



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

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

Interim Report
2021

* for identification purposes only

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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

HIGHLIGHTS FOR THE SIX-MONTH PERIOD

- For the six months ended 30th June 2021, overall revenue of the Group was approximately HK\$74.7 million, representing a decrease of 37.1% compared to the same period of last fiscal year. The Group recorded the overall gross profit of approximately HK\$20.7 million for the six months ended 30th June 2021 (30th June 2020: approximately HK\$17.1 million).
- Loss attributable to owners of the Company for the six months ended 30th June 2021 amounted to approximately HK\$69.7 million (30th June 2020: approximately HK\$52.6 million).
- Basic loss per share for the six months ended 30th June 2021 was HK\$0.03 (30th June 2020: HK\$0.03).
- Total equity attributable to owners of the Company as at 30th June 2021 was approximately HK\$2,195.5 million (31st December 2020: approximately HK\$2,173.7 million) or net assets per share of approximately HK\$0.89 (31st December 2020: approximately HK\$1.05).
- The Board does not recommend the payment of interim dividend for the six months ended 30th June 2021 (30th June 2020: Nil).

INTERIM RESULTS

The board of Directors of the Company (the “Board”) is pleased to announce the unaudited condensed consolidated interim financial statements of the Company and its subsidiaries (collectively the “Group”) for the six months and three months ended 30th June 2021 together with the comparative figures for the same periods in 2020, prepared in accordance with generally accepted accounting principles in Hong Kong, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)

	Note	Three months ended 30th June		Six months ended 30th June	
		2021	2020	2021	2020
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	4	34,605	81,496	74,734	118,812
Cost of sales		(23,177)	(73,766)	(53,989)	(101,697)
Gross profit		11,428	7,730	20,745	17,115
Other revenue and net (loss)/income	5	(46,889)	34,566	(31,535)	(31,403)
Distribution and selling expenses		(1,507)	(1,701)	(3,196)	(3,094)
General and administrative expenses		(26,143)	(13,018)	(49,330)	(29,386)
Other operating expenses		(936)	(434)	(1,385)	(783)
Net changes in fair value of investment properties		(588)	(2,208)	(588)	(2,208)
(Loss)/Profit from operations		(64,635)	24,935	(65,289)	(49,759)
Finance costs	6	(1,094)	(698)	(1,792)	(1,653)
(Loss)/Profit before tax	7	(65,729)	24,237	(67,081)	(51,412)
Income tax expenses	8	(942)	(792)	(2,840)	(1,341)
(Loss)/Profit for the period		(66,671)	23,445	(69,921)	(52,753)
(Loss)/Profit attributable to:					
Owners of the Company		(66,506)	23,517	(69,679)	(52,554)
Non-controlling interests		(165)	(72)	(242)	(199)
		(66,671)	23,445	(69,921)	(52,753)
		HK\$	HK\$	HK\$	HK\$
(Loss)/Earnings per share	10				
– Basic		(0.03)	0.01	(0.03)	(0.03)
– Diluted		(0.03)	0.01	(0.03)	(0.03)

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME (UNAUDITED)

	Three months ended 30th June		Six months ended 30th June	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
(Loss)/Profit for the period	(66,671)	23,445	(69,921)	(52,753)
Other comprehensive income/(loss):				
Items that are reclassified or may be reclassified subsequently to profit or loss:				
Exchange differences arising on translation of the PRC subsidiaries	10,623	212	8,598	(13,264)
Release of translation reserves upon disposal of a subsidiary	-	(1,015)	-	(1,015)
Other comprehensive income/(loss) for the period (net of tax)	10,623	(803)	8,598	(14,279)
Total comprehensive (loss)/income for the period	<u>(56,048)</u>	<u>22,642</u>	<u>(61,323)</u>	<u>(67,032)</u>
Total comprehensive (loss)/income attributable to:				
Owners of the Company	(55,883)	22,714	(61,081)	(66,833)
Non-controlling interests	(165)	(72)	(242)	(199)
	<u>(56,048)</u>	<u>22,642</u>	<u>(61,323)</u>	<u>(67,032)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30th June 2021	31st December 2020
	<i>Note</i>	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Audited)
NON-CURRENT ASSETS			
Investment properties		92,261	455,912
Property, plant and equipment		764,917	751,668
Right-of-use assets		84,819	86,714
Intangible assets	11	106,053	–
Deposits paid	12	3,086	1,506
Prepayment for construction	12	28,597	38,158
Financial assets at fair value through profit or loss	14	<u>83,261</u>	<u>365,835</u>
		1,162,994	1,699,793
CURRENT ASSETS			
Cryptocurrencies		2,823	–
Inventories		17,947	11,203
Loans receivable	13	233,747	251,026
Trade and other receivables	12	104,596	94,894
Financial assets at fair value through profit or loss	14	131,733	255,086
Income tax recoverable		1,432	1,425
Pledged bank deposits		217,079	57,974
Cash and bank balances		<u>262,023</u>	<u>122,841</u>
		971,380	794,449
Assets classified as held-for-sale	18	<u>407,844</u>	–
		1,379,224	794,449
CURRENT LIABILITIES			
Trade and other payables	16	105,335	141,847
Dividend payables		31	31
Bank and other loans	17	190,147	139,907
Lease liabilities		<u>5,481</u>	<u>5,466</u>
		300,994	287,251

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30th June 2021 <i>HK\$'000</i> (Unaudited)	31st December 2020 <i>HK\$'000</i> (Audited)
Liabilities associated with assets classified as held-for-sale	18	<u>22,701</u>	–
		<u>323,695</u>	287,251
NET CURRENT ASSETS		<u>1,055,529</u>	507,198
TOTAL ASSETS LESS CURRENT LIABILITIES		2,218,523	2,206,991
NON-CURRENT LIABILITIES			
Deferred tax liabilities		17,939	28,505
Income tax payable		4,042	2,729
Lease liabilities		<u>2,577</u>	<u>3,393</u>
		<u>24,558</u>	<u>34,627</u>
NET ASSETS		<u>2,193,965</u>	<u>2,172,364</u>
EQUITY			
Share capital	20	62,193	51,827
Reserves		<u>2,133,329</u>	<u>2,121,852</u>
Equity attributable to owners of the Company		<u>2,195,522</u>	2,173,679
Non-controlling interests		<u>(1,557)</u>	<u>(1,315)</u>
TOTAL EQUITY		<u>2,193,965</u>	<u>2,172,364</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Attributable to owners of the Company											
	Share capital HK\$'000	Share premium HK\$'000	Share Statutory reserves HK\$'000	Contributed surplus HK\$'000	Share option reserves HK\$'000	Property revaluation reserves HK\$'000	Translation reserves HK\$'000	Other reserves HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
As at 1st January 2021	51,827	207,499	8,668	234,621	10,423	26,113	46,022	25	1,588,481	2,173,679	(1,315)	2,172,364
Loss for the period	-	-	-	-	-	-	-	-	(69,679)	(69,679)	(242)	(69,921)
Other comprehensive income:												
Exchange differences arising on translation of the PRC subsidiaries	-	-	-	-	-	-	8,598	-	-	8,598	-	8,598
Total other comprehensive income	-	-	-	-	-	-	8,598	-	-	8,598	-	8,598
Total comprehensive loss for the period	-	-	-	-	-	-	8,598	-	(69,679)	(61,081)	(242)	(61,323)
Transactions with owners:												
<i>Contributions and distributions</i>												
Issue of new shares (Note 20(a))	10,366	72,558	-	-	-	-	-	-	-	82,924	-	82,924
Share options lapsed	-	-	-	-	(1,475)	-	-	-	1,475	-	-	-
Total transactions with owners	10,366	72,558	-	-	(1,475)	-	-	-	1,475	82,924	-	82,924
As at 30th June 2021	62,193	280,057	8,668	234,621	8,948	26,113	54,620	25	1,520,277	2,195,522	(1,557)	2,193,965

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Attributable to owners of the Company											
	Share capital HK\$'000	Share premium HK\$'000	Statutory reserves HK\$'000	Contributed surplus HK\$'000	Share option reserves HK\$'000	Property revaluation reserves HK\$'000	Translation reserves HK\$'000	Other reserves HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
As at 1st January 2020	51,827	207,499	8,668	234,621	60,582	26,113	885	25	1,516,408	2,106,628	(823)	2,105,805
Loss for the period	-	-	-	-	-	-	-	-	(52,554)	(52,554)	(199)	(52,753)
Other comprehensive loss:												
Exchange differences arising on translation of the PRC subsidiaries	-	-	-	-	-	-	(13,264)	-	-	(13,264)	-	(13,264)
Release of reserves upon disposal of a subsidiary	-	-	-	-	-	-	(1,015)	-	-	(1,015)	-	(1,015)
Total other comprehensive loss	-	-	-	-	-	-	(14,279)	-	-	(14,279)	-	(14,279)
Total comprehensive loss for the period	-	-	-	-	-	-	(14,279)	-	(52,554)	(66,833)	(199)	(67,032)
Transactions with owners: Contributions and distributions												
Share options lapsed	-	-	-	-	(50,159)	-	-	-	50,159	-	-	-
Total transactions with owners	-	-	-	-	(50,159)	-	-	-	50,159	-	-	-
As at 30th June 2020	51,827	207,499	8,668	234,621	10,423	26,113	(13,394)	25	1,514,013	2,039,795	(1,022)	2,038,773

