



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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

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This announcement, for which the directors (the “Directors”) of Yuxing InfoTech Investment Holdings Limited (the “Company”) together with its subsidiaries (collectively, the “Group”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement 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 announcement misleading.



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ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

HIGHLIGHTS FOR THE YEAR ENDED 31 DECEMBER 2023

- The overall revenue of the Group decreased by 13.7% to approximately HK\$192.6 million for FY2023 as compared with the last fiscal year.
- The gross profit of the Group increased by 92.8% to approximately HK\$53.7 million for FY2023 as compared with the last fiscal year.
- The Group recorded a loss attributable to the owners of the Company of approximately HK\$113.7 million (FY2022: approximately HK\$290.1 million) for FY2023.
- Basic loss per share for FY2023 was approximately HK\$0.05 (FY2022: approximately HK\$0.12).
- Total equity attributable to owners of the Company as at 31 December 2023 was approximately HK\$1,705.7 million (2022: approximately HK\$1,827.2 million) or net assets per share of HK\$0.69 (2022: approximately HK\$0.73).
- The Board does not recommend the payment of a final dividend for FY2023 (FY2022: Nil).

RESULTS

The board of Directors of the Company (the “Board”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2023, together with the comparative figures for the previous year, prepared in accordance with generally accepted accounting principles in Hong Kong, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

	<i>Note</i>	2023 HK\$'000	2022 <i>HK\$'000</i> <i>Re-presented</i>
Revenue	4	192,569	223,237
Cost of sales		<u>(138,912)</u>	<u>(195,408)</u>
Gross profit		53,657	27,829
Other revenue and net income/(loss)	4	60,471	(84,783)
Distribution and selling expenses		(5,174)	(6,439)
General and administrative expenses		(122,552)	(96,060)
Reversal of write-down/(Write-down) of cryptocurrencies		49,978	(50,356)
Other operating expenses		(64,198)	(16,901)
Net changes in fair value of investment properties		(6,248)	53,769
Loss allowance on loans receivable	10	(55,217)	(83,079)
Loss allowance on trade and other receivables	11	(41,722)	–
Loss on disposal of subsidiaries		<u>–</u>	<u>(3,693)</u>
Loss from operations	5	(131,005)	(259,713)
Finance costs	6	(594)	(2,350)
Share of results of associates		(325)	–
Loss before tax		(131,924)	(262,063)
Income tax credit/(expenses)	7	14,664	(29,002)
Loss for the year		<u>(117,260)</u>	<u>(291,065)</u>
Loss attributable to:			
Owners of the Company		(113,654)	(290,118)
Non-controlling interests		(3,606)	(947)
		<u>(117,260)</u>	<u>(291,065)</u>
Loss per share	9	HK\$	HK\$
– Basic		(0.05)	(0.12)
– Diluted		<u>(0.05)</u>	<u>(0.12)</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Continued)*For the year ended 31 December 2023*

	2023 HK\$'000	2022 <i>HK\$'000</i> <i>Re-presented</i>
Loss for the year	<u>(117,260)</u>	<u>(291,065)</u>
Other comprehensive (loss)/income:		
Items that will not be reclassified to profit or loss:		
Revaluation of property, plant and equipment upon transfer to investment properties		
– Gain on revaluation, net of tax	<u>–</u>	<u>58,879</u>
Items that are reclassified or may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	(7,803)	(39,310)
Release of translation reserves upon disposal of subsidiaries	<u>–</u>	<u>1,434</u>
Total other comprehensive (loss)/income for the year (net of tax)	<u>(7,803)</u>	<u>21,003</u>
Total comprehensive loss for the year	<u>(125,063)</u>	<u>(270,062)</u>
Total comprehensive loss attributable to:		
Owners of the Company	(121,457)	(269,115)
Non-controlling interests	<u>(3,606)</u>	<u>(947)</u>
	<u>(125,063)</u>	<u>(270,062)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Note	2023 HK\$'000	2022 HK\$'000
NON-CURRENT ASSETS			
Investment properties		131,870	934,696
Property, plant and equipment		146,704	179,522
Right-of-use assets		71,460	74,402
Intangible assets		–	48,686
Interests in associates		3,028	–
Deposits paid	11	12,853	33,459
Prepayment for construction	11	–	648
Financial assets at fair value through profit or loss		<u>141,965</u>	<u>113,160</u>
		<u>507,880</u>	<u>1,384,573</u>
CURRENT ASSETS			
Cryptocurrencies		110,711	61,967
Inventories		32,656	16,897
Loans receivable	10	49,126	103,180
Trade and other receivables	11	451,576	423,581
Prepayment for construction	11	639	–
Financial assets at fair value through profit or loss		18,062	87,001
Income tax recoverable		559	567
Pledged bank deposits		200	200
Cash and bank balances		<u>81,677</u>	<u>177,089</u>
		<u>745,206</u>	<u>870,482</u>
Assets classified as held-for-sale		<u>850,200</u>	<u>–</u>
		<u>1,595,406</u>	<u>870,482</u>
CURRENT LIABILITIES			
Trade and other payables	12	347,049	361,037
Dividend payables		31	31
Bank and other loans		14,273	12,888
Lease liabilities		<u>2,995</u>	<u>2,145</u>
		<u>364,348</u>	<u>376,101</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)*As at 31 December 2023*

