHER INCOME

	Six months ended 30 June	
	2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000
Government grants	62	427
Interest income	199	122
Net exchange gain	984	3,273
Others	152	—
	<u>1,397</u>	<u>3,822</u>

5. INCOME TAX EXPENSE

Under the two-tiered profits tax regime, the first HK\$2 million of profits of qualifying group established in Hong Kong will be taxed at 8.25%, and profits above that amount will be subject to the tax rate of 16.5%. The profits of the group entities not qualifying for the two-tiered Profit Tax rate regime will continue to be taxed at a rate of 16.5%.

PRC Enterprise Income Tax has been provided at a rate of 25% (2020: 25%) on the estimated assessable profits for the period.

8. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2021, the Group had additions to property, plant and equipment in the amount of approximately HK\$27,000 (2020: approximately HK\$3,978,000). The Group has no material disposal of property, plant and equipment on both periods.

9. RIGHT-OF-USE ASSETS

During the six months ended 30 June 2021, the Group had additions to right-of-use assets in the amount of approximately HK\$35,054,000 (2020: approximately HK\$375,000).

10. LOAN RECEIVABLES AND INTEREST RECEIVABLES

	At 30 June 2021 (unaudited) HK\$'000	At 31 December 2020 (audited) HK\$'000
Loan receivables, net of provision	8,079	9,851
Interest receivables	499	607
	<u>8,578</u>	<u>10,458</u>

The maturity profile of loan receivables and interest receivables at the reporting date is analysed by the remaining periods to their contractual maturity dates as follows:

	At 30 June 2021 (unaudited) HK\$'000	At 31 December 2020 (audited) HK\$'000
Within one year	5,001	5,205
In the second year	3,577	4,799
In the third year	—	454
	<u>8,578</u>	<u>10,458</u>

The carrying amounts of the loan receivables and interest receivables are denominated in HK\$.

At 30 June 2021 and 31 December 2020, all loan receivables are unsecured, bear interest at fixed rates and are repayable with fixed terms agreed with the customers.

11. TRADE RECEIVABLES

The Group's trading terms with customers are mainly on credit. The credit terms generally range from 30 to 90 days. Overdue balances are reviewed regularly by Directors. The aging analysis of the Group's trade receivables, based on the invoice date, and net of allowance, is as follows:

	At 30 June 2021 (unaudited) <i>HK\$'000</i>	At 31 December 2020 (audited) <i>HK\$'000</i>
0–30 days	10,222	1,250
31–60 days	2,262	1,447
61–90 days	7,147	8,303
over 90 days	13,343	2,307
	<hr/>	<hr/>
Total	32,974	13,307

12. CRYPTOCURRENCY RECEIVABLES

The Group's trading terms with customers are mainly on credit. The credit terms generally range from 30 to 90 days, overdue balances are reviewed regularly by Directors. The aging analysis of the Group's cryptocurrency receivables, is as follows:

	At 30 June 2021 (unaudited) <i>HK\$'000</i>	At 31 December 2020 (audited) <i>HK\$'000</i>
0–30 days	906	—
31–60 days	491	—
61–90 days	4	—
Over 90 days	—	—
	<hr/>	<hr/>
Total	1,401	—

13. TRADE PAYABLES

The Group normally obtains credit terms ranging from 30 to 90 days from its suppliers. The aging analysis of trade payables, based on date of receipt of goods, is as follows:

	At 30 June 2021 (unaudited) <i>HK\$'000</i>	At 31 December 2020 (audited) <i>HK\$'000</i>
0–30 days	3,065	3,386
31–60 days	1,250	33
61–90 days	962	45
Over 90 days	<u>11,958</u>	<u>1,670</u>
Total	<u><u>17,235</u></u>	<u><u>5,134</u></u>

14. CRYPTOCURRENCY PAYABLES

The Group normally obtains credit terms ranging from 30 to 90 days from its suppliers. The aging analysis of cryptocurrency payables, is as follows:

	At 30 June 2021 (unaudited) <i>HK\$'000</i>	At 31 December 2020 (audited) <i>HK\$'000</i>
0–30 days	39	—
31–60 days	3	—
61–90 days	—	—
Over 90 days	<u>—</u>	<u>—</u>
Total	<u><u>42</u></u>	<u><u>—</u></u>

15. DUE TO RELATED COMPANIES/LONG-TERM LOAN FROM RELATED PARTIES

As at 30 June 2021, amounts due to related companies and long term loan from related parties represented loan from a related party. The loan was unsecured, interest bearing from 0% to 2% per annum and repayable within one to three years.

