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## **INTERNATIONAL BUSINESS SETTLEMENT HOLDINGS LIMITED**

### **國際商業結算控股有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 00147)**

## **BUSINESS UPDATE; CHANGE IN USE OF UN-UTILISED PROCEEDS; AND CHANGE OF THE COMPANY’S WEBSITE**

The purpose of this announcement is to provide the shareholders and potential investors of International Business Settlement Holdings Limited (the “**Company**” and, together with its subsidiaries, the “**Group**”) an update on the latest business developments of the Group.

### **BUSINESS UPDATE**

#### **(1) Formation of a joint venture company**

The board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to announce on a voluntary basis that, on 15 March 2024 (after trading hours), First Grand Enterprises Limited (“**First Grand**”), a wholly-owned subsidiary of the Company entered into a joint venture agreement (the “**JV Agreement**”) with Mr. Lu Zeng\* (盧增先生) (“**Mr. Lu**”) in relation to the formation of a joint venture company (the “**Joint Venture**”) in the Lao People’s Democratic Republic (the “**Lao PDR**”), which, upon incorporation, will be owned as to 51% by First Grand and 49% by Mr. Lu. The Joint Venture will be principally engaged in mining and trading of Bitcoin.

The Joint Venture will have an initial paid-up capital of USD2,000,000, which will be contributed by First Grand and Mr. Lu in proportion to their respective interest in the Joint Venture. The capital contribution will be mainly used as working capital of the Joint Venture.

### ***Information on the parties***

The Group is principally engaged in (i) developing and selling of commercial and residential properties, car parking spaces, including undertaking of primary land development activities, in the People's Republic of China (“**PRC**”); (ii) hotel development and provision of hotel management services in the PRC; (iii) manufacturing and sales of disposable contact lens in the PRC; (iv) providing encrypted distributed storage space in Hong Kong through leasing of servers and trading of computer equipment; and (v) provision of finance through money lending services, finance leases, leasing, factoring and other related services.

Mr. Lu is a PRC individual who has extensive experience in mining and trading of cryptocurrencies and construction and operation of cryptocurrency data centres.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Mr. Lu is independent of and not connected with the Company and its connected persons (as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”)) as at the date of this announcement.

### ***Reasons for and benefits of the formation of the Joint Venture***

Cryptocurrencies are digital currencies in which encryption techniques are used to regulate the generation of units of currency and verify the transfer of funds using blockchain technology. Cryptocurrencies make it easier to transfer funds between two parties in a transaction and these transfers are facilitated through the use of public and private keys for security purposes. The Group believes that cryptocurrencies, as means of preserving value, are backed up by strong public open-source architecture, and therefore have the potential to resist inflation in the long run and appreciate the value stored and have long-term value. The Group also notes that cryptocurrency price may be highly volatile and therefore the Group intends to invest in cryptocurrencies that are more mature, and have wider recognition, desirable market liquidity, relatively large market value on the market and relatively long-term holding value. Among various types of cryptocurrencies, Bitcoin was launched in 2009 and has become the world's largest cryptocurrency by market capitalisation as of the date of this announcement.

The Board believes that the digital currency market has favourable development prospects. The formation of the Joint Venture is in line with the Group's business development strategies and plans to develop in the fin-tech industry, which will be conducive to the future business development of the Group. The Board believes that the Joint Venture provides the Group with a good opportunity to expand its business scope into digital currency market and to diversify the revenue stream of the Group. Hence, the Board is of the view that the formation of the Joint Venture is a meaningful investment and in the interest of the Group and its shareholders as a whole and the JV Agreement was entered into on an arm's length basis and on normal commercial terms.

### ***Listing rules implications***

As the applicable percentage ratios in respect of the JV Agreement are all less than 5%, the entering into of the JV Agreement and the transactions contemplated thereunder does not constitute a notifiable transaction under Chapter 14 of the Listing Rules and is therefore exempt from the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## **(2) Update on the international business settlement segment**

The Group believes that the trend of dedollarisation between international trades by using their local currencies among several countries and regions is a great opportunity for the Group to develop alternative global settlement channels for the global economic and financial markets. In the past few years, the Group put lots of effort and resources to develop the alternative settlement platform. However, in view of numerous unfavourable factors, including the change of world trade environment, changes in financial regulatory trend, continuing military conflicts between countries, changes in political environment towards China-based companies and the global outbreak of COVID-19 pandemic a few years ago, the progress on the development of the settlement platform was minimal. No revenue was generated from this project and it continued to operate at a loss since 2016.