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW (UNAUDITED)

	Note	Six months ended 30th June	
		2021 HK\$'000	2020 HK\$'000
OPERATING ACTIVITIES			
Cash generated from/(used in) operations		71,635	(16,061)
Income tax paid		(1,260)	(561)
Net cash generated from/(used in) operating activities		70,375	(16,622)
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(18,860)	(246,745)
(Increase)/Decrease in prepayment for construction		(20,422)	81,121
Interest received		499	2,589
Proceeds from disposal of financial assets at fair value through profit or loss		193,769	–
Grant of new loan		–	(87,370)
Repayment of loan		26,385	66,370
Purchase of intangible assets		(79,614)	–
Dividend received		4,788	4,699
Proceeds from disposal of property, plant and equipment		229	–
Net cash generated from/(used in) investing activities		106,774	(179,336)
FINANCE ACTIVITIES			
Proceeds from issue of new shares	20(a)	82,924	–
New bank and other loans raised		59,846	8,758
Principal elements of lease payments		(4,124)	(1,735)
Repayment of bank loans		(9,809)	(209)
Interest paid		(1,528)	(1,653)
Net cash generated from financing activities		127,309	5,161
Net increase/(decrease) in cash and cash equivalents		304,458	(190,797)
Cash and cash equivalents at beginning of reporting period		180,815	354,528
Effect of foreign exchange rate changes		682	(1,475)
Cash and cash equivalents at end of reporting period		485,955	162,256
Representing:			
– Cash and bank balances		262,023	104,386
– Cash and bank balances classified as held-for-sale	18	6,853	–
– Pledged bank deposits		217,079	57,870
		485,955	162,256

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. General information

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

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

2. Basis of preparation

The Group’s unaudited condensed consolidated interim financial statements for the six months ended 30th June 2021 have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure provisions of the GEM Listing Rules. These condensed consolidated interim financial statements are unaudited but have been reviewed by the Company’s audit committee.

These unaudited condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31st December 2020. They have been prepared on the historical cost basis, except for investment properties and financial assets at fair value through profit or loss, which are measured at fair value.

The accounting policies used in preparing these unaudited condensed consolidated interim financial statements are consistent with those used in the Group’s audited consolidated financial statements for the year ended 31st December 2020, except for the new adoption of the accounting policies on intangible assets and the new/revised Hong Kong Financial Reporting Standards (“HKFRSs”) and HKASs which are relevant to the Group’s operation and are effective for the Group’s financial year beginning on 1st January 2021 as described below.

Intangible assets

The initial cost of hashrate capacity is capitalised. Hashrate capacity with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is provided on the straight-line basis over the useful lives of 3 years.

Amendments to HKAS 39, HKFRSs 4, 7, 9 and 16 Interest Rate Benchmark Reform – Phase 2

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

3. Fair value measurements

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

The following presents the assets measured at fair value or required to disclose their fair value in these unaudited condensed consolidated interim financial statements on a recurring basis at 30th June 2021 across the three levels of the fair value hierarchy defined in HKFRS 13, *Fair Value Measurement*, with the fair value measurement categorised in its entirety based on the lowest level input that is significant to the entire measurement. The levels of inputs are defined as follows:

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

Assets measured at fair value on a recurring basis

	As at 30th June 2021			
	Carrying Amount HK\$'000	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000
Investment properties	92,261	–	92,261	–
Assets classified as held-for-sale (Note 18)	368,662	–	–	368,662
Financial assets at fair value through profit or loss (Note 14)	<u>214,994</u>	<u>103,587</u>	<u>58,367</u>	<u>53,040</u>
	As at 31st December 2020			
	Carrying Amount HK\$'000	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000
Investment properties	455,912	–	93,227	362,685
Financial assets at fair value through profit or loss (Note 14)	<u>620,921</u>	<u>532,351</u>	<u>24,946</u>	<u>63,624</u>

During the six months ended 30th June 2021, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 fair value measurements. Besides, the investment property situated in the People's Republic of China ("PRC") is expected to be sold under the disposal subsidiary within twelve months. Therefore, it has been reclassified under asset held-for-sale.

As at 31st December 2020, a private investment fund was transferred out from Level 3 to Level 2 fair value measurements since unobservable inputs were no longer applied in valuation of the private investment fund.

Valuation techniques and inputs in Level 2 fair value measurement

(a) *Investment properties*

The investment properties situated in the PRC of approximately HK\$92,261,000 (31st December 2020: approximately HK\$93,227,000) were revalued by Roma Appraisals Limited, an independent professional qualified valuer, on the market value basis using direct comparison approach.

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

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

The fair value of a private investment fund, which invested in a trusted fund, is valued based on the return rate quoted by the trust fund administrator using the discounted cash flows model.

The fair value of another private investment fund, which invested in listed equity securities in the United States, is valued based on quoted market price of the listed equity securities at the end of the reporting period.

Movements in Level 3 fair value measurements

The details of the movements of the recurring fair value measurements categorised as Level 3 for the six months ended 30th June 2021 and 2020 are shown as follows:

	Investment properties <i>HK\$'000</i>	Financial assets at fair value through profit or loss <i>HK\$'000</i>	Assets classified as held-for-sale <i>HK\$'000</i>
As at 1st January 2021	362,685	63,624	–
Exchange realignment	4,538	–	–
Net changes at fair value recognised in profit or loss	1,439	(10,584)	–
Transferred to assets classified as held-for-sale (<i>Note 18</i>)	<u>(368,662)</u>	<u>–</u>	<u>368,662</u>
As at 30th June 2021	<u>–</u>	<u>53,040</u>	<u>368,662</u>

	Investment properties <i>HK\$'000</i>	Financial assets at fair value through profit or loss <i>HK\$'000</i>
As at 1st January 2020		339,210
Exchange realignment		(7,199)
Net changes at fair value recognised in profit or loss		<u>(331)</u>
As at 30th June 2020		<u>331,680</u>
		<u>70,493</u>

Valuation techniques and inputs in Level 3 fair value measurement

(a) *Investment properties*

Before transferring to assets classified as held-for-sale, the investment property situated in the PRC of approximately HK\$368,662,000 was revalued by Vigers Appraisal & Consulting Limited (“Vigers”), an independent professional qualified valuer, on the market value basis of capitalisation of net rental income derived from the existing tenancy with allowance for the reversionary income potential on 30th April 2021. The significant unobservable input used is the capitalization rate ranging from 5.36% to 6.00% (30th June 2020: 5.75% to 6.25%). In the opinion of the Directors, the change in fair value of the Group’s investment property situated in the PRC during the period from 30th April 2021 to 30th June 2021 did not have material impact to the results of the Group.

As at 30th June 2021, if the capitalisation rate had been 1% (30th June 2020: 1%) high/lower while all other variables were held constant, the Group’s net loss would be increased by approximately HK\$43,775,000 or decreased by approximately HK\$53,250,000 respectively (30th June 2020: increased by approximately HK\$40,287,000 or decreased by approximately HK\$49,007,000 respectively).

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

The fair value of the unlisted equity securities without an active market classified in Level 3 was valued by Fairdex Valuation Advisory Limited (30th June 2020: Vigers), an independent professional qualified valuer, using direct comparison approach with unobservable inputs. The significant unobservable input used in the fair value measurement is the enterprise-value-to-revenue ratio (30th June 2020: price-to-earnings ratio).

As at 30th June 2021, if the expected enterprise-value-to-revenue ratio (30th June 2020: price-to-earnings ratio) had been 10% (30th June 2020: 10%) higher/lower while all other variables were held constant, the Group’s net loss would be decreased/increased by approximately HK\$15,620,000 respectively (30th June 2020: approximately HK\$3,107,000).

4. Revenue and segment information

For management purposes, the current major operating businesses of the Group are IHA, IDC, investing and leasing.

The IHA business is principally engaged in sale and distribution of IHA and complementary products (including set-top boxes and raw materials). Revenue from the IHA business, which is stated net of value added tax where applicable, is recognised at a point in time at which the customers obtain the control of goods, which generally coincides with the time when goods are delivered to customers and the title is passed.

The IDC business comprises the development, construction, operation, mergers, acquisitions and leasing out of properties used as IDC and facilities used in IDC. Revenue from the IDC business, including rental income from leasing of properties used as IDC and facilities used in IDC and service income from provision of IDC facilities for customers' use, are recognised when the properties and facilities are let out and on a straight-line basis over the lease term, and as time lapsed or ratably over the term of the agreement respectively.