16. SHARE CAPITAL

	Number of shares	
	'000	HK\$'000
Ordinary shares of HK\$0.01 each: Authorised:		
At 1 January 2020 (audited), 31 December 2020 (audited) and 30 June 2021 (unaudited)	<u>5,000,000</u>	<u>50,000</u>
Issued and fully paid:		
At 1 January 2020 (audited), 31 December 2020 (audited)	287,206	2,872
Placement of shares	<u>23,830</u>	<u>238</u>
At 30 June 2021 (unaudited)	<u>311,036</u>	<u>3,110</u>

17. CAPITAL COMMITMENTS

Capital commitments contracted for at the end of the reporting period but not yet incurred are as follows:

	At 30 June 2021 (unaudited) HK\$'000	At 31 December 2020 (audited) HK\$'000
Cloud computing and data storage services for cryptocurrency mining	23,692	—
Game intellectual properties and licenses	<u>2,500</u>	<u>—</u>
	<u>26,192</u>	<u>—</u>

18. OPERATING LEASE COMMITMENTS

The Group as lessor

Operating leases relate to investment property owned by the Group with lease terms of 1 to 3 years, with no extension. The lessee does not have an option to purchase the property at the expiry of the lease period.

Minimum lease payments receivable on leases are as follows:

	At 30 June 2021 (unaudited) HK\$'000	At 31 December 2020 (audited) HK\$'000
Within one year	1,183	1,081
In the second year	<u>576</u>	<u>464</u>
Total	<u><u>1,759</u></u>	<u><u>1,545</u></u>

On 16 June 2021, Seven Elements Interactive Digital Technology Limited (“Seven Elements”), an indirect wholly-owned subsidiary of the Company, entered into an agreement (the “Swarm Leasing Agreement”) with 深圳市水滴雲智能有限公司 (Shenzhen Shuidi Yun Zhineng Company Limited*) (“Shenzhen Shuidi”), pursuant to which Shenzhen Shuidi agreed to lease to Seven Elements 1,500 networked computing nodes to be used in Swarm, being Ethereum’s decentralised storage branch, for a term of nine months. Pursuant to the Swarm Leasing Agreement, Shenzhen Shuidi will be entitled to receive a leasing fee (the “Leasing Fee”) of RMB1,500,000 per month (equivalent to approximately HK\$1,815,000 per month) from Seven Elements. On 21 July 2021, Seven Elements and Shenzhen Shuidi mutually agreed to suspend the Swarm Leasing Agreement.

19. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group’s policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

(a) Disclosure of level in fair value hierarchy at 30 June 2021 and 31 December 2020:

Description	Fair value measurements using:			Total
	Level 1	Level 2	Level 3	At 30 June
	(unaudited)	(unaudited)	(unaudited)	2021
	HK\$'000	HK\$'000	HK\$'000	(unaudited)
				HK\$'000
Recurring fair value measurements:				
Investment properties				
Office units — Malaysia	<u>—</u>	<u>—</u>	<u>22,222</u>	<u>22,222</u>

Description	Fair value measurements using:			Total
	Level 1	Level 2	Level 3	At
	(unaudited)	(unaudited)	(unaudited)	31 December
	HK\$'000	HK\$'000	HK\$'000	2020
				(unaudited)
				HK\$'000
Recurring fair value measurements:				
Investment properties				
Office units — Malaysia	<u>—</u>	<u>—</u>	<u>23,390</u>	<u>23,390</u>

(b) Reconciliation of assets measured at fair value based on level 3:

Description	2021 Investment properties (unaudited) HK\$'000
At 1 January 2021	23,390
Total gains or losses recognised in profit or loss (#)	(378)
Exchange difference	(790)
	<u>22,222</u>
At 30 June 2021	<u>22,222</u>
(#) Include gains or losses for assets held at end of reporting period	<u>(378)</u>

Description	2020 Investment properties (audited) <i>HK\$'000</i>
At 1 January 2020	24,540
Total gains or losses recognised in profit or loss (#)	(1,490)
Exchange difference	<u>340</u>
At 31 December 2020	<u><u>23,390</u></u>
(#) Include gains or losses for assets held at end of reporting period	<u><u>(1,490)</u></u>

The total gains or losses recognised in profit or loss including those for assets held at end of reporting period are presented in other operating expenses in the condensed consolidated statement of profit or loss and other comprehensive income.