	<i>Note</i>	2023 HK\$'000	2022 <i>HK\$'000</i>
NET CURRENT ASSETS		<u>1,231,058</u>	<u>494,381</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,738,938</u>	<u>1,878,954</u>
NON-CURRENT LIABILITIES			
Deferred tax liabilities		28,261	43,146
Income tax payable		8,532	8,532
Lease liabilities		<u>1,267</u>	<u>1,339</u>
		<u>38,060</u>	<u>53,017</u>
NET ASSETS		<u><u>1,700,878</u></u>	<u><u>1,825,937</u></u>
EQUITY			
Share capital	<i>13</i>	62,193	62,193
Reserves		<u>1,643,511</u>	<u>1,764,966</u>
Equity attributable to owners of the Company		1,705,704	1,827,159
Non-controlling interests		<u>(4,826)</u>	<u>(1,222)</u>
TOTAL EQUITY		<u><u>1,700,878</u></u>	<u><u>1,825,937</u></u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

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 1 January 2022	62,193	280,057	8,668	234,621	8,948	26,113	54,012	4,201	1,417,461	2,096,274	(6,057)	2,090,217
Loss for the year	-	-	-	-	-	-	-	-	(290,118)	(290,118)	(947)	(291,065)
Other comprehensive income/(loss):												
Revaluation of property, plant and equipment upon transfer to investment properties	-	-	-	-	-	58,879	-	-	-	58,879	-	58,879
- Gain on revaluation, net of tax	-	-	-	-	-	-	(39,310)	-	-	(39,310)	-	(39,310)
Exchange differences arising on translation of the foreign operations	-	-	-	-	-	-	1,434	-	-	1,434	-	1,434
Release of translation reserves upon disposal of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-	58,879	(37,876)	-	-	21,003	-	21,003
Total comprehensive loss for the year	-	-	-	-	-	58,879	(37,876)	-	(290,118)	(269,115)	(947)	(270,062)
Transaction with owners:												
<i>Contributions and distributions</i>	-	-	-	-	(8,948)	-	-	-	8,948	-	-	-
Share options lapsed	-	-	-	-	-	-	-	-	-	-	5,782	5,782
Change in ownership interest	-	-	-	-	-	-	-	-	-	-	-	-
Non-controlling interest arising from acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	(8,948)	-	-	-	8,948	-	5,782	5,782
As at 31 December 2022 and as at 1 January 2023	62,193	280,057	8,668	234,621	-	84,992	16,136	4,201	1,136,291	1,827,159	(1,222)	1,825,937
Loss for the year	-	-	-	-	-	-	-	-	(113,654)	(113,654)	(3,606)	(117,260)
Other comprehensive loss:												
Exchange differences arising on translation of the foreign operations	-	-	-	-	-	-	(7,803)	-	-	(7,803)	-	(7,803)
Total other comprehensive loss	-	-	-	-	-	-	(7,803)	-	-	(7,803)	-	(7,803)
Total comprehensive loss for the year	-	-	-	-	-	-	(7,803)	-	(113,654)	(121,457)	(3,606)	(125,063)
Transaction with owners:												
Change in ownership interest	-	-	-	-	-	-	-	2	-	2	2	4
Change in ownership interests in a subsidiary that do not result in a loss of control	-	-	-	-	-	-	-	2	-	2	2	4
Total transactions with owners	-	-	-	-	-	-	-	4,203	1,022,637	1,705,704	(4,826)	1,700,878
As at 31 December 2023	62,193	280,057	8,668	234,621	-	84,992	8,333	4,203	1,022,637	1,705,704	(4,826)	1,700,878

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable HKFRSs, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), accounting principles generally accepted in Hong Kong and the applicable disclosure requirements of the Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing The listing of Securities on GEM of the Stock Exchange.

These consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2022 consolidated financial statements except for the adoption of the following new/revised HKFRSs which are relevant to the Group and effective from the current year.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS

Adoption of new/revised HKFRSs

The Group has applied, for the first time, the following new/revised HKFRSs:

Amendments to HKAS 1	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform - Pillar Two Model Rules

The adoption of the above amendments does not have any significant impact on the consolidated financial statements.

3. SEGMENT INFORMATION

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

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

- Information home appliances (“IHA”): Sale and distribution of IHA and complementary products and provision of ancillary services
- Internet data centre (“IDC”): Development, construction, operation, mergers, acquisitions and leasing out of properties used as IDC and facilities used in IDC
- Investing: Investing in digital assets and financial instruments
- Leasing: Leasing out of properties

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

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

All assets are allocated to reportable segments other than head office's 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. There was no change in the estimation techniques or significant assumptions made during the year.

