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## Imperium Technology Group Limited

帝國科技集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 0776)

### INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2022

The board (the “**Board**”) of directors (the “**Directors**”) of Imperium Technology Group Limited (the “**Company**”) is pleased to announce the unaudited results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2022 (the “**Period**”), together with the unaudited comparative figures for the corresponding period in 2021 as follows:

#### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2022

		Unaudited	
		Six months ended 30 June	
		2022	2021
	Note	HK\$'000	HK\$'000
<b>REVENUE</b>		<b>66,432</b>	71,993
Cost of sales		<u>(57,376)</u>	<u>(62,804)</u>
<b>Gross profit</b>		<b>9,056</b>	9,189
Other income	4	2,488	1,397
Distribution costs		(4,638)	(7,923)
Administrative expenses		(85,063)	(31,079)
Other operating expenses		<u>(21,889)</u>	<u>(1,680)</u>
<b>LOSS FROM OPERATIONS</b>		<b>(100,046)</b>	(30,096)

		<b>Unaudited</b>	
		<b>Six months ended 30 June</b>	
		<b>2022</b>	<b>2021</b>
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Finance costs		<u>(5,418)</u>	<u>(3,962)</u>
<b>LOSS BEFORE TAX</b>		<b>(105,464)</b>	<b>(34,058)</b>
Income tax credit/(expense)	5	<u>40</u>	<u>(39)</u>
<b>LOSS FOR THE PERIOD</b>		<b><u>(105,424)</u></b>	<b><u>(34,097)</u></b>
Loss for the period attributable to:			
Owners of the Company		<u>(108,348)</u>	<u>(34,131)</u>
Non-controlling interests		<u>2,924</u>	<u>34</u>
		<b><u>(105,424)</u></b>	<b><u>(34,097)</u></b>
<b>LOSS PER SHARE</b>			
Basic	7	<u>(0.35)</u>	<u>(0.11)</u>
Diluted		<u>(0.35)</u>	<u>(0.11)</u>

**Unaudited**  
**Six months ended 30 June**  
**2022**                      **2021**  
*HK\$'000*                      *HK\$'000*

<b>LOSS FOR THE PERIOD</b>	<b>(105,424)</b>	<b>(34,097)</b>
<b>Other comprehensive loss:</b>		
Item that may be reclassified to profit or loss:		
Exchange differences arising on translating foreign operations	<u>(8,047)</u>	<u>(313)</u>
<b>Other comprehensive loss for the period, net of tax</b>	<u><b>(8,047)</b></u>	<u><b>(313)</b></u>
<b>Total comprehensive loss for the period</b>	<u><b>(113,471)</b></u>	<u><b>(34,410)</b></u>
Total comprehensive loss for the period attributable to:		
Owners of the Company	<u>(116,395)</u>	<u>(34,444)</u>
Non-controlling interests	<u>2,924</u>	<u>34</u>
	<u><b>(113,471)</b></u>	<u><b>(34,410)</b></u>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2022

		Unaudited At 30 June 2022 HK\$'000	Audited At 31 December 2021 HK\$'000
	<i>Note</i>		
<b>Non-current assets</b>			
Property, plant and equipment	8	20,037	33,895
Investment properties		21,467	22,202
Right-of-use assets	9	26,342	46,846
Goodwill		2,982	2,982
Intangible assets		56,742	46,421
		<u>127,570</u>	<u>152,346</u>
<b>Current assets</b>			
Inventories		1,443	1,176
Contract costs		208	181
Loan receivables and interest receivables	10	4,171	6,949
Trade receivables	11	24,151	26,977
Current tax assets		30	134
Cryptocurrency deposits and receivables		2,500	6,340
Deposits, other receivables and prepayments		40,003	28,695
Cryptocurrencies		10,075	22,670
Cash and bank balances		55,407	43,026
		<u>137,988</u>	<u>136,148</u>
<b>Current liabilities</b>			
Trade payables	12	11,092	5,362
Cryptocurrency payables		195	104
Lease liabilities		8,918	8,145
Loan from related parties	13	218,424	194,527
Other payables and accruals		86,111	76,903
Retirement benefit obligations		56	58
Contract liabilities		8,427	7,476
Current tax liabilities		—	14
		<u>333,223</u>	<u>292,589</u>