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 30 June 2021 and 31 December 2020:

The Group's financial controller is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including level 3 fair value measurements. The financial controller reports directly to the Board for these fair value measurements. Discussions of valuation processes and results are held between the financial controller and the Board at least twice a year.

For level 3 fair value measurements, the Group will normally engage external valuation experts with the recognised professional qualifications and recent experience to perform the valuations.

Key unobservable inputs used in level 3 fair value measurements are mainly:

- Floor level difference (estimated based on actual data)
- Size difference (estimated based on actual data)
- Time difference (estimated based on Property Guru Malaysia Property Market Index)
- Location difference (estimated based on a valuation experts' in-house database)

Level 3 fair value measurements

Description	Valuation technique	Unobservable inputs	Range	Effect on fair value for increase of inputs	Fair value 30 June 2021 (unaudited) HK\$'000	Fair value 31 December 2020 (audited) HK\$'000
Investment property — Commercial building located in Malaysia	Market comparable approach	Time difference	-2.16% to 0% (2020: -4.6% to -1%)	Increase	22,222	23,390
Location difference		0% to 10% (2020: 0% to 15%)	Increase			
Floor level difference		-3% to 3.5% (2020: -3% to 3.5%)	Increase			
Size difference		-2% (2020: -3.3% to -2.1%)	Increase			

There were no changes in the valuation techniques used for investment properties as at 30 June 2021 and 31 December 2020.

20. RELATED PARTY TRANSACTIONS

In addition to those related party transactions and balances disclosed elsewhere in the condensed consolidated financial statements, the Group had the following transactions and balances with related parties during the period:

(a) Key management personnel compensation

The key management personnel of the Group comprise all Directors. Details of their emoluments were disclosed as follows:

	Six months ended 30 June	
	2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000
Directors' remuneration	<u>1,098</u>	<u>1,367</u>

(b) **Transactions with related parties**

	Six months ended 30 June	
	2021	2020
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Purchase from		
— 寧波捷豐現代傢俱有限公司 (Ningbo JF Furniture Co., Limited*)	Not applicable	764
Leasing charges paid to		
— 寧波捷豐現代傢俱有限公司 (Ningbo JF Furniture Co., Limited*)	Not applicable	1,473
License fees paid to		
— A.C.R. Equipment Supplies Limited	Not applicable	60
Interest expense paid to		
— Imperium Credit Limited	498	1,186
— Imperium Financial Group Limited	3,180	1,155
— Imperium Group (Holdings) Limited	266	—

(c) **Balance with related parties**

— Due to related companies

	Note	At	At
		30 June	31 December
		2021	2020
		(unaudited)	(audited)
		HK\$'000	HK\$'000
Imperium Credit Limited	(i)	48,094	48,094
Imperium Financial Group Limited	(i)	121,234	121,234
Imperium Group (Holdings) Limited	(i)	19,000	—
		188,328	169,328

Note:

- (i) These amounts due to related companies of approximately HK\$188,328,000 (2020: HK\$169,328,000) was unsecured, interest bearing from 0% to 2% per annum and repayable within one to three years.

* for identification purpose only

21. EVENTS AFTER THE END OF THE REPORTING PERIOD

On 21 July 2021, Seven Elements, and Shenzhen Shuidi mutually agreed to suspend the Swarm Leasing Agreement. Seven Elements and Shenzhen Shuidi entered the Swarm Leasing Agreement on 16 June 2021 concerning the leasing of 1,500 networked computing nodes to be used in Swarm. Please refer to the announcement of the Company dated 21 July 2021 for further details.

On 23 July 2021, Seven Elements entered into the Lease Agreement with Best Master Limited (“Best Master”), pursuant to which Seven Elements agreed to lease the filecoin equipment, storage facilities and auxiliary parts to Best Master for mining of Filecoin for a term of three years commencing from 1 August 2021. Please refer to the announcement of the Company dated 23 July 2021 for further details.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The Group's revenue for the six months ended 30 June 2021 amounted to approximately HK\$72.0 million, representing a decrease of approximately 9.9% over the corresponding period of 2020. Such decrease is mainly due to the decrease of sales of household products and game publishing business.