The investing segment comprises trading of securities and investing in financial instruments.

The leasing segment comprises leasing out of properties.

Other operations segment of the Group mainly comprises trading of miscellaneous materials.

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

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

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

Business segments

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

For the six months ended 30th June 2021:

	IHA HK\$'000	IDC HK\$'000	Investing HK\$'000	Leasing HK\$'000	Other operations HK\$'000	Elimination HK\$'000	Consolidated HK\$'000
REVENUE							
Sale of goods	54,342	-	-	-	-	-	54,342
Lease of properties used as IDC and facilities used in IDC	-	20,392	-	-	-	-	20,392
OTHER REVENUE AND NET (LOSS)/INCOME	(1,275)	28	(43,166)	5,119	-	(44)	(39,338)
NET CHANGES IN FAIR VALUE OF INVESTMENT PROPERTIES	-	1,439	-	(2,027)	-	-	(588)
Segment revenue	<u>53,067</u>	<u>21,859</u>	<u>(43,166)</u>	<u>3,092</u>	<u>-</u>	<u>(44)</u>	<u>34,808</u>
RESULTS							
Segment results	<u>(12,024)</u>	<u>4,255</u>	<u>(52,270)</u>	<u>334</u>	<u>-</u>	<u>-</u>	<u>(59,705)</u>
Unallocated corporate income							7,638
Interest income from bank deposits							165
Other unallocated corporate expenses							<u>(13,387)</u>
Finance costs							<u>(65,289)</u> <u>(1,792)</u>
Loss before tax							<u>(67,081)</u>
Income tax expenses							<u>(2,840)</u>
Loss for the period							<u><u>(69,921)</u></u>

Geographical information

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

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

(a) Revenue

	Six months ended 30th June	
	2021 HK\$'000	2020 HK\$'000
The PRC	28,724	50,610
Hong Kong	14,071	7,806
Australia	21,301	48,469
Other overseas markets	10,638	11,927
	74,734	118,812

(b) Other revenue and net (loss)/income

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

	Six months ended 30th June 2020					
	IHA HK\$'000	IDC HK\$'000	Investing HK\$'000	Leasing HK\$'000	Other operations HK\$'000	Consolidated HK\$'000
The PRC	198	-	2,976	3,638	1,015	7,827
Hong Kong	-	-	(48,820)	36	-	(48,784)
Overseas	-	104	-	-	-	104
	198	104	(45,844)	3,674	1,015	(40,853)

5. Other revenue and net (loss)/income

	Three months ended 30th June		Six months ended 30th June	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Other revenue				
Dividend income from listed securities	4,788	4,699	4,788	4,699
Rental income from investment properties	2,245	1,836	4,460	3,621
Interest income calculated using the effective interest method:				
Interest income from bank deposits	58	428	165	1,028
Interest income from loans receivable	3,906	4,333	7,798	8,215
	<u>10,997</u>	<u>11,296</u>	<u>17,211</u>	<u>17,563</u>
Other net (loss)/income				
Foreign exchange losses, net	(739)	(197)	(1,705)	(387)
Net fair value (losses)/gains on financial assets at fair value through profit or loss	(57,396)	22,068	(47,660)	(50,366)
Gain on disposal of a subsidiary (Note 21)	-	1,015	-	1,015
Gain on disposal of property, plant and equipment	218	-	218	-
Loss on leases termination	(7)	-	(7)	-
Government subsidies	-	319	-	319
Sundry income	38	65	408	453
	<u>(57,886)</u>	<u>23,270</u>	<u>(48,746)</u>	<u>(48,966)</u>
	<u>(46,889)</u>	<u>34,566</u>	<u>(31,535)</u>	<u>(31,403)</u>

6. Finance costs

	Three months ended 30th June		Six months ended 30th June	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Borrowing costs for bank and other loans	1,012	655	1,642	1,577
Imputed interest expenses on lease liabilities	82	43	150	76
	1,094	698	1,792	1,653

7. (Loss)/Profit before tax

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

	Three months ended 30th June		Six months ended 30th June	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Write-down of inventories, net	181	1,597	115	1,942
Amortisation of intangible assets capitalised into cryptocurrencies	2,823	–	2,823	–
Depreciation of right-of-use assets	2,557	1,712	5,198	3,414
Depreciation of property, plant and equipment*	1,777	1,857	3,624	2,222

- * Depreciation of property, plant and equipment for the six months and three months ended 30th June 2021 included depreciation of IDC facilities of approximately HK\$3,000,000 and HK\$1,500,000 respectively (30th June 2020: approximately HK\$1,500,000 and HK\$1,500,000 respectively) recognised as cost of sales for the period.

8. Income tax expenses

The taxation charged to profit or loss represents:

	Three months ended 30th June		Six months ended 30th June	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Current tax				
PRC corporate income tax	270	37	1,527	37
Overseas withholding tax	672	755	1,313	1,304
	<u>942</u>	<u>792</u>	<u>2,840</u>	<u>1,341</u>

No Hong Kong Profits Tax has been provided for the six months and three months ended 30th June 2021 and 2020 as the Group did not have any assessable profit from Hong Kong for both periods.

The income tax provision in respect of operations in the PRC is calculated at the corporate income tax ("CIT") rate of 25% on the estimated assessable profits for the six months and three months ended 30th June 2021 and 2020 based on existing legislation, interpretations and practices in respect thereof. Certain subsidiaries of the Company have been designated as "Small-Scale and Low-Profit Enterprises" which are charged at the effective preferential CIT rates of 2.5% or 10% (30th June 2020: 5% or 10%) respectively on condition that the annual taxable income was no more than RMB1.0 million or between RMB1.0 million to RMB3.0 million for the six months and three months ended 30th June 2021.

The operation of the Group in the United States is subject to the United States Federal and State Income Tax. For the six months and three months ended 30th June 2021 and 2020, the United States Federal and State Income Tax has not been provided as the Group did not generate any assessable profit in the United States.

Under the United States domestic tax laws, a foreign person is subject to 30% income tax on the gross amount of certain United States-source (non-business) income. As such, withholding tax is provided at 30% for the interest income derived from the loans to a wholly-owned subsidiary in the United States by the Company for the six months and three months ended 30th June 2021 and 2020.

9. Dividends

The Board does not recommend the payment of interim dividend for the six months ended 30th June 2021 (30th June 2020: Nil).

10. (Loss)/Earnings per share

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

	Three months ended 30th June		Six months ended 30th June	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
(Loss)/Profit attributable to owners of the Company	(66,506)	23,517	(69,679)	(52,554)
	'000	'000	'000	'000
Issued ordinary shares at 1st January	–	–	2,073,089	2,073,089
Issue of new shares (Note 20(a))	–	–	387,128	–
Issued ordinary shares at 1st April	2,487,705	2,073,089	–	–
Weighted average number of ordinary shares for basic (loss)/earnings per share	2,487,705	2,073,089	2,460,217	2,073,089
Weighted average number of ordinary shares for diluted (loss)/earnings per share	2,487,705	2,073,089	2,460,217	2,073,089
	HK\$	HK\$	HK\$	HK\$
(Loss)/Earnings per share				
– Basic	(0.03)	0.01	(0.03)	(0.03)
– Diluted (Note)	(0.03)	0.01	(0.03)	(0.03)

Note:

Diluted (loss)/earnings per share is the same as the basic (loss)/earnings per share for the six months and three months ended 30th June 2021 and 2020 because the potential new ordinary shares to be issued on exercise of the outstanding share options under the Company's share option scheme have an anti-dilutive effect on the basic (loss)/earnings per share for the periods.

11. Intangible assets

	Hashrate capacity HK\$'000
Reconciliation of carrying amount	
– period ended 30th June 2021	
Additions	108,876
Amortisation	<u>(2,823)</u>
At end of the reporting period	<u>106,053</u>

12. Trade and other receivables and prepayment for construction

	30th June 2021 HK\$'000	31st December 2020 HK\$'000
	<i>Note</i>	
Trade receivables	39,295	77,657
Less: Loss allowance	<u>(15)</u>	<u>(15)</u>
	(a)	77,642
Other receivables, net of loss allowance	4,244	7,035
Prepayments and deposits	64,158	11,723
Prepayment for construction	(b) <u>28,597</u>	<u>38,158</u>
	<u>136,279</u>	<u>134,558</u>
Current portion	104,596	94,894
Non-current portion	<u>31,683</u>	<u>39,664</u>
	<u>136,279</u>	<u>134,558</u>

Notes:

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

	30th June 2021 HK\$'000	31st December 2020 HK\$'000
0 – 30 days	13,444	15,096
31 – 60 days	4,962	16,376
61 – 90 days	3,863	17,873
Over 90 days	17,011	28,297
	39,280	77,642

- (b) In relation to the construction of the Group's IDC in the United States, the Group has entered into a holding escrow agreement with a bank in the United States and the construction company pursuant to which the Group agrees to maintain an amount of US\$20,000,000 (equivalent to approximately HK\$156,000,000) or the amount due to the construction company, whichever is lower, in the escrow account.