Business segments

An analysis of the Group's segment revenue, segment results and segment assets and liabilities by business segments are as follows:

For the year ended 31 December 2023

	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	152,340	-	-	-	648	-	152,988
Lease of properties used as IDC and facilities used in IDC	-	39,581	-	-	-	-	39,581
OTHER REVENUE AND NET (LOSS)/INCOME	(1,449)	(7,026)	33,869	10,494	55	(29)	35,914
NET CHANGES IN FAIR VALUE OF INVESTMENT PROPERTIES	-	(4,076)	-	(2,172)	-	-	(6,248)
Segment revenue	<u>150,891</u>	<u>28,479</u>	<u>33,869</u>	<u>8,322</u>	<u>703</u>	<u>(29)</u>	<u>222,235</u>
RESULTS							
Segment results	<u>3,206</u>	<u>(2,989)</u>	<u>16,626</u>	<u>2,909</u>	<u>(19,078)</u>	<u>-</u>	674
Unallocated corporate net income							7,161
Interest income from bank deposits							1,004
Loss allowance on loans receivable							(55,217)
Loss allowance on other receivables							(25,330)
Other unallocated corporate expenses							(59,297)
Loss from operations							(131,005)
Finance costs							(594)
Share of results of associates							(325)
Loss before tax							(131,924)
Income tax credit							14,664
Loss for the year							<u>(117,260)</u>

As at 31 December 2023

	IHA HK\$'000	IDC HK\$'000	Investing HK\$'000	Leasing HK\$'000	Other operations HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
ASSETS							
Segment assets	146,382	82,497	364,840	151,278	218,852	-	963,849
Assets classified as held-for-sale	-	850,200	-	-	-	-	850,200
Unallocated corporate assets	-	-	-	-	-	289,237	289,237
Consolidated total assets							<u>2,103,286</u>
LIABILITIES							
Segment liabilities	119,279	33,284	95,190	20,975	3,082	-	271,810
Unallocated corporate liabilities	-	-	-	-	-	130,598	130,598
Consolidated total liabilities							<u>402,408</u>
OTHER INFORMATION							
Capital expenditures							
– Property, plant and equipment	53	-	-	1,287	641	5,012	6,993
– Right-of-use assets	573	-	-	-	664	175	1,412
– Investment properties	-	4,076	-	50,734	-	-	54,810
Depreciation							
– Property, plant and equipment	84	9,607	26,997	539	421	568	38,216
– Right-of-use assets	1,406	-	-	343	591	4,563	6,903
Amortisation of intangible assets	-	-	32,318	-	207	-	32,525
Impairment loss on intangible assets	-	-	16,159	-	-	-	16,159
Impairment loss on property, plant and equipment	-	-	1,344	-	-	-	1,344
Loss allowance on loans receivable	-	-	-	-	-	55,217	55,217
Loss allowance on trade receivables	1,815	14,577	-	-	-	-	16,392
Loss allowance on other receivables	-	-	-	-	-	25,330	25,330
Reversal of write-down of inventories, net	(868)	-	-	-	-	-	(868)
Reversal of write-down of cryptocurrencies	-	-	(49,978)	-	-	-	(49,978)
Foreign exchange (gains)/losses, net	(188)	-	3,348	-	136	(1,285)	2,011
Net fair value (gains)/losses on financial assets at fair value through profit or loss	<u>(55)</u>	<u>7,212</u>	<u>(54,184)</u>	<u>-</u>	<u>(5)</u>	<u>-</u>	<u>(47,032)</u>

For the year ended 31 December 2022

	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	208,177	-	-	-	60	-	208,237
Lease of properties used as IDC and facilities used in IDC	-	15,000	-	-	-	-	15,000
OTHER REVENUE AND NET INCOME/(LOSS)	636	(57,701)	(58,085)	9,462	591	(42)	(105,139)
NET CHANGES IN FAIR VALUE OF INVESTMENT PROPERTIES	<u>-</u>	<u>53,268</u>	<u>-</u>	<u>501</u>	<u>-</u>	<u>-</u>	<u>53,769</u>
Segment revenue	<u>208,813</u>	<u>10,567</u>	<u>(58,085)</u>	<u>9,963</u>	<u>651</u>	<u>(42)</u>	<u>171,867</u>
RESULTS							
Segment results	<u>(5,329)</u>	<u>(11,806)</u>	<u>(125,738)</u>	<u>5,651</u>	<u>(11,730)</u>	<u>-</u>	(148,952)
Unallocated corporate income							14,338
Interest income from bank deposits							2,325
Loss allowance on loans receivable							(83,079)
Other unallocated corporate expenses							<u>(44,345)</u>
Loss from operations							(259,713)
Finance costs							<u>(2,350)</u>
Loss before tax							(262,063)
Income tax expenses							<u>(29,002)</u>
Loss for the year							<u>(291,065)</u>