Gross profit margin of the Group increased from 3.3% to approximately 12.8% for the six months ended 30 June 2021 was mainly due to the increase of gross profit margin of esports business and higher profit margin of cloud computing and data storage business due to high cryptocurrency price during the period.

Other income decreased from approximately HK\$3.8 million for the six months ended 30 June 2020 to approximately HK\$1.4 million for the six months ended 30 June 2021, mainly due to the decrease in government grant and the decrease in net exchange gain during the period.

Distribution costs increased from approximately HK\$5.9 million for the six months ended 30 June 2020 to approximately HK\$7.9 million for the six months ended 30 June 2021, as there was increase in marketing expenses for game publishing business during the period.

Administrative expenses increased from approximately HK\$30.3 million for the six months ended 30 June 2020 to approximately HK\$31.1 million for the six months ended 30 June 2021, mainly due to the increase in staff costs and legal and professional fee.

Other operating expenses of approximately HK\$1.7 million is mainly due to impairment loss on intangible assets and fair value change on investment properties during the period.

BUSINESS REVIEW AND OUTLOOK

Business review

In the first half of 2021, the business environment remains weak due to COVID-19 epidemic and intense trade dispute with the US, the total revenue of the Group decreased by approximately 9.9% compare with 2020 to approximately HK\$71,993,000 (2020: HK\$79,883,000). The sales of household products business declined by approximately 42.7% compare with 2020. The revenue of game publishing business decreased by approximately 16.5% compare with 2020 due to poor performance of games launched. The Group has put effort in developing cloud computing and data storage segment and esports segment in order to sustain the long-term growth of the Group. During the reported period, these segments contributed to approximately 30.7% of the Group's revenue.

Cloud computing and data storage business

In recent years, the development of cloud computing and data storage technology offers a new way for businesses and individuals to store, process and access large amount of digital data in an efficient and secure manner. During the Period, the Group entered into several leasing agreements to lease certain equipment as well as provide software and technical services. On 26 March 2021, the Group entered into the sale and purchase agreement with the vendor, pursuant to which the Group has conditionally agreed to acquire, and the vendor has conditionally agreed to sell, the equipment at the consideration of approximately RMB19,421,000 (equivalent to approximately HK\$23,111,000). The acquisition enables the Group to utilize the equipment for provision of cloud computing and data storage services, including services in connection with cryptocurrency mining.

Moreover, on 10 May 2021, the Group, as lessee, entered into the technical services agreement with the vendor, as lessor and service provider, pursuant to which the vendor agreed to lease the equipment as well as provide software and technical services to the Group for the provision of cloud computing and data storage services and for mining of Chia coin by the Group for a term of three years at the consideration of RMB20,000,000 (equivalent to approximately HK\$24,200,000) and 5% of quantity of Chia coins mined as service fee, capped at an amount equivalent to RMB5,000,000 (equivalent to approximately HK\$6,050,000).

The above investments were based on the growing trends of (i) increasing use of blockchain technology and cryptocurrency for practical purposes such as for cloud computing and data storage; (ii) an increasing number of institutional investors and individuals have started to invest in cryptocurrencies and related products such as cryptocurrency ETF, leading to a continuing rise in the prices of cryptocurrencies on a long term basis; (iii) that with the devaluation of the traditional currencies due to quantitative easing measures adopted by various governments in stimulating the economy, there are signs that cryptocurrencies are being regarded as alternative assets with similar nature to that of gold given that there is a limited supply of cryptocurrencies; and (iv) the positive outlook of Filecoin and Chia coin to be developed as major cryptocurrencies.

Cloud service operation

During the reported period, the Group acquired and leased Filecoin Mining Machines with a capacity of 18.5P, of which 10.5P were leased to customers. Approximately 31,000 units of Filecoin have been awarded to our customers for the six months period ended 30 June, 2021. According to the current practice of IPFS/Filecoin network, such Filecoin will be vested over a 180 days period with 25% of Filecoin are made available immediately while the remaining 75% of block rewards earned by miners vest linearly over 180 days. As such, the Group recognized its revenue of approximately HK\$2,800,000 based on the value of Filecoin vested.

Furthermore, the Group took into account the fair value of Filecoin as at 30 June 2021 and recorded the change in fair value of crypto currency amounted to loss of approximately HK\$950,000, suffering from the crypto currency downturn in the second quarter of 2021. As a result, the Group recorded a loss of approximately HK\$890,000 for the Filecoin related service segment during the reported period. However, it should be noted that based on the market price of Filecoin as at 30 June 2021, approximately HK\$2,800,000 of Filecoin granted during the reporting period has yet to be recognized as revenue.