		<b>Unaudited</b>	Audited
		At	At
		<b>30 June</b>	31 December
		<b>2022</b>	2021
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>NET CURRENT LIABILITIES</b>		<u>(195,235)</u>	<u>(156,441)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>(67,665)</u>	<u>(4,095)</u>
<b>Non-current liabilities</b>			
Lease liabilities		2,099	5,390
Loan from a director	14	18,938	—
Retirement benefit obligations		288	324
Deferred tax liabilities		<u>2,632</u>	<u>2,632</u>
		<u>23,957</u>	<u>8,346</u>
<b>NET LIABILITIES</b>		<u><u>(91,622)</u></u>	<u><u>(12,441)</u></u>
<b>CAPITAL AND RESERVES</b>			
Equity attributable to owners to the Company			
Share capital	15	3,110	3,110
Reserves		<u>(99,862)</u>	<u>(17,757)</u>
		<u>(96,752)</u>	<u>(14,647)</u>
<b>Non-controlling interests</b>		<u>5,130</u>	<u>2,206</u>
<b>TOTAL EQUITY</b>		<u><u>(91,622)</u></u>	<u><u>(12,441)</u></u>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000
Total equity of the Group at 1 January	(12,441)	(45,189)
Changes in equity during the period:		
— Exchange differences arising on translating on foreign operations	(8,047)	(313)
— Loss for the period	<u>(105,424)</u>	<u>(34,097)</u>
Total comprehensive loss for the period	(113,471)	(34,410)
Equity settled share-based transactions	32,326	—
Capital contribution	1,964	1,000
Place of shares	—	238
Share premium arising from placing of shares	<u>—</u>	<u>115,933</u>
Total equity of the Group at 30 June	<u><u>(91,622)</u></u>	<u><u>37,572</u></u>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000
Net cash from/(used in) operating activities	1,616	(36,702)
Net cash used in investing activities	(18,999)	(32,728)
Net cash from financing activities	<u>37,481</u>	<u>130,461</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>20,098</b>	61,031
<b>CASH AND CASH EQUIVALENTS AT 1 JANUARY</b>	<b>43,026</b>	55,149
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES</b>	<u>(7,717)</u>	<u>(313)</u>
<b>CASH AND CASH EQUIVALENTS AT 30 JUNE</b>	<u><b>55,407</b></u>	<u>115,867</u>
<b>ANALYSIS OF CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	<u><b>55,407</b></u>	<u>115,867</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 party 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\$105,424,000 during the six months period ended 30 June 2022 and, as of that date, the Group had net current liabilities and net liabilities of approximately HK\$195,235,000 and HK\$91,622,000. 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 this announcement, 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 amounting to approximately HK\$218,424,000 currently included in current liabilities at 30 June 2022 for at least the next twelve months; and
- (ii) Undrawn borrowing facilities amounting to approximately HK\$10,000,000 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.

Should the Group be unable to continue as a going concern, adjustments would have to be made to restate the values of the assets to their recoverable amounts, to provide for any further liabilities which might arise and to classify non-current assets and liabilities as current assets and liabilities respectively. The effects of these potential adjustments have not been reflected in these condensed consolidated financial statements.

## 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 2022 are the same as those followed in the preparation of the Group's annual financial information for the year ended 31 December 2021.

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.

HKAS 16 (Amendments)	Property, Plant and Equipment: Proceeds before Intended Use
HKFRS 3 (Amendments)	Reference to the Conceptual Framework
HKAS 37 (Amendments)	Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements Project	Annual Improvements To HKFRS Standards 2018–2022
Accounting Guideline 5 (Amendments)	Merger Accounting for Common Control Combinations

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

## 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 (2021: six) reportable segments, online game, esports, cloud computing and data storage, household products, property investment and money lending.

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

**2022**

	Online game HK\$'000	Esports HK\$'000	Cloud computing and data storage HK\$'000	Household products HK\$'000	Property investment HK\$'000	Money lending HK\$'000	Total HK\$'000
<b>Six months ended 30 June 2022</b>							
<b>(unaudited)</b>							
Revenue from external customer	11,930	34,460	10,722	8,085	686	549	66,432
Intersegment revenue	—	—	—	—	—	—	—
Segment profit/(loss)	(18,360)	671	(41,637)	180	1,015	(1,643)	(59,774)
Interest revenue	3	11	—	926	—	—	940
Interest expense	(133)	(805)	(319)	(26)	—	—	(1,283)
Depreciation and amortisation	(5,233)	(3,418)	(12,684)	(26)	—	(3)	(21,364)
Income tax credit	40	—	—	—	—	—	40
Addition to segment non-current assets	1,049	—	296	675	—	—	2,020
Other material non-cash item:							
— Impairment of assets	(5,573)	—	(35,609)	(921)	—	(2,181)	(44,284)
— Net fair value gain on investment properties	—	—	—	—	329	—	329
<b>As at 30 June 2022</b>							
Segment assets	<u>87,189</u>	<u>64,539</u>	<u>45,417</u>	<u>37,159</u>	<u>21,467</u>	<u>4,981</u>	<u>260,752</u>

**2021**

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

Reconciliations of segment assets:

	<b>At 30 June 2022 (unaudited) <i>HK\$'000</i></b>	<b>At 31 December 2021 (audited) <i>HK\$'000</i></b>
Assets		
Total assets of reportable segment	<b>260,752</b>	252,831
Unallocated corporate assets	<b>4,806</b>	35,663
Consolidated total assets	<b><u>265,558</u></b>	<u>288,494</u>

Reconciliation of reportable segment revenue and results:

	<b>Six months ended 30 June</b>	
	<b>2022</b> <b>(unaudited)</b> <i>HK\$'000</i>	<b>2021</b> <b>(unaudited)</b> <i>HK\$'000</i>
<b>Revenue</b>		
Total revenue of reportable segments	66,432	71,993
Elimination of intersegment revenue	—	—
	<u>          </u>	<u>          </u>
Consolidated revenue	<b><u>66,432</u></b>	<b><u>71,993</u></b>
<b>Profit or loss</b>		
Total loss of reportable segments	(59,774)	(26,795)
Unallocated corporate income	1	—
Unallocated corporate expenses	(45,651)	(7,302)
	<u>          </u>	<u>          </u>
Consolidated loss for the period	<b><u>(105,424)</u></b>	<b><u>(34,097)</u></b>

**4. OTHER INCOME**

	<b>Six months ended 30 June</b>	
	<b>2022</b> <b>(unaudited)</b> <i>HK\$'000</i>	<b>2021</b> <b>(unaudited)</b> <i>HK\$'000</i>
Government grants	167	62
Interest income	942	199
Net exchange gain	—	984
Fair value gain on investment properties	329	—
Others	1,050	152
	<u>          </u>	<u>          </u>
	<b><u>2,488</u></b>	<b><u>1,397</u></b>

**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% (2021: 25%) on the estimated assessable profits for the period.

Malaysia Corporate Tax has been provided at a rate of 24% (2021: 24%) on the estimated assessable profit for the period.