The Board has reviewed the prospect of the "international business settlement segment" (the "**International Business Settlement Segment**") and still believes that it is a good business opportunity during this existing transformation of the global economic and financial markets. However, further development of the settlement platform would require the Group to further invest enormous resources in the coming few years. As this segment has not been generating any revenue and been continuing making losses since 2016 and going-forward would require further investment from the Group, the Group believes that it is now time to re-allocate the Group's resources in a more efficient and profitable manner. The Company has decided it is now a time to cease the operations of the International Business Settlement Segment.

The Board is of the view that the cessation of the International Business Settlement Segment has no significant financial and operational impact on the Company and in view of the abovementioned reasons, is in the best interests of the Group and its shareholders, which is conducive to the better development of the Group.

Further announcement(s) will be made to update the shareholders as and when appropriate in accordance with the Listing Rules, if required.

## **CHANGE IN USE OF UN-UTILISED PROCEEDS**

References are made to the announcements of the Company dated 10 July 2019 and 28 January 2022 and the interim report of the Company for the six months ended 30 September 2023 published on 21 December 2023, in relation to other matters, the change in the use of un-utilised proceeds (the “**Un-utilised Proceeds**”) from the placing of new shares of the Company completed on 22 December 2016. As at 30 September 2023, the total amount of Un-utilised Proceeds was approximately HK\$219.1 million, of which approximately HK\$88.3 million was designated for the development of the Next Generation Settlement Network. In light of the cessation of the International Business Settlement Segment, the Group believed that it would be in the interests of the Company and its shareholders to change and re-allocate the Un-utilised Proceeds for the development of the Next Generation Settlement Network in the International Business Settlement Segment, such that (i) approximately HK\$60.0 million will be re-allocated to working capital; and (ii) approximately HK\$28.3 million will be re-allocated potential investment opportunity in the Fintech and other industry. The Board considered that the change of use of the Un-utilised Proceeds will allow the Company to deploy its financial resources more effectively and is in the interests of the Company and its shareholders as a whole and will not have any material adverse effect on the existing business and operations of the Group.

The following table sets forth a breakdown of use of proceeds up to the date of this announcement and the reallocation of the proceeds:

	<b>Un-utilised Proceeds as stated in the 2023 Interim Report <i>HK\$ million</i></b>	<b>Further revised allocation of net proceeds <i>HK\$ million</i></b>	<b>Utilised net proceeds up to the date of this announcement <i>HK\$ million</i></b>	<b>Un-utilised Proceeds as at the date of this announcement <i>HK\$ million</i></b>
Development of the Next Generation				
Settlement Network:				
(i) Hardware and software	65.0	(65.0)	–	–
(ii) Research and development	23.3	(23.3)	–	–
Expand the settlement services through EMI license	–	–	–	–
Set up subsidiaries in Mid-Asia for application of payment licenses	–	–	–	–
General working capital	40.0	60.0	(8.8)	91.2
Potential investment opportunity in the Fintech and other industry	90.8	28.3	–	119.1
Use in financing business	–	–	–	–
Repayment of loan related to the property development business	–	–	–	–
	<u>219.1</u>	<u>–</u>	<u>(8.8)</u>	<u>210.3</u>

The Board will continuously assess the plan for the use of the Un-utilised Proceeds and may revise or amend such plan where necessary to respond to the changing market conditions and strive for better business performance of the Group.

## **CHANGE OF THE COMPANY’S WEBSITE**

The Board hereby announces that the Company’s website has been changed from “www.ibsettlement.com” to “www.147hk.com” (the “**Company Website**”) with effect from the date of this announcement. Shareholders of the Company can continue to access any announcements, notices or other documents published by the Company on the Company Website or the website of The Stock Exchange of Hong Kong Limited pursuant to the requirements of the Listing Rules.

**Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.**

By order of the Board  
**International Business Settlement Holdings Limited**  
**Yuen Leong**  
*Executive Director*

Hong Kong, 15 March 2024

*As at the date of this announcement, the Board comprises Mr. Yuen Leong and Mr. Chan Siu Tat as executive Directors; Mr. Liu Yu as non-executive Director; and Mr. Yap Yung, Ms. Chen Lanran and Mr. Wong Kin Ping as independent non-executive Directors.*

\* *For identification purpose only*