In addition to Filecoin related services, the Group acquired another set of mining machines of Chia for its own use as well. During the period, the Group held approximately 220 units of Chia coins with carrying amount of approximately HK\$840,000. This is net of the change in fair value of Chia coins amounted to loss of approximately HK\$37,000 due to crypto currency downturn in the second quarter of 2021.

Development of new products

As mentioned in the announcement made on 16 June 2021, the Group entered into an agreement (the “Swarm Leasing Agreement”) with 深圳市水滴雲智能有限公司 to rent 1,500 networked computing nodes to be used in Swarm, being Ethereum’s decentralised storage branch, for RMB1,500,000 a month. It enables the Group to expand and diversify its existing cloud computing and data storage services business by tapping into Swarm. However, the Group has suspended this agreement as the network organizers have not provided sufficient details to address queries on the operation of the network.

Risk management

Nowadays, cryptocurrencies are the most sought-after alternative assets as compared with other traditional assets. As the cryptocurrencies are a pretty young market, lots of uncertainties are necessarily taken into account. There are few types of financial risks the Group is exposed to regarding the crypto trading market. First of all, while the cryptocurrency industry is liquidity risks. Cryptocurrency exchange is one of the factors that affect liquidity risks in the cryptocurrency sector. A higher number of cryptocurrency exchanges is indicative of greater market and trading activity. The other one is the demand by the public which determines trading volumes which have a significant influence on liquidity. Secondly, the volatility of cryptocurrency prices also concerns us.

The other types of financial risks is legal risk. Each country has its own unique laws and regulations which influence the amount of liquidity exchanges and other institutions can have in cryptocurrency. Laws and regulations define the type of cryptocurrency products one can purchase as well as how the products are used, thus influencing market activity (including trading volumes) on a large scale.

To address the inherent risk of cryptocurrency, the Group has established in-house policies to manage such exposures. This includes making fair value assessments on cryptocurrencies held by the Group and daily monitoring of the price and liquidity of such cryptocurrencies.

The revenue from cloud computing and data storage business for the period ended 30 June 2021 was approximately HK\$3,596,000 (2020: Nil). The segment loss for the period was approximately HK\$1,244,000 (2020: Nil). The profit before interest, tax, depreciation and amortization for the six months ended 30 June 2021 was approximately HK\$1,223,000 (2020: Nil). As discussed above, approximately HK\$2,800,000 of Filecoin granted during the reporting period has yet to be included in the above financial results.

Esports business

On 27 January 2021, the strategic cooperation between PUBG NVXQF team, the esports team owned by Nova eSports International Limited, being a subsidiary of the Company, and Tencent Video would officially commence. Tencent Video officially becomes the title sponsor of NVXQF team, and the team has been renamed as “NV”. In addition to existing various content categories such as popular movies, variety shows, sports, news and anime, Tencent Video is establishing a brand new esports channel. NV will leverage on the inherent content advantages of Tencent Video, while both parties will continue to develop more linked dedicated content model, bringing more variations and possibilities for esports industry and events operation. The cooperation will bring more stable revenue to the esports business.

Furthermore, NV won the champion of the weekly final of the third week of PEL 2021 S1 season and weekly final of the fifth week of PEL 2021 S2 season. PEL 2021 is an official professional esports contest organised by Tencent Games and VSPN.

The revenue from esports business for the six months ended 30 June 2021 was approximately HK\$18,525,000 (2020: Nil). The segment loss for the Period was approximately HK\$4,691,000 (2020: Nil). The losses before interest, tax, depreciation and amortization for the six months ended 30 June 2021 was approximately HK\$1,201,000 (2020: Nil).

Game publishing business

The revenue from game publishing business for the six months ended 30 June 2021 was approximately HK\$10,787,000 (2020: HK\$12,915,000) representing a decrease of approximately HK\$2,128,000 as compared with the corresponding year. The segment loss for the reporting period was approximately HK\$19,658,000 (2020: HK\$28,260,000). The reduction was mainly due to the poor results from games launched in 2020 which was below our expectations and delayed launch of products schedule. The losses before interest, tax, depreciation and amortisation for the six months ended 30 June 2021 was approximately HK\$18,970,000 (2020: HK\$27,124,000).