Taiwan Corporate Tax has been provided at a rate of 20% (2021: 20%) on the estimated assessable profit for the period.

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

## 6. DIVIDEND

No dividend has been paid, declared or proposed during the period. The Directors have determined that no dividend will be paid in respect of the interim period (2021: Nil).

## 7. LOSS PER SHARE

The calculation of basic loss per share is based on the following:

	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Loss</b>		
Loss attributable to owners of the Company, used in the basic loss per share calculation	<u><b>(108,348)</b></u>	<u><b>(34,131)</b></u>
	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share calculation	<u><b>311,036,000</b></u>	<u><b>290,993,000</b></u>

As the Company's share options during the six months ended 30 June 2022 and 30 June 2021, do not give rise to any dilutive effect to the loss per share, diluted loss per share was the same as the basic loss per share for the six months ended 30 June 2022 and 30 June 2021 respectively.

## 8. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2022, the Group had additions to property, plant and equipment in the amount of approximately HK\$2,020,000 (2021: approximately HK\$27,000). 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 2022, the Group had additions to right-of-use assets in the amount of approximately HK\$548,000 (2021: approximately HK\$35,054,000).

## 10. LOAN RECEIVABLES AND INTEREST RECEIVABLES

	At 30 June 2022 (unaudited) <i>HK\$'000</i>	At 31 December 2021 (audited) <i>HK\$'000</i>
Loan receivables, net of provision	3,896	6,433
Interest receivables	275	516
	<u>4,171</u>	<u>6,949</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 2022 (unaudited) <i>HK\$'000</i>	At 31 December 2021 (audited) <i>HK\$'000</i>
Within one year	4,171	6,508
In the second year	—	441
	<u>4,171</u>	<u>6,949</u>

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

At 30 June 2022 and 31 December 2021, 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 2022 (unaudited) <i>HK\$'000</i>	At 31 December 2021 (audited) <i>HK\$'000</i>
0–30 days	5,826	8,994
31–60 days	3,671	3,625
61–90 days	2,256	5,026
over 90 days	12,398	9,332
	<hr/>	<hr/>
Total	<b>24,151</b>	<b>26,977</b>

## 12. 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 2022 (unaudited) <i>HK\$'000</i>	At 31 December 2021 (audited) <i>HK\$'000</i>
0–30 days	4,857	2,280
31–60 days	2,356	668
61–90 days	1,142	643
Over 90 days	2,737	1,771
	<hr/>	<hr/>
Total	<b>11,092</b>	<b>5,362</b>

### 13. LOAN FROM RELATED PARTIES

As at 30 June 2022, the Group received loans from three related parties with principal amount of HK\$220,000,000 (2021: HK\$200,000,000). These loans were unsecured, interest bearing from 0% to 2% per annum and repayable within one to three years. The fair value of these loans were estimated at the prevailing market interest rates for equivalent loans of 5% on initial recognition.

### 14. LOAN FROM A DIRECTOR

As at 30 June 2020, the Group received a loan from a director with principal amount of HK\$20,000,000 (2021: nil). The loan was unsecured, interest bearing at 2% per annum and repayable after one year. The fair value of the loan was estimated at the prevailing market interest rates for equivalent loan of 5% on initial recognition.

### 15. SHARE CAPITAL

	Number of shares	
	'000	HK\$'000
Ordinary shares of HK\$0.01 each: Authorised:		
At 1 January 2021 (audited), 31 December 2021 (audited) and 30 June 2022 (unaudited)	<u>500,000</u>	<u>50,000</u>
Issued and fully paid:		
At 1 January 2021 (audited)	287,206	2,872
Ordinary shares issued on placement of share	<u>23,830</u>	<u>238</u>
At 31 December 2021 (audited), 1 January 2022 (unaudited) and 30 June 2022 (unaudited)	<u>311,036</u>	<u>3,110</u>

### 16. CAPITAL COMMITMENTS

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

	At 30 June 2022 (unaudited) HK\$'000	At 31 December 2021 (audited) HK\$'000
Game intellectual properties and licenses	<u>4,837</u>	<u>4,837</u>



## 17. 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 2022 (unaudited) HK\$'000	At 31 December 2021 (audited) HK\$'000
Within one year	780	954
In the second year	—	79
Total	<u>780</u>	<u>1,033</u>

## 18. 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.



<b>Description</b>	2021 Investment properties (unaudited) HK\$'000
At 1 January 2021	23,390
Total gains or losses recognised in profit or loss (#)	(450)
Exchange difference	(738)
	<hr/>
At 30 June 2021	<u>22,202</u>
(#) Include gains or losses for assets held at end of reporting period	<u>(450)</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 2022:**

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)
- Asking price (estimated based on valuation reports' 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 2022 (unaudited) HK\$'000	Fair value 31 December 2021 (audited) HK\$'000
Investment property	Market	Time difference	0% (2021: 0%)	Increase	21,467	22,202
— Commercial building located in Malaysia	comparable approach	Location difference	0% (2021: 0%)	Increase		
		Floor level difference	0% (2021: 0%)	Increase		
		Size difference	-3.26% to -2.87% (2021: -3.53% to -2.87%)	Increase		
		Asking price	-3%(2021: -3%)	Increase		

There were no changes in the valuation techniques used for investment properties as at 30 June 2022 and 31 December 2021.