As at 31 December 2022

	IHA HK\$'000	IDC HK\$'000	Investing HK\$'000	Leasing HK\$'000	Other operations HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
ASSETS							
Segment assets	117,373	937,335	422,234	133,099	232,271	–	1,842,312
Unallocated corporate assets	–	–	–	–	–	412,743	412,743
Consolidated total assets							<u>2,255,055</u>
LIABILITIES							
Segment liabilities	94,751	53,741	124,101	19,256	124,715	–	416,564
Unallocated corporate liabilities	–	–	–	–	–	12,554	12,554
Consolidated total liabilities							<u>429,118</u>
OTHER INFORMATION							
Capital expenditures							
– Property, plant and equipment	–	536	141,595	219	926	21,737	165,013
Depreciation							
– Property, plant and equipment	93	7,254	17,055	560	7	393	25,362
– Allocated to cost of cryptocurrencies	–	–	(16,939)	–	–	–	(16,939)
– Right-of-use assets	1,498	–	522	360	263	8,261	10,904
Amortisation of intangible assets	–	–	36,292	–	–	–	36,292
– Allocated to cost of cryptocurrencies	–	–	(21,170)	–	–	–	(21,170)
Impairment loss on intangible assets	–	–	3,138	–	–	–	3,138
Impairment loss on property, plant and equipment	–	–	23,127	–	–	–	23,127
Loss allowance on loans receivable	–	–	–	–	–	83,079	83,079
Reversal of write-down of inventories, net	(1,796)	–	–	–	–	–	(1,796)
Write-down of cryptocurrencies	–	–	50,356	–	–	–	50,356
Foreign exchange losses/(gains), net	518	–	–	–	(575)	(59)	(116)
Net fair value (gains)/losses on financial assets at fair value through profit or loss	<u>(58)</u>	<u>64,909</u>	<u>32,305</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>97,156</u>

Geographical information

The Group operates in the following principal geographical areas: the PRC, Hong Kong, Australia, Laos, Republic of the Congo, the United States and other overseas markets in both 2023 and 2022.

The following tables set out information about the geographical location of (a) the Group's revenue and non-current assets other than financial assets at fair value through profit or loss and interests in associates; and (b) other revenue and net income/(loss) 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 the non-current assets is based on the physical location of the assets while the geographical location of intangible assets is based on the location of the company holding the assets. The geographical location of other revenue and net income/(loss) is based on the location at which other revenue and net income/(loss) is generated.

(a) **Revenue and non-current assets**

	Revenue		Non-current assets	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
The PRC	75,241	80,423	149,975	129,020
Hong Kong	28,085	53,012	103,158	164,544
Australia	60,142	58,082	–	–
Laos	–	–	51,881	103,867
Republic of the Congo	–	–	31,446	–
The United States	20,581	–	166	852,440
Other overseas markets	8,520	31,720	26,261	21,542
	<u>192,569</u>	<u>223,237</u>	<u>362,887</u>	<u>1,271,413</u>

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

	For the year ended 31 December 2023					Consolidated HK\$'000
	IHA HK\$'000	IDC HK\$'000	Investing HK\$'000	Leasing HK\$'000	Other operations HK\$'000	
The PRC	1,071	(7,026)	9	10,451	55	4,560
Hong Kong	(2,520)	–	35,204	14	–	32,698
Laos	–	–	(917)	–	–	(917)
Republic of the Congo	–	–	(427)	–	–	(427)
	<u>(1,449)</u>	<u>(7,026)</u>	<u>33,869</u>	<u>10,465</u>	<u>55</u>	<u>35,914</u>

	For the year ended 31 December 2022					Consolidated HK\$'000
	IHA HK\$'000	IDC HK\$'000	Investing HK\$'000	Leasing HK\$'000	Other operations HK\$'000	
The PRC	905	(57,701)	5,644	9,384	591	(41,177)
Hong Kong	(269)	–	(40,602)	36	–	(40,835)
Laos	–	–	(23,127)	–	–	(23,127)
	<u>636</u>	<u>(57,701)</u>	<u>(58,085)</u>	<u>9,420</u>	<u>591</u>	<u>(105,139)</u>

Information about major customers

Revenue from customers individually contributing 10% or over of the total revenue of the Group is as follows:

	2023 HK\$'000	2022 HK\$'000
Customer A (IHA segment)	74,018	78,528
Customer B (IHA segment)	60,142	58,082
Customer C (IDC segment)	20,581	–*
Customer D (IHA segment)	–*	23,507
	<u>154,741</u>	<u>160,117</u>

* These customers individually contributed less than 10% of the total revenue.