As at 30th June 2021, the Group maintained approximately US\$3,666,000 (equivalent to approximately HK\$28,597,000) (31st December 2020: approximately US\$4,892,000 (equivalent to approximately HK\$38,158,000)) in the escrow account.

13. Loans receivable

	30th June 2021 HK\$'000	31st December 2020 HK\$'000
Loans receivable from third parties due within one year	233,747	251,026

The loans receivable comprises:

- (i) RMB90,000,000 loan to an independent third party borrower is secured by a corporate guarantee provided by an independent third party and a personal guarantee provided by a shareholder of the borrower. The loan is interest-bearing at 8% per annum and extended to be repayable in December 2021, with other terms remain unchanged.

At the end of the reporting period, the principal of RMB90,000,000 (equivalent to approximately HK\$108,160,000) (31st December 2020: RMB90,000,000 (equivalent to approximately HK\$106,939,000)) and accrued interest receivable of approximately HK\$6,874,000 (31st December 2020: approximately HK\$2,495,000) were recognised as loans receivable under current assets. Details of the loan were disclosed in the Company's announcements dated 19th December 2019, 18th September 2020 and 17th December 2020 respectively.

- (ii) HK\$41,000,000 loan to an independent third party borrower is secured by a corporate guarantee provided by a substantial shareholder of the Company. The loan is interest-bearing at 8% per annum and extended to be repayable in December 2021, with other terms remain unchanged.

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

- (iii) HK\$60,000,000 loan to an independent third party borrower is secured by corporate guarantees provided by two independent third parties. The loan is interest-bearing at 5% per annum and repayable in 18 months from the drawdown date (i.e. 2nd April 2020).

At the end of the reporting period, the principal of HK\$60,000,000 (31st December 2020: HK\$60,000,000) and accrued interest receivable of approximately HK\$3,740,000 (31st December 2020: HK\$2,252,000) were recognised as loans receivable under current assets. Details of the loan were disclosed in the Company's announcements dated 18th March 2020 and 17th June 2020 respectively.

- (iv) RMB12,000,000 loan to an independent third party borrower is unsecured and interest-bearing at 5% per annum. Principal of RMB2,000,000 (equivalent to approximately HK\$2,376,000) and accrued interest receivable of approximately HK\$30,000 were repaid in January 2021 in accordance with the terms of the loans agreements. The remaining principal of RMB10,000,000 is repayable in December 2021.

At the end of the reporting period, the principal of RMB10,000,000 (equivalent to approximately HK\$12,018,000) (31st December 2020: RMB12,000,000 (equivalent to approximately HK\$14,259,000)) and accrued interest receivable of approximately HK\$329,000 (31st December 2020: approximately HK\$53,000) were recognised as loans receivable under current assets.

14. Financial assets at fair value through profit or loss

	Note	30th June 2021 HK\$'000	31st December 2020 HK\$'000
Equity securities listed in Hong Kong	(a)	77,039	385,875
Equity securities listed outside Hong Kong	(a)	26,548	146,476
Private investment funds	(b)	58,367	24,946
Unlisted equity securities outside Hong Kong	(c)	53,040	63,624
		214,994	620,921
Current portion		131,733	255,086
Non-current portion		83,261	365,835
		214,994	620,921

Notes:

- (a) The fair value of listed equity securities is based on quoted market prices in active markets at the end of the reporting period.
- (b) Included in the private investment funds were three private investment funds, which invested in cryptocurrencies and unlisted equity investment with carrying amount of approximately HK\$30,221,000 (31st December 2020: approximately HK\$17,211,000), a trusted fund in the PRC with carrying amount of approximately RMB6,772,000 (equivalent to approximately HK\$8,138,000) (31st December 2020: approximately RMB6,510,000 (equivalent to approximately HK\$7,735,000)) and listed equity securities in the United States with carrying amount of approximately HK\$20,008,000 (31st December 2020: HK\$Nil). The valuation techniques and inputs applied for fair value measurement have been disclosed in note 3.
- (c) The investment in unlisted equity securities of a company incorporated in the Cayman Islands was not held for trading. The valuation techniques and inputs applied for fair value measurement have been disclosed in note 3.

15. Investment portfolio

The Group's ten largest investments, including individual investments with value exceeding 5% of the Group's total assets, as at 30th June 2021 and 31st December 2020 with brief description of the investee companies are as follows:

As at 30th June 2021

Stock code	Name of investee company	Note	Number of shares held	Effective shareholding interest	Acquisition cost	Fair value	Accumulated unrealised holding gain/(loss) arising on revaluation from the date of acquisition to 30th June 2021	Net gain/(loss) for the six months ended 30th June 2021	Dividend received for the six months ended 30th June 2021	Classification of financial assets
					HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Listed equity securities										
2318	Ping An Insurance (Group) Company of China, Ltd. ("Ping An") (H shares)	(i)	500,000	0.01%	20,128	38,025	17,897	(9,475)	4,511	Fair value through profit or loss ("FVPL")
8137	Honbridge Holdings Limited		43,212,000	0.44%	58,395	20,094	(38,301)	216	-	FVPL
6060	ZhongAn Online P&C Insurance Co., Ltd. (H shares)		410,200	0.03%	11,550	18,028	6,478	3,179	-	FVPL
601238	Guangzhou Automobile Group Co., Ltd. (A shares)		519,000	0.01%	9,713	8,090	(1,623)	(98)	83	FVPL
LU	Lufax Holding Ltd (American depository shares)		90,000	0.05%	9,427	7,898	(1,529)	(2,012)	-	FVPL
CNG	China Nonferrous Gold Ltd		7,070,134	1.85%	21,708	5,691	(16,017)	(1,021)	-	FVPL
Private investment funds										
	Isun Global Restructuring-Red Partnership Fund LP ("Isun Fund")	(ii)	N/A	N/A	66,500	30,221	(36,279)	13,010	-	FVPL
	Alithe Master Fund SPC ("Alithe Fund")	(ii)	N/A	N/A	20,008	20,008	-	-	-	FVPL
	AVIC Trust Tianqi No.806 ("中航信托天啟806號") ("AVIC Trust")	(iv)	N/A	N/A	7,812	8,138	326	314	-	FVPL
Unlisted equity securities										
	APAL Holdings Limited ("APAL")	(v)	100,000,000	9.47%	78,000	53,040	(24,960)	(10,584)	-	FVPL

The above investments represent in aggregate over 97.3% in value of the Group's investments. Apart from the ten largest investments listed above, the Group also held various other individual investments with value representing below 1% of the Group's total assets as at 30th June 2021.

As at 31st December 2020

Stock code	Name of investee company	Note	Number of shares held	Effective shareholding interest	Acquisition cost HK\$'000	Fair value HK\$'000	Accumulated unrealised holding gain/(loss) arising from the date of acquisition to 30th June 2020 HK\$'000	Net gain/(loss) for the six months ended 30th June 2020 HK\$'000	Dividend received for the six months ended 30th June 2020 HK\$'000	Classification of financial assets
Listed equity securities										
2318	Ping An (H shares)	(i)	3,000,000	0.04%	120,766	285,000	111,734	(43,800)	3,840	FVPL
6060	ZhongAn Online P&C Insurance Co., Ltd. (H shares)		1,552,700	0.11%	43,718	56,208	15,828	15,915	-	FVPL
601238	Guangzhou Automobile Group Co., Ltd. (A shares)		2,626,773	0.04%	49,162	41,441	(23,400)	(8,299)	394	FVPL
002199	Zhejiang East Crystal Electronic Co., Ltd.		3,332,000	1.37%	69,008	27,556	(33,999)	(4,193)	-	FVPL
8137	Honbridge Holdings Limited		46,774,000	0.47%	63,208	21,516	(50,111)	(10,290)	-	FVPL
002075	Jiangsu Shagang Co., Ltd.		1,500,000	0.07%	18,231	19,571	3,521	12,096	176	FVPL
2238	Guangzhou Automobile Group Co., Ltd. (H shares)		1,285,200	0.04%	16,142	11,078	(8,957)	(5,282)	-	FVPL
LU	Lufax Holding Ltd.(American depositary shares)		90,000	0.05%	9,427	9,909	N/A	N/A	N/A	FVPL
Private investment fund										
	iSun Fund	(ii)	N/A	N/A	66,500	17,211	(58,096)	(2,594)	-	FVPL
Unlisted equity securities										
	APAL	(i)	100,000,000	9.47%	78,800	63,624	(15,911)	(7,108)	-	FVPL

The above investments represent in aggregate over 89.1% in value of the Group's investments. Apart from the ten largest investments listed above, the Group also held various other individual investments with value representing below 1% of the Group's total assets as at 31st December 2020.