## **19. 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:

	<b>Six months ended 30 June</b>	
	<b>2022</b> <b>(unaudited)</b> <b>HK\$'000</b>	<b>2021</b> <b>(unaudited)</b> <b>HK\$'000</b>
Directors' remuneration	<b>1,469</b>	<b>1,098</b>

**(b) Transactions with related parties**

	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Interest expense paid to		
— Imperium Credit Limited	<b>1,240</b>	498
— Sun International Group Limited	<b>3,014</b>	3,180
— Imperium Group (Holdings) Limited	<b>310</b>	266
— Mr. Yeung Tong Seng Terry	<b>235</b>	—
Lease income from		
— Best Master Limited	<b>328</b>	—
— Mr. Cheng Ting Kong	<b>340</b>	—
Mobile game income from		
— Imperium Interactive Entertainment Limited	<b>207</b>	—
License fee paid to		
— Imperium Interactive Entertainment Limited	<b>51</b>	—
Service fee paid to		
— 福建漢森小伙伴網絡科技有限公司	—	1,550
Service fee paid to		
— Getoken Technology Co., Limited	<b>2,890</b>	—

(c) **Balance with related parties**

At 30 June 2022 and 31 December 2021, the Group had the following balances with related parties:

		At 30 June 2022 (unaudited) HK\$'000	At 31 December 2021 (audited) HK\$'000
	<i>Note</i>		
Due to related companies			
— Imperium Credit Limited	<i>(i)</i>	50,454	49,088
— Sun International Group Limited	<i>(i)</i>	128,318	125,368
— Imperium Group (Holdings) Limited	<i>(i)</i>	39,652	20,070
— Imperium Interactive Entertainment Limited	<i>(ii)</i>	267	180
Due to a director			
— Mr. Yeung Tong Seng Terry	<i>(iii)</i>	18,938	—
		<u>237,629</u>	<u>194,706</u>

*Note:*

- (i) These amounts due to related companies of approximately HK\$218,424,000 (2021: HK\$194,527,000) was unsecured, interest bearing from 0% to 2% per annum and repayable within two years.
- (ii) The amount due to a related company was unsecured, non-interest bearing and repayable on demand.
- (iii) The amount due to a director of approximately HK\$18,938,000 (2021: nil) was unsecured, interest-bearing at 2% per annum and repayable after one year.

**20. EVENT AFTER THE END OF THE REPORTING PERIOD**

On 28 July 2022, Deluxe Trading (HK) Limited (the “**Purchaser**”), an indirect wholly owned subsidiary of the Company, entered into the agreements with the vendors, pursuant to which the Purchaser agreed to purchase, and the vendors agreed to sell, the sale equity interests, representing in aggregate 30% of the equity interests in the Wanhui (Suzhou) Digital Technology Co., Ltd. (萬輝 (蘇州) 數碼科技有限公司), a non-wholly owned subsidiary of the Company, at an aggregate consideration of RMB6,300,000 (equivalent to approximately HK\$7,308,000). For further details of transaction, please refer to the announcement and supplemental announcement on 27 July 2022 and 1 August 2022 respectively.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW AND OUTLOOK

#### Industry Review

In the first half of 2022, quarantine measures and anti-epidemic restrictions have been gradually relaxed around the world. However, geopolitics and inflation have brought uncertainties to the recovery of the global economy from the COVID-19 epidemic. In the World Economic Outlook Report published by the International Monetary Fund, the global economic growth rate was lowered to 3.6% in 2022, and the risks to the economic outlook is expected to increase tremendously. The report stated that the world had yet to be fully recovered from the COVID-19 epidemic, while the commencement of the Russia-Ukraine war put pressures on the supply chain and intensified inflation, resulting in a significant differentiation in the recovery process of different economies.

However, the global epidemic has brought huge home economy opportunities to the gaming industry. According to the marketing report issued by NewZoo, the total revenue in the global game market is expected to reach US\$203.1 billion in 2022, representing a year-on-year growth of 5.4%, and the number of global gamers is expected to reach 3.09 billion. NewZoo anticipated that the game market will continue to grow in the next few years, and is expected to reach US\$222.6 billion in 2024, with a CAGR of 5.6% from 2020 to 2024. According to the report, the future growth of the game market will be led by mobile games and console games. While PC games will maintain its growth, its growth rate will be lower than those of console and mobile games.

The Group considers that the long-term development prospect of the game market is positive, especially under the metaverse trend, “GameFi”(Game Finance) emerges and spurs the particularly strong development momentum of blockchain games. The Group will continue to seize market opportunities and aggressively explore the game publishing business, especially in the blockchain games and metaverse sector. Also, it will continue to diversify its business by further expanding the businesses of esports, thus maximizing the returns for shareholders of the Company.