4. REVENUE, OTHER REVENUE AND NET INCOME/(LOSS)

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Revenue		
Sale of goods (<i>Note</i>)	152,988	208,237
Rental income from IDC properties and facilities	<u>39,581</u>	<u>15,000</u>
	<u>192,569</u>	<u>223,237</u>
Other revenue		
Dividend income from listed securities	544	370
Rental income from investment properties	9,928	8,918
Interest income calculated using the effective interest method:		
Interest income from bank deposits	1,004	2,325
Interest income from loans receivable	<u>5,838</u>	<u>15,559</u>
	<u>17,314</u>	<u>27,172</u>
Other net income/(loss)		
Foreign exchange (losses)/gains, net	(2,011)	116
Net fair value gains/(losses) on financial assets at fair value through profit or loss	47,032	(97,156)
Impairment loss on intangible assets	(16,159)	(3,138)
Impairment loss on property, plant and equipment	(1,344)	(23,127)
Loss on disposal of property, plant and equipment	(68)	(4)
(Loss)/Gain on disposal/utilisation of cryptocurrencies	(10)	713
Government subsidies	–	432
Insurance claim	–	9,461
Reversal of over-provision for income tax payable and stamp duty payable in relation to disposal of a subsidiary in prior years	14,753	–
Sundry income	<u>964</u>	<u>748</u>
	<u>43,157</u>	<u>(111,955)</u>
	<u>60,471</u>	<u>(84,783)</u>

Note:

The revenue from contracts with customers for sale of goods within HKFRS 15 is based on fixed price and recognised at a point in time.

The amount of revenue recognised for the year ended 31 December 2023 that was included in the contract liabilities at the beginning of the year is approximately HK\$16,599,000 (2022: approximately HK\$16,645,000).

5. LOSS FROM OPERATIONS

Loss from operations has been arrived at after charging/(crediting):

	2023 HK\$'000	2022 HK\$'000
Auditor's remuneration		
– Audit services	1,700	1,650
– Non-audit services	330	125
Amortisation of intangible assets	32,525	36,292
– Allocated to cost of cryptocurrencies	–	(21,170)
Depreciation of property, plant and equipment*	38,216	25,362
– Allocated to cost of cryptocurrencies	–	(16,939)
Depreciation of right-of-use assets	6,903	10,904
Cost of inventories	123,621	176,965
Cost of cryptocurrencies	–	1,719
Loss/(Gain) on lease modifications	26	(169)
Loss on disposal of property, plant and equipment	68	4
Reversal of write-down of inventories, net	(868)	(1,796)
Research and development costs	1,501	2,280
(Reversal of write-down)/Write-down of cryptocurrencies	(49,978)	50,356
Direct operating expenses arising from investment properties that generating rental income from:		
– Leasing of IDC properties (included in cost of sales)	8,395	–
– Leasing of other investment properties (included in other operating expenses)	1,275	1,104
– An IDC property that did not generate rental income (included in general and administrative expenses)	–	4,002
	<u> </u>	<u> </u>
Staff costs (including Directors' emoluments):		
Salaries and allowances [#]	47,239	51,410
Retirement benefits scheme contributions [#]	3,669	4,224
Severance payment	6,558	3,465
	<u> </u>	<u> </u>
Total staff costs	<u>57,466</u>	<u>59,099</u>

* *Depreciation of property, plant and equipment included depreciation of IDC facilities of approximately HK\$9,581,000 (2022: approximately HK\$7,229,000) recognised as cost of sales for the year.*

Staff costs included salaries and allowances and retirement benefits scheme contributions for research and development staff of approximately HK\$14,159,000 and HK\$1,645,000 respectively (2022: approximately HK\$15,978,000 and HK\$1,967,000 respectively) recognised as general and administrative expenses for the year.

6. FINANCE COSTS

	2023 HK\$'000	2022 HK\$'000
Borrowing costs for bank and other loans	437	2,065
Imputed interest expenses on lease liabilities	157	285
	<u> </u>	<u> </u>
	<u>594</u>	<u>2,350</u>

7. INCOME TAX (CREDIT)/EXPENSES

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

	2023 HK\$'000	2022 <i>HK\$'000</i>
Current tax		
Hong Kong Profit tax		
– Underprovision in respect of prior year	–	3
PRC corporate income tax		
Current year	6	726
Overseas withholding tax		
Current year	–	3,046
	<u>6</u>	<u>3,775</u>
Deferred taxation		
Origination and reversal of temporary differences	<u>(14,670)</u>	<u>25,227</u>
(Credit)/Charge for the year	<u>(14,664)</u>	<u>29,002</u>
Taxation recognised directly in other comprehensive income		
	2023 HK\$'000	2022 <i>HK\$'000</i>
Deferred tax relating to revaluation of property, plant and equipment upon transfer to investment properties	–	<u>2,576</u>

For the years ended 31 December 2023 and 2022, Hong Kong Profits Tax has not been provided as the Group neither generate any assessable profit from Hong Kong nor its estimated assessable profits for the years were wholly absorbed by unrelieved tax losses brought forward from previous years.