Notes:

- (i) Ping An was incorporated in the PRC with its share listed on the Shanghai Stock Exchange in the PRC (stock code: 601318) and the Stock Exchange (stock code: 2318). The principal activities of Ping An comprise the provision of a wide range of financial products and services with a focus on the businesses of insurance, banking, asset management and technology. As at 30th June 2021, the fair value of this investment amounted to approximately HK\$38,025,000 (31st December 2020: approximately HK\$285,000,000), which represented 1.5% (31st December 2020: 11.4%) of the total assets of the Group. The Company further disposed of the remaining 500,000 Ping An shares on 2nd July 2021. The details of the disposals are set out in the Company's announcement dated 12th July 2021.
- (ii) iSun Fund is a Cayman Islands exempted limited partnership, with the principal objective of primarily target investments in public or private companies or digital assets (such as cryptocurrencies) in the data centre, fintech or high tech (software and hardware) sectors. The partnership is managed by the general partner, iSun GP I Limited, which holds the property of the partnership on behalf of the partnership. The partnership shall continue in existence for five years unless dissolution of the partnership. The objective of the partnership is to produce attractive returns on the capital from the partnership while managing investment risk. As at 30th June 2021, the fair value of the partnership is approximately HK\$30,221,000 (31st December 2020: approximately HK\$17,211,000) by reference to the quoted prices of the underlying investments and the valuation on the unlisted equity securities from the investment manager using discounted cash flows model. For details of the iSun Fund, please refer to the announcements of the Company dated 25th July 2017 and 9th February 2018.
- (iii) Altive Fund is a Cayman Islands exempted limited company, with the principal objective of primarily target investments in listed equity securities in the United States. As at 30th June 2021, the fair value of the fund is approximately HK\$20,008,000 by reference to the quoted market price of the listed equity securities at the end of the reporting period.
- (iv) AVIC Trust is a trusted fund in the PRC, with the principal objective of primarily target investments in limited partnership in the data centre sectors. As at 30th June 2021, the fair value of the fund is approximately HK\$8,138,000 (31st December 2020: approximately HK\$7,735,000) by reference to the return rate quoted by the trust fund administrator using the discounted cash flows model.
- (v) APAL is an exempt company incorporated in the Cayman Islands with limited liability. APAL and its subsidiaries are principally engaged in the business of global aircraft leasing, aircraft trading, securitised aircraft leasing financial products, aircraft parts trading, maintenance of aircraft, dismantling aircraft and other related consulting services. As at 30th June 2021, the fair value of the entire unlisted equity securities is approximately HK\$560,129,000 (31st December 2020: approximately HK\$671,872,000) by reference to the valuation provided by an independent professional qualified valuer using direct comparison approach with unobservable inputs.

16. Trade and other payables

		30th June 2021 <i>HK\$'000</i>	31st December 2020 <i>HK\$'000</i>
	<i>Note</i>		
Trade payables	(a)	26,141	47,240
Contract liabilities		6,791	5,827
Other payables		32,642	22,999
Accruals		39,761	65,781
		105,335	141,847

Note:

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

	30th June 2021 <i>HK\$'000</i>	31st December 2020 <i>HK\$'000</i>
0 – 30 days	11,631	12,450
31 – 60 days	2,540	2,294
61 – 90 days	90	18,969
Over 90 days	11,880	13,527
	26,141	47,240

17. Bank and other loans

		30th June 2021 HK\$'000	31st December 2020 HK\$'000
	<i>Note</i>		
Current and secured			
Bank loans with repayment on demand clause	(a)	139,698	137,314
Term loans from banks with repayment on demand clause	(a)	2,378	2,593
Other loan	(b)	48,071	–
		190,147	139,907

Notes:

- (a) As at 30th June 2021, the bank loans carried variable interest rates ranging from 1.20% to 4.95% (31st December 2020: 1.30% to 4.90%) per annum. The bank loans are secured by the assets of the Group as set out in note 19.
- (b) The other loan represented short-term loan with principal of RMB40,000,000 (equivalent to approximately HK\$48,071,000) (31st December 2020: HK\$Nil) which was unsecured, interest-bearing at 5% per annum and repayable on 6th July 2021.

18. Assets classified as held-for-sale

On 28th April 2021, Indeed Holdings Limited (the "Vendor"), a wholly-owned subsidiary of the Company and the Company (as the Vendor's guarantor) entered into a sale and purchase agreement with Empress Investment Pte. Ltd. (the "Purchaser"), an independent third party of the Company pursuant to which the Purchaser has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell, the 100% of the equity interest of Shanghai Indeed Technology Co., Ltd. (上海一鼎電子科技有限公司) (the "SH Indeed") at a consideration of US\$68,000,000 (equivalent to approximately HK\$530,400,000) (subject to adjustments). SH Indeed is a limited liability company incorporated in the PRC. The principal activities of SH Indeed is properties holding and leasing of properties used as data centre. The disposal has not yet been completed as at the date of this report.

The assets and liabilities attributable to SH Indeed, which are expected to be sold within twelve months, have been classified as assets held-for-sale and are presented separately in the consolidated statement of financial position (see below). The net proceeds of disposal are expected to exceed the net carrying amount of the relevant assets and accordingly, no impairment loss has been recognised.

The assets and liabilities associated with SH Indeed classified as held-for-sale are analysed as follows:

	30th June 2021 HK\$'000
Investment properties	368,662
Prepayment for construction	32,096
Other receivables	233
Cash and bank balances	6,853
	<hr/>
Total assets classified as held-for-sale	407,844

	30th June 2021 HK\$'000
Other payables	11,543
Income tax payable	267
Deferred tax liabilities	10,891
	<hr/>
Total liabilities associated with assets classified as held-for-sale	22,701

19. Pledged assets

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

	30th June 2021 HK\$'000	31st December 2020 HK\$'000
Investment properties	71,037	71,780
Leasehold improvements	85	93
Right-of-use assets	72,203	73,746
Financial assets at fair value through profit or loss	45,923	294,909
Bank deposits	217,079	57,974
	<hr/> 217,079	<hr/> 57,974

20. Share capital

	Number of shares		Amount	
	30th June	31st December	30th June	31st December
	2021	2020	2021	2020
	'000	'000	HK\$'000	HK\$'000
Authorised:				
At beginning and end of the reporting period				
Ordinary shares of HK\$0.025 each	<u>8,000,000</u>	<u>8,000,000</u>	<u>200,000</u>	<u>200,000</u>
Issued and fully paid:				
At beginning of the reporting period				
Ordinary shares of HK\$0.025 each	2,073,089	2,073,089	51,827	51,827
Issue of new shares (Note (a))	<u>414,616</u>	<u>–</u>	<u>10,366</u>	<u>–</u>
At end of the reporting period				
Ordinary shares of HK\$0.025 each	<u>2,487,705</u>	<u>2,073,089</u>	<u>62,193</u>	<u>51,827</u>

Note:

(a) Issue of new shares

On 30th December 2020, the Company and the subscribers entered into the subscription agreements pursuant to which the Company issued 414,616,000 new shares at a price of HK\$0.20 per share ("Subscription"). The Subscription was completed on 13th January 2021 and the total proceeds of the Subscription amounted to approximately HK\$82,924,000, of which approximately HK\$10,366,000 was credited to share capital and the balance of approximately HK\$72,558,000 was credited to the share premium account. These shares rank pari passu with the existing shares in all respects.

21. Disposal of a subsidiary

During the six months ended 30th June 2020, the Group disposed of the entire equity interests in a subsidiary in the PRC, Shenzhen Shi Qian Hai Yi Zhang Wo Internet Technology Company Limited* (深圳市前海易掌沃網絡科技有限公司) through deregistration which was completed in June 2020.

	HK\$'000
Net assets disposed of	–
Reclassification adjustment from equity to profit or loss upon disposal:	
Translation reserves	(1,015)
Gain on disposal (<i>Note 5</i>)	1,015
	<hr/>
Consideration received or receivable	–
	<hr/> <hr/>

22. Events after the reporting period

On 9th August 2021, the Company decided not to pay the third instalment of the consideration of RMB140,000,000 (the “Third Instalment”) of a procurement agreement dated 14th May 2021 (the “Procurement Agreement”) entered into between Grand Choice Development Limited (the “Purchaser”), being a direct wholly-owned subsidiary of the Company, and Wuhan Quanyaocheng Technology Co., Ltd.* (武漢全耀成科技有限公司) (the “Vendor”), being an independent third party. Pursuant to the Procurement Agreement, if the Purchaser fails to pay the Third Instalment on or before 8th August 2021, the procurement will proceed according to the amount of consideration paid and the subsequent transactions will automatically terminate. As the Purchaser had decided not to proceed with the payment of the Third Instalment due on 8th August 2021, the subsequent transactions had been automatically terminated pursuant to the terms of the Procurement Agreement. Details of the termination have been disclosed in the Company’s announcement dated 9th August 2021.