#### Business Review

For the six months ended 30 June 2022 (the “**Period**”), the Group’s total revenue decreased year-on-year by approximately 7.7% to approximately HK\$66,432,000 (for the six months ended 30 June 2021: HK\$71,993,000), mainly due to decrease in sales from household segment and money lending segment. Loss attributable to shareholders of the Company for the Period was approximately HK\$105,424,000 (for the six months ended 30 June 2021: HK\$34,097,000), mainly due to non-cash items incurred. The Group’s Metasens project has made good progress during the Period and will continue to deploy diversified businesses, especially in the game publishing and esports sectors.

## *Online Game business*

In view of the current development trend of the technology industry, the Group has tapped into the blockchain games and metaverse sector since 2021. Benefiting from the above factors, the revenue from game publishing business of the Group increased year-on-year by approximately 10.6% to HK\$11,930,000 (for the six months ended 30 June 2021: HK\$10,787,000); the segment loss was approximately HK\$18,360,000 (for the six months ended 30 June 2021: HK\$19,658,000).

During the Period, the Group actively expedited the development of a super-huge metaverse game world for players around the globe. The first blockchain game “METASNAKE” was officially launched in the first quarter of 2022. Based on the classic game “Snake”, it featured “Free to Play” and “Play to Earn”, where NFT (Non-Fungible Token) elements were added to allow players to enhance in-game characters through equipping NFT ancestral equipment, so as to compete for ranking and earn Metasens’ governance token “MSU” and sub-token “UCG”. Both currencies are listed on the AAX Exchange, and players can easily convert them into USDT and fiat currencies.

On 30 June 2022, the game attracted a total of 30,000 players from more than 10 countries, including the United States, Germany, Thailand, Vietnam, etc. During the Period, the Group plans to launch an additional 2,000 NFT ancestral equipment in four phases, priced in Binance Coin. All 500 NFT have been sold in the first phase, equivalent to approximately HK\$1,495,000.

The second game, “PetaRush”, is undergoing a closed beta test with files deleted afterward, and is expected to launch officially in the second half of 2022. It is a thrilling racing game, which allows multiple players to engage in PVP combat by activating skills using cards. The game incorporate “collection”, “raising” and “breeding” elements, and will join hands with PHANTACi, a brand established by the Asian popstar and his team, to incorporate Phanta Bear into “PetaRush”, jointly leading the trend and setting an example in the metaverse era.

The third game, a PC based metaverse game, is also undergoing a closed delete file test. It is a sandbox game where players and game developers could create an open world that can be edited in 3D model. Participants will be able to build their own virtual world in metaverse, by (i) creating unique game characters, in-game items, digital collections, land and equipment; (ii) owning and decorating their virtual spaces, such as building their virtual home; (iii) communicating with other players; (iv) experiencing the scenes or games set up by other players; and (v) breaking through levels and interacting with each other in-game. This will further enrich the users’ experience and increase their degree of engagement in the game.



Currently, the Group has professional teams in place in Hong Kong, Taiwan and Southeast Asia. Other than the development and operation of NFT games, the Group also operates 6 mobile and tabletop games, namely “Myth of Empires”, “Champion Horse Racing”, “Eternal”, “Iron Conflict”, “Metasnakes” and “Jiuyin Zhenjing”. The total number of game players amounts to 1,648,949, of whom 100,556 are monthly active players. In particular, the “Myth of Empires” game, the international edition of which was launched on 1 March 2022, is a massive multiplayer online war sandbox game in the background of ancient Eastern Continent. Not only can the players experience survival, construction, management and creation in the war-torn world, they can also exhibit their strategic leadership in the vast battlefield and lead their tribes to attack and capture land, building their own empire.

### *Esports business*

The revenue from esports business of the Group for the six months ended 30 June 2022 was approximately HK\$34,460,000 (for the six months ended 30 June 2021: HK\$18,525,000), representing a year-on-year increase of approximately 86.0%, mainly due to increase in prize from esports game; the segment profit was approximately HK\$671,000 (segment loss for the six months ended 30 June 2021: HK\$4,691,000).

During the Period, the esports team owned by Nova eSports International Limited, a subsidiary of the Company, continued to achieve remarkable results.

In January 2022, NV Tencent Video team is the champion of the PUBG Mobile Global Championship 2021 (2021年度PMGC全球總決賽 “**PMGC 2021**”). PMGC 2021 is the official professional esports contest organised by Tencent Games, PUBG Corporation and VSPN, with the prize of USD1,500,000.

In March 2022, NV Tencent Video team won the champion of the weekly final of the second week of PEL 2022 spring season, with the prize of RMB1,000,000. PEL 2022 spring season is an official professional esports contest organised by Tencent Games and VSPN.

In April 2022, NV Tencent Video team won the champion of the weekly final of the sixth week of PEL 2022 spring season, with the prize of RMB1,000,000. PEL 2022 spring season is an official professional esports contest organised by Tencent Games and VSPN.

In July 2022, NV esports team won the champion of Icons Global Championship of League of Legends, with the prize of USD640,000. Icons Global Championship of League of Legends is an official professional esports contest organised by Riot Games.

Furthermore, the NV Tencent Video team won several awards at the PEL Annual Awards Ceremony (精英之夜-PEL年度頒獎盛典), including “The Most Commercially Valuable Club of the Year” and “Club of the Year”, while one of our players “Paraboy” also won “The Most Valuable Player of the Year” and “The Most Popular Player of the Year”. The PEL Annual Awards Ceremony was jointly organised by PEL and Weibo to award the highest honours of the year to participants within the 2021 PEL ecosystem.