According to the marketing report issued by NewZoo, total revenue for mobile game and total number of smartphone users will continue to growth. In 2023, it expects to break USD100 billion of revenue generated for mobile game and there will be 4.1 billion smartphone users. In fact, the market report shows that 16% (more than 700 million) of all active smartphones will be 5G-ready by the end of 2021. By 2023, there will be 2.1 billion of 5G-ready active smartphones. Due to above factors, the management is still positive on the outlook for this segment.

The Group will expand into on the fast growing PRC gaming market and partner with major gaming companies to enhance its product portfolio and quality. And we will be more emphasis on enhancing the effectiveness of online marketing activities for future products. In view of the disappointing result of this segment, the Group has appointed a new senior management team for this segment.

Household products business

The revenue from household products business for the six months ended 30 June 2021 was approximately HK\$37,325,000 (2020: HK\$65,124,000), representing a decrease of 42.7% as compared with the corresponding period last year. In 2020, the Group has terminated the business relationship with the major customer, as unilaterally demanded by the major customer for the enhancement of the existing production facilities of household products business, including investments in automation, other production equipment and environmental protection facilities. Also, the market demand has decreased due to the growing tension between China and the U.S. and outbreak of COVID-19. The gross profit margin decreased to approximately 6.0% (2020: 8.3%). The segment loss for the six months ended 30 June 2021 was approximately HK\$1,762,000 (2020: HK\$1,754,000). To mediate the impact of possible disruption to the termination of relationship with major customer, the Group has sourced new domestic customers and explores trading business to sustain the operations.

Property investment business

The Group's revenue from property investment business during the six months ended 30 June 2021 was approximately HK\$707,000 (2020: approximately HK\$657,000). The segment profit was approximately HK\$329,000 (segment loss of 2020: HK\$551,000), mainly due to fair value loss on investment property which is non-cash in nature.

Money lending business

The Group's revenue from money lending business during the six months ended 30 June 2021 was approximately HK\$1,053,000 (2020: HK\$1,187,000). The segment profit of approximately HK\$231,000 (segment loss of 2020: HK\$840,000).

Future prospects

Facing with the uncertain and challenging environment, we would accelerate the expanding cloud computing and data storage business as well as enlarge our esports team in the PRC. In addition, we will continue to adopt suitable cost saving measures and evaluate the business operations to enhance the financial position of the Group as well as maximizing returns to the shareholders. Looking ahead, we will regularly evaluate the allocation of resources among business segments to drive sustainable growth of the Group.

LIQUIDITY, FINANCIAL RESOURCES, FUNDING AND TREASURY POLICY

As at 30 June 2021, the Group had cash and bank balances of approximately HK\$115.9 million (as at 31 December 2020: approximately HK\$55.1 million).

As at 30 June 2021, the Group had current assets of approximately HK\$201.8 million (31 December 2020: HK\$128.0 million) and current liabilities of approximately HK\$233.3 million (31 December 2020: HK\$197.8 million).

As at 30 June 2021, the Group had loan from related parties of approximately HK\$188.3 million (31 December 2020: HK\$169.3 million). The loan from related parties carried interest at fixed rate and repayable within three years.

As at 30 June 2021, three of the Group's related companies owned by the ultimate controlling party of the Company and ultimate controlling party of the Company agreed to renew and not to demand for the repayment of the borrowings amounting to approximately HK\$188,328,000 for at least the next twelve months.

As at the end of the reporting period, the Group had un-utilised facilities from a related company which is owned by the ultimate controlling party of the Company and the ultimate controlling party of the Company amounting HK\$30 million and HK\$40 million respectively.

Nevertheless, the Group will seek for other financial resources as alternative means to meet working capital requirement.

GEARING RATIO

As at 30 June 2021, the Group's gearing ratio, which was derived from loan from related companies to total assets, decreased to 58.5% from that of 75.7% as at 31 December 2020.

Commitments

As at 30 June 2021, the Group's capital commitments amounted to approximately HK\$26,192,000 (2020: Nil), attributable to acquisitions of cloud computing and data storage services for cryptocurrency mining and game intellectual properties and licenses.

CAPITAL STRUCTURE

The share capital of the Company comprises of ordinary shares only.

MATERIAL ACQUISITION AND DISPOSAL

No material acquisition and disposal during the Period.