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 2023 and 2022 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% (2022: 2.5% 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 2023 and 2022.

The operation of the Group in the United States is subject to the United States Federal and State Income Tax. For the years ended 31 December 2023 and 2022, 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 was 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 year ended 31 December 2022. Withholding tax has not been provided for the year ended 31 December 2023 because no interest income was charged to the subsidiary during the year.

The operation of the Group in Germany is subject to the Germany Corporate Tax and Municipal Trade Tax. For the years ended 31 December 2023 and 2022, the Germany Corporate Tax and Municipal Trade Tax has not been provided as the Group did not generate any assessable profit in Germany.

The Group has investment properties (including investment properties classified as held for sale) situated in the PRC and the United States which are stated at fair value. Deferred taxes are recognised on changes in fair value of investment properties in the PRC and the United States taking into account the PRC land appreciation tax and CIT payable for the investment properties located in the PRC or the Federal and the State Income Tax payable for the investment properties located in the United States upon sales of those investment properties.

8. DIVIDENDS

The Board does not recommend the payment of a final dividend for the year ended 31 December 2023 (2022: Nil).

9. LOSS PER SHARE

The calculation of the basic and diluted loss per Share attributable to owners of the Company is based on the following data:

	2023 HK\$'000	2022 HK\$'000
Loss attributable to owners of the Company	<u>(113,654)</u>	<u>(290,118)</u>
	2023 '000	2022 '000
Issued ordinary Shares at 1 January and 31 December	<u>2,487,705</u>	<u>2,487,705</u>
Weighted average number of ordinary Shares for basic loss per Share	2,487,705	2,487,705
Weighted average number of ordinary Shares for diluted loss per Share	<u>2,487,705</u>	<u>2,487,705</u>
	HK\$	HK\$
Loss per Share:		
– Basic	(0.05)	(0.12)
– Diluted (<i>Note</i>)	<u>(0.05)</u>	<u>(0.12)</u>

Note:

Diluted loss per share was the same as the basic loss per share as there were no dilutive potential ordinary shares in existence during the years ended 31 December 2023 and 2022.

10. LOANS RECEIVABLE

	2023 HK\$'000	2022 HK\$'000
Loans receivable from third parties	247,230	246,067
Less: Loss allowance	<u>(198,104)</u>	<u>(142,887)</u>
	<u>49,126</u>	<u>103,180</u>

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

- (i) A RMB90,000,000 loan to an independent third party borrower. The loan was interest-bearing at 8% per annum, repayable in December 2021 and secured by a corporate guarantee provided by an independent third party and a personal guarantee provided by a shareholder of the borrower. During the year ended 31 December 2021, the loan was extended to be repayable in September 2022 and further secured by a corporate guarantee provided by another independent third party (the “Third Guarantor”) and the collateral of the share charges of a company incorporated in the PRC which is 2.4987% owned by the Third Guarantor (the “Loan Extension”).

The Loan Extension was subject to certain conditions to be fulfilled by the borrower within 45 days from the date of the Loan Extension, being 16 December 2021 (the “Conditions”), details of which are disclosed in the Company’s announcement dated 16 December 2021. By the end of the 45 days, none of the terms under the Conditions was completed and the Loan Extension became ineffective. On 10 February 2022, the Group issued a demand letter to the borrower and the guarantors demanding repayment of the outstanding loans principal and accrued interests. On 14 February 2022, the borrower proposed a new repayment schedule of the outstanding loans and accrued interest thereon. Subsequently, the Group continually issued another two demand letters to the borrower and a partial repayment was received during the year ended 31 December 2022. As at the date of this announcement, no consent to the repayment schedule was reached by both parties.

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

- (ii) A HK\$41,000,000 loan to an independent third party borrower which is secured by a corporate guarantee provided by a substantial shareholder of the Company. The loan was interest-bearing at 8% per annum. During the year ended 31 December 2022, the loan was further extended to be repayable in June 2023. Pursuant to the extension of the loan agreement, the loan is further secured by accounts receivable of the borrower of approximately HK\$18,732,000 as collateral, with other terms remain unchanged. No further extension was granted after June 2023 and a demand letter was sent during the year ended 31 December 2023. Subsequent to the reporting period, another demand letter was sent to the borrower demanding repayment of the outstanding loans principal and accrued interest thereon. As at the date of this announcement, neither of the interest or principal was settled by the borrower.

At the end of the reporting period, the principal of HK\$41,000,000 (2022: HK\$41,000,000) and accrued interest receivable of approximately HK\$2,453,000 (2022: approximately HK\$827,000) were recognised as loans receivable under current assets. Loss allowance of approximately HK\$37,361,000 (2022: approximately HK\$10,482,000) in respect of this loan receivable had been recognised at the end of the reporting period. Details of the loan were disclosed in the Company’s announcements dated 9 December 2019, 12 December 2019, 29 June 2020, 31 December 2020, 31 December 2021, 30 September 2022 and 13 July 2023 respectively.