On 28 July 2022, the Group acquired the remaining 30% equity interest in Wanhui (Suzhou) Digital Technology Co., Ltd. (the “**Target**”) at a consideration of RMB6,300,000 (equivalent to approximately HK\$7,308,000). Upon Completion, the Target will become an indirect wholly owned subsidiary of the Company. The Board believes that this would facilitate more effective implementation of the business strategies and business expansion plans of the Company’s esports business.

### *Cloud computing and data storage business*

The revenue from cloud computing and data storage business of the Group for the six months ended 30 June 2022 was approximately HK\$10,722,000 (for the six months ended 30 June 2021: HK\$3,596,000), representing a year-on-year increase of approximately 198.2%. The segment loss was approximately HK\$41,637,000 (2021: HK\$1,244,000), mainly due to impairment loss recognised on mining machines of Filecoin and Chia coins and decrease in market value of cryptocurrencies.

During the Period, approximately 145,832 units of Filecoin have been awarded to our customers. Furthermore the Group has to make an impairment to the mining machines of Filecoin and Chia owned and leased by the Group in the aggregate amount of approximately HK\$20,389,000 due to the developments in the cryptocurrencies market in May 2022 and the recent plunge of the market price of Filecoin and Chia. The Group will continue to negotiate with existing and potential customers of the Group to the change in the uses of the Filecoin and Chia mining machines. Despite the aforesaid, the Board does not expect that such impairment will affect the other business of the Group, including its business in the metaverse sector.

### ***Household products business***

For the six months ended 30 June 2022, the revenue from household products business of the Group was approximately HK\$8,085,000 (2021: HK\$37,325,000), representing a decrease of 78.3% as compared with the corresponding period last year, mainly attributable to the decrease in market demand due to the continuing tension between China and the U.S. and the outbreak of COVID-19. The gross profit margin increased to approximately 8.9% (for the six months ended 30 June 2021: 6.0%). The segment profit was approximately HK\$180,000 (2021: loss of HK\$1,762,000). The Group will take initiatives to increase revenue and reduce costs.

### ***Property investment business***

For the six months ended 30 June 2022, the Group's revenue from property investment business was approximately HK\$686,000 (2021: approximately HK\$707,000), mainly due to decrease in rental income. The segment profit was approximately HK\$1,015,000 (2021: HK\$329,000).

### ***Money lending business***

For the six months ended 30 June 2022, the Group's revenue from money lending business was approximately HK\$549,000 (2021: HK\$1,053,000), mainly due to the decrease in interest income from customers. The segment loss was approximately HK\$1,643,000 (segment profit for the six months ended 30 June 2021: HK\$231,000).

The Group's money lending business was conducted through its wholly-owned subsidiary, Best Gold Corporation Limited, to grant loans to individuals and enterprises. The Group strived to adhere to a set of comprehensive policy and procedural manual in respect of loan approval, loan renewal, loan recovery, loan compliance, monitoring and anti-money laundering.

As at 30 June 2022, the Group had loans receivable with outstanding principal amount of approximately HK\$3.9 million (as at 31 December 2021: HK\$6.4 million). The Group recorded interest income from loans receivable of approximately HK\$0.5 million for the six months ended 30 June 2022 (for the six months ended 30 June 2021: HK\$1.1 million).

As at 30 June 2022, there was one loan to an individual who is an independent third party. The loan was granted on 18 January 2019 with gross principal amount of HKD15 million. The interest rate is 24% per annum to be repaid by 18 January 2023 and with no collaterals. Furthermore, there was no new loan granted with Best Gold Corporation Limited during the six months ended 30 June 2022.

As at 30 June 2022, the expected credit losses of Group's loans receivable based on the repayment record during the period and further HK\$2.1 million of impairment loss is incurred during the six months ended 30 June 2022.

The Group has adopted a credit policy to manage its money lending business which includes compliance with all applicable laws and regulations, credit assessment on potential borrower and his/its assets, the credibility of the potential borrower, the necessity in obtaining collaterals and determination of suitable interest rate to reflect the risk level of the provision of loan.

The Group has performed background and credit risk assessment on the potential borrowers before granting the loans by (a) risk and compliance check; (b) reviewing and assessing their financial information; and (c) performing an assessment on their creditability.

The Group also assesses and decides the necessity and the value of security/collateral for granting of each loan, whether to an individual or enterprise, on a case by case basis considering factors, including but not limited to, the repayment history, results of public search towards the borrower, the value and location of the assets owned by the borrower and the financial condition of the borrower.

## **Future Prospects**

Looking ahead, the Group will continue to invest resources to further explore the blockchain game and metaverse market, and gradually build a large-scale universe park with various theme planets — Metasens. Each planet is built with its own unique game facilities, including real-time strategy games, role-playing games, simulation and sports games, shooting games, action and adventure games, by using future Web3.0 internet technology incorporating blockchain technology, the Internet of Things, artificial intelligence, and 3D images. The platform will also include the NFT market place and blockchain wallet, allowing players to have fun in “earning while playing” by trading NFT characters and items.

Meanwhile, the Group will actively seek collaboration of IP (Intellectual Property) licensing in different games, including but not limited to PHANTACi, a brand established by the Asian popstar and his team. In terms of conventional games, the Group will continue to identify innovative games and good partners in order to expand its business into various markets and sectors, especially the fast-growing game market.