EVENTS AFTER THE END OF THE REPORTING PERIOD

On 21 July 2021, Seven Elements, and Shenzhen Shuidi mutually agreed to suspend the Swarm Leasing Agreement. Seven Elements and Shenzhen Shuidi entered the Swarm Leasing Agreement on 16 June 2021 concerning the leasing of 1,500 networked computing nodes to be used in Swarm. Please refer to the announcement of the Company dated 21 July 2021 for details.

On 23 July 2021, Seven Elements entered into the Lease Agreement with Best Master Limited ("Best Master"), pursuant to which Seven Elements agreed to lease the filecoin equipment, storage facilities and auxiliary parts to Best Master for mining of the Filecoin for a term of three years commencing from 1 August 2021. Please refer to the announcement of the Company dated 23 July 2021 for details.

DIVIDENDS

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2021 (2020: Nil).

FOREIGN EXCHANGE EXPOSURE

Most of the trading transactions, assets and liabilities of the Group were denominated in Renminbi, United States dollars, Hong Kong dollars, Malaysia Ringgit and Thai Baht.

CONTINGENT LIABILITIES

As at 30 June 2021, the Group had no material contingent liabilities.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2021, the Group employed 176 staff. The Group's remuneration to employees, including Directors' emoluments, amounted to approximately HK\$14,973,000 for the Period. The Group reviews employee remuneration annually and rewards its employee with reference to the length of services and performance. The Group also grants share options and bonuses to employees of the Group at the discretion of the Directors and based on the financial performance of the Group.

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

As at 30 June 2021, the interests and short positions of the Directors in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (the “Associated Corporations”) as notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO or as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) were as follows:

Name of Director	Personal interests	Family interests	Corporate interests	Total	Percentage of aggregate interests to total number of Shares in issue (Note 4)
Mr. Cheng Ting Kong	—	—	214,428,488 (L) (Note 2)	214,428,488 (L) (Note 1)	64.94%
Ms. Yeung So Mui	—	—	214,428,488 (L) (Note 3)	214,428,488 (L)	64.94%

Notes:

1. The letter “L” represents the Director’s interests in the Shares and underlying Shares or, as the case may be, the equity interest of the Company or its associated corporations.
2. This represents interests held by Mr. Cheng Ting Kong through Diamond State Holdings Limited (“Diamond State”), which holds 214,428,488 Shares. As Mr. Cheng Ting Kong has 100% interest in Diamond State, he is deemed to be interested in 214,428,488 Shares.
3. Ms. Yeung So Mui is the spouse of Mr. Cheng Ting Kong. Ms. Yeung So Mui is deemed to be interested in all shares held by Diamond State under part XV of the SFO.
4. The percentage has been adjusted based on the total number of Shares in issue as at 30 June 2021 (i.e. 311,036,000 Shares).

Save as disclosed above, as at 30 June 2021, none of the Directors had any other interests or short positions in the shares, underlying shares or debentures of the Company or any of its Associated Corporations as notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO or which had been entered in the register kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2021, the following substantial shareholders had interests or short positions in the shares or the underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO. Other than the interests disclosed below, the Directors were not aware of any other persons who had interests or short positions in the shares or the underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

Name of Substantial Shareholders	Number of shares interested in	Capacity	Approximate percentage of the total issue capital of the Company <i>(Note 2)</i>
Diamond State <i>(Note 1)</i>	214,428,488	Beneficial owner	64.94%
Mr. Cheng Ting Kong <i>(Note 1)</i>	214,428,488	Interest through a controlled corporation	64.94%

Notes:

1. According to the record in the register kept under section 336 of the SFO, Diamond State, which 100% of issued share capital is owned by Mr. Cheng Ting Kong and he is therefore deemed to be interested in 214,428,488 shares of the Company.
2. The percentage has been adjusted based on the total number of shares of the Company in issue as at 30 June 2021 (i.e. 311,036,000 shares).

SHARE OPTION

On 29 June 2018, a resolution was passed in the 2018 annual general meeting of the Company to adopt a share option scheme (the “Share Option Scheme”).

As at 30 June 2021, no share options were granted under the Share Option Scheme.

The Listing Committee of the Stock Exchange has granted the listing of, and permission to deal in the shares of the Company which may fall to be issued pursuant to the exercise of the options which was granted and/or may be granted under the Share Option Scheme subsequently.

The following is a summary of the principal terms of the Share Option Scheme.

Share Option Scheme

Purpose

To provide an incentive or a reward to eligible persons for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group.