23. Approval of the unaudited condensed consolidated interim financial statements

The unaudited condensed consolidated interim financial statements were approved by the Board on 9th August 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

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

BUSINESS REVIEW AND PROSPECT

IHA Business

The Group’s IHA business is principally engaged in sale and distribution of IHA and complementary products. Products launched by the Group in the markets include high digital set-top box (“STB”), hybrid dual mode STB, Over-the-top (“OTT”) / Internet Protocol Television (“IPTV”) STB, STB equipped with an Android system, etc. Under the intense market competition condition, the Group is facing many opportunities as well as confronting severe challenges.

During the six months ended 30th June 2021 (the “Period”), the Group’s revenue from IHA business amounted to approximately HK\$54.3 million, representing a decrease of 47.0% compared with the same period of last fiscal year. The significant drop in the revenue was caused by the shortage of microchips as the raw materials in the production of STB. This is also the same reason leading to an increase in the segment loss of 25.6%.

IDC Business

The Group concentrates its efforts on providing renowned domestic and foreign enterprises with reliable data centre facilities services. During the Period, the Group’s revenue generated from leasing of properties used as IDC and facilities used in IDC was increased by 25.5% from approximately HK\$16.2 million for the six months ended 30th June 2020 to approximately HK\$20.4 million for the six months ended 30th June 2021. The growth was attributed to the increase in rental revenue from the leasing of facilities used in IDC located at Hong Kong Shatin. However, the segment profit was decreased by 51.6% as a result of the operating cost pressures in the IDC located in San Jose, the United States (“U.S.”).

The construction progress of the IDC located in San Jose, the U.S. was expected to be completed by the end of the year. The progress was far behind the original schedule due to the adverse impact of coronavirus disease 2019 (“COVID-19”) in the U.S. However, the global COVID-19 pandemic accelerated the pace of cloud deployments. In other words, the increased deployment of applications to the cloud leads to a tremendous demand for the IDC market. The demand for the outsourced data centre market is also growing due to the challenges of managing on-premise data centers for IT companies of all sizes. To cope with the strong demand, the Company has speeding up the progress to the completion of the IDC phase one project. The Directors of the Company believes that the Group is able to benefit from a stable revenue from the entrance of the IDC business in the U.S. market will contribute a stable revenue stream to the Group.

Investment Business

The Group’s investing segment is principally engaged in trading of securities and investing in financial instruments. This segment recorded a loss of approximately HK\$52.3 million for the Period (30th June 2020: approximately HK\$51.8 million). The main reason was that the Group recorded net losses on financial assets at fair value through profit or loss of approximately HK\$47.7 million (30th June 2020: approximately HK\$50.4 million) resulting from the unsatisfactory performance of the Group’s investment portfolio amid the adverse capital market conditions during the Period.

In light of the volatility of the stock market with the uncertainty in the future global economy, together with the strengthening the cash position of the Group, the Group had disposed of several listed securities with value exceeding 5% of the Group’s total assets as at 31st December 2020. During the period between 21st May 2021 and 30th June 2021, the Group disposed of 2,500,000 shares of Ping An Insurance (Group) Company of China, Ltd (“Ping An”) (H-shares) through a series transaction in the open market at an average price of approximately HK\$77.7 per Ping An H-share for an aggregate consideration of approximately HK\$194.3 million (exclusive of transaction costs). Details of the disposals have been disclosed in the Company’s announcement dated 12th July 2021.

Meanwhile, the Company had also disposed of other individual investments in listed securities including ZhongAn Online P&C Insurance Co., Ltd. (H-shares) (“ZhongAn”), Guangzhou Automobile Group Co., Ltd (A-shares and H-shares) (“Guangzhou Automobile”) and Honbridge Holdings Limited (“Honbridge”), etc. through a series of transactions in the open market. The disposals of these listed securities do not constitute disclosable transactions individually.

The stock market sentiment was affected by the rising policy risks of the technology sector in China on the supervision of internet companies on antimonopoly on the e-commerce platforms. At the same time, the China-US relations are still tense and remain uncertain to the market outlook. With the worsening COVID-19 pandemic and virus mutations, the Hong Kong market recovery is expected to remain unclear. The stock market might be unable to break through the mid-February in short term. With the absence of positive catalysts and the uncertainty of the future stock market, the Company have no intention to enhance a strong position of the investment portfolio.

Leasing

The leasing segment of the Group comprises leasing out of properties. This segment recorded a profit of approximately HK\$0.3 million for the Period (30th June 2020: a loss of approximately HK\$0.6 million). The segment improvement was attributed to the increase in rental income from investment properties.

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

Business Prospect

Technology continues to redefine the digital economy. The IT infrastructure requirements companies across nearly every industry continue to change as businesses embark on initiatives to re-position their strategies through digital transformation. However, one theme has remained constant: the demand of data centre, representing the core infrastructure underlie the digital economy and continue to grow significantly. With the introduction of new technology advancements including 5G, the internet of things, and artificial intelligence, the outlook of incremental data centre demand is robust. Moreover, it's believed that the pace of digital transformation will only accelerate the development of IDC business in the future as a result of many challenges presented by the pandemic.

The IHA industry has returned to growth due to the increasing household penetration rate of smart TVs and the maturity of big data technology to the OTT. The increment of income level also drives the demand for entertainment and consumption willingness. Although the industry was affected by the COVID-19 epidemic in 2020, China remains its leading position in the global supply of IHA products as a manufacturing base. With years of technical know-how and research and development capabilities, the business is believed to cope with the technology transformation and business opportunities.

The investments in digitalisation initiatives and business continuity remain our key drivers for the performance of 2021. This advance preparation allowed the Company to maintain growth momentum, supporting the rapidly expanding data and communication needs of customers. Although the COVID-19 pandemic and virus mutations continue to remain an uncertainty to the world economy, the Company will continuously deliver high-quality services with wisdom and perseverance to all the stakeholders.

FINANCIAL REVIEW

Revenue and Gross Profit

During the Period, the Group's revenue from IHA business amounted to approximately HK\$54.3 million, representing a decrease of 47.0% compared with the same period of last fiscal year. Meanwhile, the gross profit of IHA business increased by 44.6% to approximately HK\$4.4 million for the Period as compared with the same period of last fiscal year. For IDC business, the Group recorded revenue of approximately HK\$20.4 million for the Period (30th June 2020: approximately HK\$16.2 million), representing an increase of 25.5% compared to the last fiscal period. As a result, the Group's overall revenue dropped significantly by 37.1% to approximately HK\$74.7 million while the Group's overall gross profit increased by 21.2% to approximately HK\$20.7 million for the Period as compared with the same period of last year.

Operating Results

Other Revenue and Net (Loss)/Income

The Group recorded other revenue and net loss of approximately HK\$31.5 million for the Period (30th June 2020: approximately HK\$31.4 million). This was mainly attributed to the net losses on financial assets at fair value through profit or loss of approximately HK\$47.7 million resulting from the unsatisfactory performance of the Group's investment portfolio amid the adverse capital market conditions during the Period (30th June 2020: approximately HK\$50.4 million). This is also one of the main reasons that the Group recorded a significant loss attributable to owners of the Company for the Period.

Changes in Fair Value of Investment Properties

The Group recognised net revaluation losses of approximately HK\$0.6 million on its investment properties for the Period (30th June 2020: approximately HK\$2.2 million).

Operating Expenses

Despite a sharp decline in the Group's revenue from IHA business, the Group's distribution and selling expenses increased to approximately HK\$3.2 million for the Period (30th June 2020: approximately HK\$3.1 million). At the same time, the Group's general and administrative expenses also increased by 67.9% to approximately HK\$49.3 million for the Period (30th June 2020: approximately HK\$29.4 million), as a result of the operating costs pressure from IDC business and central corporate expenses.

Other Operating Expenses

Other operating expenses of the Group increased to approximately HK\$1.4 million for the Period (30th June 2020: approximately HK\$0.8 million). This increase was mainly due to the increase of miscellaneous costs.

Finance Costs

The finance costs of the Group increased by 8.4% to approximately HK\$1.8 million for the Period. The increase was mainly due to the increase in bank and other borrowings as compared with the same period of last fiscal year.

Loss for the Period

As a result of the foregoing, the Group recorded a loss attributable to owners of the Company of approximately HK\$69.7 million for the Period (30th June 2020: approximately HK\$52.6 million).

Liquidity and Financial Resources

As at 30th June 2021, the Group had net current assets of approximately HK\$1,055.5 million. The Group had cash and bank balances and pledged bank deposits of approximately HK\$262.0 million and HK\$217.1 million, respectively. The Group's financial resources were funded mainly by bank and other loans and its shareholders' funds. As at 30th June 2021, the Group's current ratio, as calculated by dividing current assets by current liabilities, was 4.3 times and the gearing ratio, as measured by total liabilities divided by total equity, was 15.9%. Hence, as at 30th June 2021, the overall financial and liquidity positions of the Group remained at a stable and healthy level.