In addition, the Group will regularly evaluate the allocation of resources among business segments to promote business diversification and drive sustainable growth of the Group. Looking ahead, the Group will enlarge its esports team in the PRC. Furthermore, 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 maximize returns to our shareholders.

## **FINANCIAL REVIEW**

The Group's revenue for the six months ended 30 June 2022 amounted to approximately HK\$66.4 million, representing a decrease of approximately 7.7% over the corresponding period of 2021. Such decrease is mainly due to the decrease of sales of household products and money lending business. Nevertheless, the revenue of esports and cloud computing and data storage business increased of approximately 86.0% and 198.2% respectively.

Gross profit margin of the Group increased from 12.8% to approximately 13.6% for the six months ended 30 June 2022 was mainly due to the increase of gross profit margin of online game business and esports business.

Other income increased from approximately HK\$1.4 million for the six months ended 30 June 2021 to approximately HK\$2.5 million for the six months ended 30 June 2022, mainly due to the increase in interest income and the fair value change of investment properties during the period.

Distribution costs decreased from approximately HK\$7.9 million for the six months ended 30 June 2021 to approximately HK\$4.6 million for the six months ended 30 June 2022, as there was decrease in sales of household products business during the period.

Administrative expenses increased from approximately HK\$31.1 million for the six months ended 30 June 2021 to approximately HK\$85.1 million for the six months ended 30 June 2022, mainly due to the increase in share-based payment and impairment loss on cryptocurrencies, cryptocurrency deposits and receivables. For details of share-based payment, please refer to the section heading "SHARE OPTION"

Other operating expenses of approximately HK\$21.9 million is mainly due to impairment loss on property, plant and equipment and right of use assets of cloud computing and data storage business and intangible assets.

The loss for period attributable to owners of the Company increased from approximately HK\$34.1 million for the six months ended 30 June 2021 to approximately HK\$108.3 million for the six months ended 30 June 2022, mainly due to impairment loss on mining machines of Filecoin and Chia coins of approximately HK\$20.4 million and increase in share based payment of approximately HK\$32.3 million and impairment loss of cryptocurrencies, cryptocurrency deposits and receivables of totally approximately HK\$19.3 million.

The total assets decreased from approximately HK\$288.5 million for the six months ended 30 June 2021 to approximately HK\$265.6 million for the six months ended 30 June 2022, mainly due to impairment loss on the property, plant and equipment and right-of-use assets of cloud computing and data storage business of approximately HK\$9.3 million and HK\$11.1 million respectively.

Intangible assets increased from approximately HK\$46.4 million for the six months ended 30 June 2021 to approximately HK\$56.7 million for the six months ended 30 June 2022, as there was capitalisation of research and development cost during the period.

## USE OF PROCEEDS FROM THE PLACING OF SHARES

The Company raised its fund by way of a private placement of 23,830,000 shares of the Company at the placing price of HK\$5 per share on 12 April 2021. Net proceeds from the placing of shares amounted to approximately HK\$116,171,000 (after deducting the placing commission and legal and professional expenses). Such net proceeds have been used in the following manner:

<b>Business Strategy</b>	<b>Net Proceeds from Placing Shares (HK\$ million)</b>	<b>Amount unutilized as at 31 December 2021 (HK\$ million)</b>	<b>Amount utilized as at 30 June 2022 (HK\$ million)</b>	<b>Amount unutilized as at 30 June 2022 (HK\$ million)</b>	<b>Expected timeline for utilizing the unutilized Net Proceeds</b>
Online game	38.2	27.8	21.9	5.9	Expected to be fully utilized on or before 31 December 2022
Esports	30.3	19.0	9.4	9.6	Expected to be fully utilized on or before 31 December 2022
Cloud computing and data storage service	47.7	—	—	—	N/A
<b>Total</b>	<b>116.2</b>	<b>46.8</b>	<b>31.3</b>	<b>15.5</b>	

## **LIQUIDITY, FINANCIAL RESOURCES, FUNDING AND TREASURY POLICY**

As at 30 June 2022, the Group had cash and bank balances of approximately HK\$55.4 million (as at 31 December 2021: approximately HK\$43.0 million).

As at 30 June 2022, the Group had current assets of approximately HK\$138.0 million (31 December 2021: HK\$136.1 million) and current liabilities of approximately HK\$333.2 million (31 December 2021: HK\$292.6 million).

As at 30 June 2022, the Group had loan from related parties of approximately HK\$218.4 million (31 December 2021: HK\$194.5 million). The loan from related parties carried interest at fixed rate and repayable within one to three years.

As at 30 June 2022, 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\$218.4 million for at least the next twelve months.

As at the end of the reporting period, the Group had unutilised 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\$10 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 2022, the Group's gearing ratio, which was derived from loan from related companies to total assets, decreased to 82.6% from that of 67.4% as at 31 December 2021.

## **Commitments**

As at 30 June 2022, the Group's capital commitments amounted to approximately HK\$4,837,000 (2021: HK\$4,837,000), attributable to acquisitions of licensing right of online games.

## **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.

## **EVENT AFTER THE END OF REPORTING PERIOD**

On 28 July 2022, Deluxe Trading (HK) Limited (the “**Purchaser**”), an indirect wholly owned subsidiary of the Company, entered into the agreements with the vendors, pursuant to which the Purchaser agreed to purchase, and the vendors agreed to sell, the sale equity interests, representing in aggregate 30% of the equity interests in the Wanhui (Suzhou) Digital Technology Co., Ltd. (萬輝 (蘇州) 數碼科技有限公司), a non-wholly owned subsidiary of the Company, at an aggregate consideration of RMB6,300,000 (equivalent to approximately HK\$7,308,000). For further details of transaction, please refer to the announcement and supplemental announcement on 27 July 2022 and 1 August 2022 respectively.