Participants

Eligible participants include:

Any directors or employees, consultants and/or advisers, the eligible participants also include any business or joint venture partners, contractors, agents or representatives, suppliers, producers or licensors, licensees (including sub-licensee) or distributors, of the Group or any person who, in the sole discretion of the Board, has contributed or may contribute to the Group.

Exercise price

Determined by the Board and shall not be less than the higher of:

- (a) the closing price of (1) one share as stated in the Stock Exchange's daily quotation sheets at the offer date, which must be a business day;
- (b) the average closing price of (1) one share as stated in the Stock Exchange's daily quotation sheets for the (5) five business days immediately preceding the offer date; and
- (c) the nominal value of the share on the offer date, provided that in case of fractional prices, the exercise price per share shall be rounded upwards to the nearest whole cents.

Total number of shares available for issue and the percentage of the issued share capital that it represents as at the date of this interim report

31,103,600 shares, being approximately 10% of the issued shares of the Company.

Maximum entitlement of each participant

Not exceed 1% of the shares in issue in any 12-month period.

Period within which the securities must be taken up under the option

Subject to the discretion by the Board and, in the absence of which, from the date of acceptance to the earlier of the date on which such option lapses and 10 years from the date of offer.

Minimum period for which an option must be held before it can be exercised

Subject to the discretion by the Board.

Amount payable on acceptance

HK\$1.00 payable upon acceptance of the offer.

Remaining life of the scheme

The scheme will be valid and effective until 28 June 2028, after which no further options will be granted but the provisions of the scheme shall remain in full force and effect in all other respects. Options complying with the provisions of the Listing Rules which are granted during the duration of the scheme and remain unexercised immediately prior to 28 June 2028 shall continue to be exercisable in accordance with their terms of grant, notwithstanding the expiry of the scheme.

The Group recognised the total expense of approximately HK\$923,000 for the six months period ended 30 June 2020 in relation to share options granted by the Company.

DIRECTORS' INTERESTS IN CONTRACTS

No contract of significance to which the Company or any of its subsidiaries or its holding company, was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the Period under review or any time during the period under review save and except for the transactions disclosed as connected and/or related party transactions in accordance with the requirements of the Listing Rules and accounting principles generally accepted in Hong Kong.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares for the six months ended 30 June 2021.

CORPORATE GOVERNANCE

In the opinion of the Directors, save as disclosed below, the Company has complied with the code provisions as set out in the Corporate Governance Code and Corporate Governance Report ("CG Code") set out in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2021.

Under the Code Provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The role of chief executive officer were shared among the members of the Board during the reporting period. There is no time schedule to change this structure, as the Directors consider that this structure provides the Group with consistent leadership in the Company's decision making process and operational efficiency. The Board shall review this arrangement from time to time to ensure appropriate and timely action is taken to meet changing circumstances.

The Company reviews its corporate governance practices from time to time to ensure compliance with the CG Code.

AUDIT COMMITTEE

The Company has established an Audit Committee with written terms of reference in accordance with the Listing Rules. The primary duties of the Audit Committee are to review the Company's interim and annual reports and accounts and to provide advice and comments thereon to the Board. The Audit Committee is also responsible for reviewing internal control procedures of the Group. The Audit Committee comprises of three independent non-executive Directors, namely Mr. Fung Tze Wa (Chairman), Mr. Ting Wong Kacee and Mr. Tse Ting Kwan.

The Audit Committee has reviewed the unaudited condensed consolidated financial statements for the six months ended 30 June 2021.

CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code, set out in Appendix 10 to the Listing Rules as its code of conduct regarding securities transactions of the Directors. On specific enquiries made, all directors have confirmed that they have complied with the required standard as set out in the Model Code during the six months ended 30 June 2021.

Employees who are likely to be in possession of unpublished price sensitive information of the Company are also subject to compliance with guidelines on no less exacting terms than the Model Code.

By order of the Board
Imperium Technology Group Limited
Cheng Ting Kong
Chairman

Hong Kong, 30 July 2021

As at the date of this announcement, the executive directors of the Company are Mr. Cheng Ting Kong, Ms. Yeung So Mui, Mr. Lin Junwei and Mr. Yau Chak Fung; and the independent non-executive directors of the Company are Mr. Fung Tze Wa, Mr. Ting Wong Kacee and Mr. Tse Ting Kwan.