Charges on Group Assets

Details of charges on the Group assets are set out in note 19 to the unaudited condensed consolidated interim financial statements in this report.

Capital Structure

The shares of the Company ("Share(s)") has been listed on GEM of the Stock Exchange since 31st January 2000. The changes in the capital structure of the Company for the Period are set out in note 20 to the unaudited condensed consolidated interim financial statements in this report.

Issue of Listed Securities of the Company and Use of Proceeds

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

Date of announcement	30th December 2020
Date of completion	13th January 2021
Name of subscriber(s)	Cedar Surplus Investments Limited and Mr. Zhu Weisha
Number of shares issued	414,616,000
Class of shares issued	Ordinary shares
Issue price per share	HK\$0.20
Net price per share	HK\$0.199
Aggregate nominal value of share issued	HK\$10,365,400
Closing price per share on which the terms of the issue were fixed	HK\$0.199 (as at 30th December 2020)
Gross proceeds	Approximately HK\$82.9 million
Net proceeds	Approximately HK\$82.7 million
Reason for the issue	The Board considered that the issue of shares would provide a good opportunity to raise additional funds to be used for (i) the development of the major operating businesses of IDC; (ii) the development of the major operating businesses of IHA; and (iii) general working capital purposes.

Up to 30th June 2021, approximately HK\$39.9 million out of approximately HK\$82.7 million had been applied as follows:

	Intended use of proceeds <i>HK\$'000</i>	Actual use of proceeds <i>HK\$'000</i>	Remaining Balance <i>HK\$'000</i>
IDC business	66,179	23,400	42,779
IHA business	8,272	8,272	–
General working capital	8,272	8,272	–
	82,723	39,944	42,779

The remaining approximately HK\$42.8 million which had not yet been utilised during the Period is expected to be utilised by the end of this year. All the unutilised balances have been placed in licensed banks in Hong Kong.

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

Significant Investments/Material Acquisitions and Disposals

Disposal of Shanghai Indeed Technology Co., Ltd.

On 28th April 2021, Indeed Holdings Limited, an indirect wholly-owned subsidiary of the Company (the "Vendor"), and the Company, as the Vendor's guarantor, entered into a sale and purchase agreement with Empress Investments Pte. Ltd. (the "Purchaser"), in respect of the disposal of the entire equity interest of Shanghai Indeed Technology Co., Ltd. (上海一鼎電子科技有限公司), an indirect wholly-owned subsidiary of the Company to the Purchaser at a consideration of US\$68,000,000 (equivalent to approximately HK\$530,400,000) subject to adjustments (the "Disposal"). The details of the Disposal have been disclosed in the Company's announcement dated 28th April 2021 and the circular dated 26th May 2021.

The Disposal has not yet been completed as at the date of this report.

Procurement of hashrate capacity

On 14th May 2021, Grand Choice Development Limited, a direct wholly-owned subsidiary of the Company (the "Purchaser") and Wuhan Quanyaocheng Technology Co., Ltd.* (武漢全耀成科技有限公司) (the "Vendor") entered into a procurement agreement (the "Procurement Agreement") in respect of the procurement of hashrate capacity of the 2,416 sets of A10 pro 6G and 7G version machines for cryptocurrencies mining by the Purchaser from the Vendor for a term of three years at the total consideration of RMB290,000,000. As at 30th June 2021, the Vendor had delivered the corresponding hashrate capacity of RMB92,000,000 (equivalent to approximately HK\$108,876,000) to the Purchaser. Details of the Procurement Agreement have been disclosed in the Company's announcements dated 14th May 2021, 31st May 2021 and 2nd June 2021 respectively.

At the date of this report, the Company decided not to pay the third installment of the consideration of RMB140,000,000 (the "Third Installment") of the Procurement Agreement. Pursuant to the Procurement Agreement, if the Purchaser fails to pay the Third Instalment on or before 8th August 2021, the procurement will proceed according to the amount of consideration paid and the subsequent transactions will automatically terminate. As the Purchaser had decided not to proceed with the payment of the Third Instalment due on 8th August 2021, the subsequent transactions had been automatically terminated pursuant to the terms of the Procurement Agreement. Details of the termination have been disclosed in the Company's announcement dated 9th August 2021.

Disposals of listed securities

During the period between 21st May 2021 and 30th June 2021, the Company conducted a series of transactions in the open market to dispose of an aggregate of 2,500,000 Ping An H-shares (representing approximately 0.034% of the total issued Ping An H-shares and approximately 0.014% of the total issued shares of Ping An) at an average price of approximately HK\$77.7 per Ping An H-shares for an aggregate consideration of approximately HK\$194,270,000 (exclusive of transaction costs) (the "Disposals"). As a result of the Disposals, the Group recognised a loss of approximately HK\$43,730,000, which is calculated based on the difference between the carrying amount of the disposed shares as at 31st December 2020 and the sales proceeds (after deduction of transaction costs). The Company further disposed of the remaining 500,000 Ping An H-shares (representing approximately 0.007% of the total issued Ping An H-shares and approximately 0.003% of the total issued shares of Ping An) on 2th July 2021 through a series transaction in the open market at an average price of approximately HK\$74.9 per Ping An H-share for an aggregate consideration of approximately HK\$37,470,000 (exclusive of transaction costs). Details of the Disposals have been disclosed in the Company's announcement dated 12th July 2021.

Saved as disclosed in this report, the Group had no other significant investment and no material acquisition or disposal of subsidiaries, associates and joint ventures during the Period.

Key Risks and Uncertainties

During the Period, the Group endeavoured to improve the risk management system on different aspects of company strategies, businesses operation and finance. A number of risks and uncertainties may affect the financial results and business operations of the Group. For the IHA business, factors such as fierce market competition in the Mainland and overseas markets, rapid iteration of technological products, Renminbi exchange rate fluctuation, drop in selling price of products and increase in production cost may bring uncertainties to the development of the IHA business of the Group. For the IDC business, factors such as whether the construction and layout of the project can be completed as scheduled, and whether the service contracts signed with customers and service income can meet the expectation may affect the progress of the IDC business of the Group. For the investing business, the frequent changes of market policies and regulations relating to the Mainland stock market and the unclear global economic environment would be two key risk factors. In future business operations, the Group will be highly aware of the aforesaid risks and uncertainties and will proactively adopt effective measures to tackle such risks and uncertainties.

Environmental Policies and Performance

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

Compliance with Laws and Regulations

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

RESERVES

Movements in reserves of the Group during the six months ended 30th June 2021 are set out in the unaudited condensed consolidated statement of changes in equity of the financial statements.

DIVIDEND

The Board has not declared an interim dividend for the Period (30th June 2020: Nil).

SHARE OPTION SCHEME

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

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

On 16th January 2015, the Company offered to grant 186 eligible participants to subscribe for a total of 107,527,008 ordinary Shares of HK\$0.025 each in the capital of the Company at an exercise price HK\$2.2 per Share (the "2015 Share Options"). The 2015 Share Options are exercisable up to five years from the date of grant. On 8th June 2016, the Company removed vesting period of all existing 2015 Share Options which were outstanding and unvested under the Share Option Scheme pursuant to the ordinary resolutions passed by the Shareholders at a SGM and such 2015 Share Options were therefore immediately vested with the consent of relevant 2015 Share Options holders. As a result, non-cash share-based compensation expenses in respect of all outstanding and unvested 2015 Share Options at the date of approval of removal of vesting period of the 2015 Share Options of approximately HK\$7,564,000 was recognised as expense by the Group with the same amount credited to share option reserves under equity for the year ended 31st December 2016. For details of the amendment of the terms of the 2015 Share Options, please refer to the Company's announcement dated 18th May 2016 and the circular dated 23rd May 2016.