## **DIVIDENDS**

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2022 (2021: 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 2022, the Group had no material contingent liabilities.



## EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2022, the Group employed 378 staff. The Group’s remuneration to employees, including Directors’ emoluments, amounted to approximately HK\$24,653,000 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 2022, the interests and short positions of the Directors and chief executives 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 5)
Mr. Cheng Ting Kong	—	—	214,428,488 (L) (Note 2)	214,428,488 (L) (Note 1)	68.94%
Ms. Yeung So Mui	—	—	214,428,488 (L) (Note 3)	214,428,488 (L)	68.94%
Mr. Yeung Tong Seng Terry	—	—	1,900,000 (L) (Note 4)	1,900,000 (L)	0.61%

Notes:

- 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. This represents interest held by Mr. Yeung Tong Seng Terry through Bluemount investment Fund SPC (“**Bluemount Investment**”), which holds 1,900,000 Shares of the Company. As Mr. Yeung Tong Seng Terry has 100% interest in Bluemount Investment, he is deemed to be interested in 1,900,000 Shares.
5. The percentage has been adjusted based on the total number of Shares in issue as at 30 June 2022 (i.e. 311,036,000 Shares).

Save as disclosed above, as at 30 June 2022, none of the Directors or chief executives of the Company had any other interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were 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 are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code of the Listing Rules.

Save as disclosed above, as at 30 June 2022, the Company had not been notified by any persons who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register maintained by the Company pursuant to Section 336 of the SFO.

## SUBSTANTIAL SHAREHOLDERS

As at 30 June 2022, 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:

<b>Name of Substantial Shareholders</b>	<b>Number of shares interested in</b>	<b>Capacity</b>	<b>Approximate percentage of the total issue capital of the Company</b> <i>(Note 2)</i>
Diamond State <i>(Note 1)</i>	214,428,488	Beneficial owner	68.94%
Mr. Cheng Ting Kong <i>(Note 1)</i>	214,428,488	Interest through a controlled corporation	68.94%

*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 2022 (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**”).

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.

***Refreshment of scheme mandate limit on 30 June 2022***

A resolution was passed in the 2022 annual general meeting of the Company to refresh of scheme mandate limit.

***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***

38,946,392 shares, being approximately 12.5% of the issued shares of the Company, including the shares which may be issued upon exercise of all outstanding options to be granted and those granted but remain unexercised under the Share Option Scheme.

***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.

***Acceptance of the option***

Acceptance of the option must be made within 30 days after the date of offer and HK\$1.00 must be paid as a consideration for the grant of option.

***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.

## Employees and other eligible participants

The following table discloses movements of the Company's share options during the periods ended 30 June 2022:

Name	Date of grant	Exercise price HK\$	Exercisable period	Number of share options				Outstanding at 30.6.2022	Closing price of the Shares immediately before the date on which the Share Options were granted (HK\$)
				Outstanding at 1.1.2022	Granted during the period	Exercised during the period	Lapsed/ cancelled during the period		
<b>Executive director</b>									
Yau Chak Fung	28.9.2021	11.04	1,555,180 options (28.9.2022 to 27.9.2031)	3,110,360	—	—	—	3,110,360	11.04
			1,555,180 options (28.3.2023 to 27.9.2031)						
Lin Junwei	28.9.2021	11.04	155,518 options (28.9.2022 to 27.9.2031)	311,036	—	—	—	311,036	11.04
			155,518 options (28.3.2023 to 27.9.2031)						
Yeung Tong Seng Terry	18.1.2022	17.14	1,555,180 options (28.9.2022 to 27.9.2031)	—	3,110,360	—	—	3,110,360	17.02
			1,555,180 options (28.3.2023 to 27.9.2031)						
<b>Senior management</b>									
Li Ting Ting	28.9.2021	11.04	500,000 options (28.9.2022 to 27.9.2031)	1,000,000	—	—	—	1,000,000	11.04
			500,000 options (28.3.2023 to 27.9.2031)						
Luk Wai Keung	28.9.2021	11.04	155,518 options (28.9.2022 to 27.9.2031)	311,036	—	—	—	311,036	11.04
			155,518 options (28.3.2023 to 27.9.2031)						
				<u>4,732,432</u>	<u>3,110,360</u>	<u>—</u>	<u>—</u>	<u>7,842,792</u>	

The estimated fair value of the share options granted under the Scheme on 28 September 2021 to executive directors and senior management was approximately HK\$25,243,000 and HK\$9,213,000 respectively. In addition, the estimated fair value of the share options granted under the Scheme on 18 January 2022 to an executive director was approximately HK\$35,360,000.

Accordingly, the Group recognised the total expense of approximately HK\$32,325,000 (2021: HK\$923,000) for the six months period ended 30 June 2022 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 2022.

## **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 2022.

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 2022.

## **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 2022.

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, 19 August 2022

*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, Mr. Yau Chak Fung and Mr. Yeung Tong Seng Terry; and the independent non-executive directors of the Company are Mr. Fung Tze Wa, Mr. Ting Wong Kacee and Mr. Tse Ting Kwan.*