- (iii) A HK\$60,000,000 loan to an independent third party borrower. The loan was secured by corporate guarantees provided by two independent third parties and interest-bearing at 5% per annum. During the year ended 31 December 2023, accrued interest of approximately HK\$5,000,000 was repaid and the principal of HK\$60,000,000 was further extended to be repayable in March 2024. Pursuant to the extension of the loan agreement, the loan is secured by accounts receivable and deposits of the borrower of approximately HK\$55,403,000 as collateral, with other terms remain unchanged.

At the end of the reporting period, the principal of HK\$60,000,000 (2022: HK\$60,000,000) and accrued interest receivable of approximately HK\$756,000 (2022: approximately HK\$2,756,000) were recognised as loans receivable under current assets. Loss allowance of approximately HK\$32,557,000 (2022: approximately HK\$14,036,000) in respect of this loan receivable has been recognised at the end of the reporting period. Details of the loan were disclosed in the Company’s announcements dated 18 March 2020, 17 June 2020, 30 September 2021, 1 October 2022 and 28 September 2023 respectively.

- (iv) A RMB10,000,000 loan to an independent third party borrower which is unsecured and interest-bearing at 5% per annum. During the year ended 31 December 2023, the loan was further extended to be repayable in June 2023, with other terms remain unchanged. No further extension of the loan was granted after June 2023, and the Group is in negotiation with the borrower to repay the remaining loan receivable and accrued interest.

At the end of the reporting period, the principal of RMB10,000,000 (equivalent to approximately HK\$11,035,000) (2022: RMB10,000,000 (equivalent to approximately HK\$11,194,000)) and accrued interest receivable of approximately HK\$1,531,000 (2022: approximately HK\$1,160,000) were recognised as loans receivable under current assets. Loss allowance of approximately HK\$12,566,000 (2022: approximately HK\$3,180,000) in respect of this loan receivable had been recognised at the end of the reporting period.

- (v) A HK\$14,000,000 loan to an independent third party borrower which is unsecured and interest-bearing at 5% per annum, During the year ended 31 December 2023, the loan was further extended to be repayable in April 2024, with other terms remain unchanged.

At the end of the reporting period, the principal of HK\$14,000,000 (2022: HK\$14,000,000) and accrued interest receivable of approximately HK\$167,000 (2022: approximately HK\$165,000) were recognised as loans receivable under current assets. Loss allowance of approximately HK\$655,000 (2022: approximately HK\$224,000) in respect of this loan receivable had been recognised at the end of the reporting period.

- (vi) During the year, a new loan of RMB1,100,000 (equivalent to approximately HK\$1,213,000) was granted to an independent third party borrower which is unsecured, interest-bearing at 12% per annum and repayable in August 2023. No extension of loan was granted after August 2023 and the Group is in negotiation with the borrower to repay the loan receivable and accrued interest. At the end of the reporting period, the principal of approximately HK\$1,213,000 and accrued interest receivable of approximately HK\$110,000 were recognised as loans receivable under current assets. No loss allowance in respect of this loan receivable had been recognised at the end of the reporting period.

11. TRADE AND OTHER RECEIVABLES AND PREPAYMENT FOR CONSTRUCTION

	Note	2023 HK\$'000	2022 HK\$'000
Trade receivables		132,356	91,585
Less: Loss allowance		<u>(16,407)</u>	<u>(15)</u>
	(a)	115,949	91,570
Receivables from disposal of a subsidiary	(b)	257	257
Earnest money paid for procurement of intangible assets	(c)	62,900	63,808
Deposit paid for purchase of investment properties	(d)	–	26,793
Other receivables, net of loss allowance	(e)	15,465	3,612
Prepayments and deposits, net of loss allowance	(f)	269,858	271,000
Prepayment for construction	(g)	<u>639</u>	<u>648</u>
		<u>465,068</u>	<u>457,688</u>
Current portion		452,215	423,581
Non-Current portion		<u>12,853</u>	<u>34,107</u>
		<u>465,068</u>	<u>457,688</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:

	2023 HK\$'000	2022 HK\$'000
0–30 days	49,516	42,238
31–60 days	27,963	20,100
61–90 days	14,001	7,790
Over 90 days	24,469	21,442
	115,949	91,570