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

Details of the movements of the 2015 and 2019 Share Options granted to subscribe for the Shares are as follows:

For the six months ended 30th June 2021

Name of grantees	Date of grant	Exercise price per Share <i>HKS</i>	Exercisable period	Number of Shares issuable under the share options				Outstanding as at 30th June 2021
				Outstanding as at 1st January 2021	Granted during the Period	Exercised during the Period	Lapsed during the Period	
<i>2019 Share Options</i>								
Directors								
Mr. Li Qiang	30.08.2019	0.33	30.08.2019 – 29.08.2022	2,000,000	–	–	–	2,000,000
Mr. Gao Fei	30.08.2019	0.33	30.08.2019 – 29.08.2022	2,000,000	–	–	–	2,000,000
Mr. Shi Guangrong	30.08.2019	0.33	30.08.2019 – 29.08.2022	13,000,000	–	–	–	13,000,000
Mr. Zhu Jiang	30.08.2019	0.33	30.08.2019 – 29.08.2022	13,000,000	–	–	–	13,000,000
Ms. Shen Yan	30.08.2019	0.33	30.08.2019 – 29.08.2022	1,000,000	–	–	–	1,000,000
Ms. Dong Hairong	30.08.2019	0.33	30.08.2019 – 29.08.2022	2,000,000	–	–	–	2,000,000
Continuous contract employees	30.08.2019	0.33	30.08.2019 – 29.08.2022	47,000,000	–	–	(14,000,000)	33,000,000
Other eligible participants	30.08.2019	0.33	30.08.2019 – 29.08.2022	19,000,000	–	–	–	19,000,000
				<u>99,000,000</u>	<u>–</u>	<u>–</u>	<u>(14,000,000)</u>	<u>85,000,000</u>
Weighted average exercise price (<i>HKS</i>)				<u>0.33</u>	<u>–</u>	<u>–</u>	<u>0.33</u>	<u>0.33</u>

For the six months ended 30th June 2020

Name of grantees	Date of grant	Exercise price per Share HK\$	Exercisable period*	Number of Shares issuable under the share options				
				Outstanding as at 1st January 2020	Granted during the Period	Exercised during the Period	Lapsed during the Period	Outstanding as at 30th June 2020
<i>2015 Share Options</i>								
Directors								
Mr. Shi Guangrong	16.01.2015	2.20	16.01.2015 – 15.01.2020	6,500,000	–	–	(6,500,000)	–
Mr. Zhu Jiang	16.01.2015	2.20	16.01.2015 – 15.01.2020	7,000,000	–	–	(7,000,000)	–
Ms. Shen Yan	16.01.2015	2.20	16.01.2015 – 15.01.2020	1,000,000	–	–	(1,000,000)	–
Continuous contract employees	16.01.2015	2.20	16.01.2015 – 15.01.2020	38,570,776	–	–	(38,570,776)	–
Suppliers of goods or services	16.01.2015	2.20	16.01.2015 – 15.01.2020	920,000	–	–	(920,000)	–
Other eligible participants	16.01.2015	2.20	16.01.2015 – 15.01.2020	13,584,232	–	–	(13,584,232)	–
				<u>67,575,008</u>	<u>–</u>	<u>–</u>	<u>(67,575,008)</u>	<u>–</u>
<i>2019 Share Options</i>								
Directors								
Mr. Li Qiang	30.08.2019	0.33	30.08.2019 – 29.08.2022	2,000,000	–	–	–	2,000,000
Mr. Gao Fei	30.08.2019	0.33	30.08.2019 – 29.08.2022	2,000,000	–	–	–	2,000,000
Mr. Shi Guangrong	30.08.2019	0.33	30.08.2019 – 29.08.2022	13,000,000	–	–	–	13,000,000
Mr. Zhu Jiang	30.08.2019	0.33	30.08.2019 – 29.08.2022	13,000,000	–	–	–	13,000,000
Ms. Shen Yan	30.08.2019	0.33	30.08.2019 – 29.08.2022	1,000,000	–	–	–	1,000,000
Ms. Dong Hairong	30.08.2019	0.33	30.08.2019 – 29.08.2022	2,000,000	–	–	–	2,000,000
Continuous contract employees	30.08.2019	0.33	30.08.2019 – 29.08.2022	47,000,000	–	–	–	47,000,000
Other eligible participants	30.08.2019	0.33	30.08.2019 – 29.08.2022	20,000,000	–	–	(1,000,000)	19,000,000
				<u>100,000,000</u>	<u>–</u>	<u>–</u>	<u>(1,000,000)</u>	<u>99,000,000</u>
				<u>167,575,008</u>	<u>–</u>	<u>–</u>	<u>(68,575,008)</u>	<u>99,000,000</u>
Weighted average exercise price (HK\$)				<u>1.08</u>	<u>–</u>	<u>–</u>	<u>2.17</u>	<u>0.33</u>

- * The 2015 Share Options granted to the Directors, Chief Executive Officer, continuous contract employees, suppliers of goods or services and other eligible participants were subject to vesting conditions. However, the vesting period of all existing 2015 Share Options granted to the Directors, Chief Executive Officer, continuous contract employees, suppliers of goods or services and other eligible participants which were outstanding and unvested had been removed with the approval of the Shareholders at the SGM held on 8th June 2016.

Note:

14,000,000 (30th June 2020: 68,575,008) share options lapsed according to the terms of the Share Option Scheme during the Period.

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

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

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

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

As at 30th June 2021, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and/or debentures of the Company and/or any of its associated corporations (within the meanings of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

(1) Long Positions in the shares of the Company

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

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

Pursuant to the Share Option Scheme approved by the Shareholders on 14th January 2015, the Directors and chief executive of the Company in the capacity as beneficial owners were granted unlisted and physically settled share options to subscribe for the Shares, details of which as at 30th June 2021 were as follows:

Name of grantees	Date of grant	Exercise price per Share HK\$	Exercisable period	Number of Shares issuable under the share options				Outstanding as at 30th June 2021
				Outstanding as at 1st January 2021	Granted during the Period	Exercised during the Period	Lapsed during the Period	
Directors								
Mr. Li Qiang	30.08.2019	0.33	30.08.2019 – 29.08.2022	2,000,000	-	-	-	2,000,000
Mr. Gao Fei	30.08.2019	0.33	30.08.2019 – 29.08.2022	2,000,000	-	-	-	2,000,000
Mr. Shi Guangrong	30.08.2019	0.33	30.08.2019 – 29.08.2022	13,000,000	-	-	-	13,000,000
Mr. Zhu Jiang	30.08.2019	0.33	30.08.2019 – 29.08.2022	13,000,000	-	-	-	13,000,000
Ms. Shen Yan	30.08.2019	0.33	30.08.2019 – 29.08.2022	1,000,000	-	-	-	1,000,000
Ms. Dong Hairong	30.08.2019	0.33	30.08.2019 – 29.08.2022	2,000,000	-	-	-	2,000,000
				<u>33,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,000,000</u>

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

Save as disclosed above, as at 30th June 2021, none of the Directors or chief executive of the Company had any interests or short positions in any Shares, underlying shares and/or debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to rules 5.46 to 5.67 of the GEM Listing Rules.

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

Based on the information provided to the Company in notices filed, as at 30th June 2021, the entities and/or persons or corporations who had any interests or short positions in the Shares and/or underlying shares of the Company which fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO or had otherwise notified to the Company were as follows:

Long positions in the shares and underlying shares of the Company

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

Notes:

1. Unicorn is the beneficial owner of 741,379,800 Shares. Cedar Surplus holds 55% interest in Unicorn and it is deemed to be interested in the 741,379,800 Shares held by Unicorn. Mr. Cong Yu holds 100% interest in Cedar Surplus (which holds 55% interest in Unicorn) and he is therefore deemed to be interested in the 741,379,800 Shares held by Unicorn.
2. Mr. Zhu Weisha holds 45% interest in Unicorn and he is deemed to be interested in the 741,379,800 Shares held by Unicorn. The remaining interest in 19,000,000 Shares is beneficially owned by Mr. Zhu Weishu, representing 19,000,000 underlying shares in respect of the share options granted by the Company on 30th August 2019.
3. Honbridge is the beneficial owner of 351,867,200 Shares. Hong Bridge holds 41.25% interest in Honbridge and it is deemed to be interested in the 351,867,200 Shares held by Honbridge.
4. Mr. He Xuechu holds 51% interest in Hong Bridge (which holds 41.25% interest in Honbridge) and he is therefore deemed to be interested in the 351,867,200 Shares held by Honbridge. Ms. Foo Yatian is the beneficial owner of 300,000 Shares. As Ms. Foo Yatian is the spouse of Mr. He Xuechu, Ms. Foo Yatian is deemed to be interested in all the Shares in which Mr. He Xuechu is interested and Mr. He Xuechu is deemed to be interested in all the Shares in which Ms. Foo Yatian is interested.
5. Based on a total of 2,487,704,800 Shares as at 30th June 2021.

Save as disclosed above, as at 30th June 2021, the Directors are not aware of any persons or corporations who had any interests or short positions in the Shares and/or underlying shares of the Company which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

MANAGEMENT CONTRACTS

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

COMPETING INTERESTS

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

CORPORATE GOVERNANCE

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

During the six months ended 30th June 2021, the Company has applied the principles and complied with the applicable code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 15 to the GEM Listing Rules, except in relation to CG Code provisions E.1.2, as more particularly described below.

CG Code provision E.1.2

Pursuant to CG Code provision E.1.2, the Chairman of the Board should attend the annual general meeting ("AGM") and invite the chairman of the audit, remuneration and nomination committees to attend and be available to answer questions at the AGM. Mr. Chen Biao, an executive Director, has been performing the above duties in lieu of Mr. Li Qiang, the Chairman of the Board, who had other pre-arranged business commitments on the day of the AGM.

AUDIT COMMITTEE

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

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

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

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

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

SECURITIES TRANSACTIONS BY DIRECTORS

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

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

Hong Kong, 9th August 2021

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