- (b) The receivables from disposal of a subsidiary of approximately HK\$257,000 (2022: approximately HK\$257,000) represent the receivable from an independent third party in respect of the disposal of the entire equity interest of Shanghai Indeed Technology Co., Ltd..
- (c) Earnest money of RMB57,000,000 (equivalent to approximately HK\$62,900,000) (2022: RMB57,000,000 (equivalent to approximately HK\$63,808,000)) was paid for the procurement of hash-rate capacity which was recognised as intangible assets of the Group. The earnest money will be refunded to the Group upon settlement of the remaining outstanding payables for the procurement of hash-rate capacity (note 12(c)(i)). Details of the procurement of hash-rate capacity were disclosed in the Company's announcements dated 14 May 2021, 31 May 2021 and 2 June 2021, respectively.
- (d) During the year end 31 December 2022, an indirect wholly-owned subsidiary of the Company, Meishan E-rich Shengda Medical Service Co., Ltd* (眉山裕睿盛達醫藥服務有限公司) and Meishan Yaoxingtianxia Business Incubator Co., Ltd* (眉山藥行天下創業孵化器有限公司), an independent third party, entered into a provisional agreement to acquire a property located in the PRC at a consideration of approximately RMB24,675,000. The property would be held to earn rental income or sell for a profit if considered appropriate. As at 31 December 2022, approximately RMB23,932,000 (equivalent to approximately HK\$26,793,000) was paid and recognised as prepayment under non-current assets. During the year ended 31 December 2023, the Group had completed the purchase of the property upon obtaining the registration certificate and the property is recognised as an investment property in the consolidated financial statements.
- (e) Included in other receivables are prepayments made for set-up of cryptocurrency mining facilities amounting to approximately HK\$7,800,000 (2022: HK\$Nil) which are subsequently utilised during 2024.
- (f) Included in prepayments and deposits, net of allowances are trading deposits for the purchase of cryptocurrency mining machines which will be held for trading purpose of approximately HK\$209,757,000 (2022: approximately HK\$212,786,000) and earnest money for a investment project of approximately HK\$24,496,000 (2022: approximately HK\$24,496,000).

As at 31 December 2023, a total sum of approximately RMB190,082,000 (equivalent to approximately HK\$209,757,000) (2022: approximately RMB190,082,000 (equivalent to approximately HK\$212,786,000)) were paid to Zhongda Bocheng Energy Technology (Shenzhen) Limited* (中達博誠能源科技(深圳)有限公司) ("Zhongda Bocheng"), an independent third party as trading deposits for the purchase of cryptocurrency mining machines which will be held for trading purpose. On the other hand, RMB110,000,000 (equivalent to approximately HK\$121,386,000) (2022: RMB110,000,000 (equivalent to approximately HK\$123,139,000)) were received from Zhongda Bocheng as a performance bond, which is not available to set-off against the trading deposits aforesaid and recognised as other payables (note 12(c)(ii)). The Group partially terminated the purchase of cryptocurrency mining machines and the trading deposits of approximately RMB49,977,000 (equivalent to approximately HK\$55,150,000) will be refunded to the Group before 31 December 2024 in accordance with the termination agreement signed with Zhongda Bocheng. For the remaining prepayments of approximately RMB140,105,000 (equivalent to approximately HK\$154,607,000), the Group and Zhongda Bocheng entered into an extension agreement during the reporting period to extend the delivery of the cryptocurrency machines to December 2024.

* English name for identification purpose only

As at 31 December 2023, an aggregate of approximately US\$3,200,000 (equivalent to approximately HK\$29,496,000) was paid by the Group to an independent third party (the “Vendor”) as earnest money (the “Earnest Money”) for a global sale project under a corporation agreement (the “Agreement”). The interest of a wholly-owned subsidiary of the Vendor was charged as collateral of the Earnest Money. During the year ended 31 December 2023, the Group had notified the Vendor for termination of the Agreement and is in negotiation with the Vendor in the refund of the Earnest Money.

- (g) In relation to the construction of US IDC, the Group had 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.

At the end of the reporting period, the Group maintained approximately US\$82,000 (equivalent to approximately HK\$639,000) (2022: *approximately US\$83,000 (equivalent to approximately HK\$648,000)*) in the escrow account. Subsequent to the end of the reporting period, the Group had utilised the balance in the escrow account.

12. TRADE AND OTHER PAYABLES

	Note	2023 HK\$'000	2022 HK\$'000
Trade payables	(a)	79,151	52,748
Contract liabilities	(b)	11,054	18,184
Other payables	(c)	234,924	269,284
Accruals		21,920	20,821
		<u>347,049</u>	<u>361,037</u>

Notes:

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

	2023 HK\$'000	2022 HK\$'000
0–30 days	23,192	42,047
31–60 days	46,404	6,338
61–90 days	9,555	1,527
Over 90 days	–	2,836
	<u>79,151</u>	<u>52,748</u>

The payment terms with suppliers are generally 30 to 60 days (2022: 30 to 60 days).

- (b) The movements (excluding those arising from increases and decreases both occurred within the same year) of contract liabilities from contracts with customers within HKFRS 15 during the year are as follows:

	2023 HK\$'000	2022 HK\$'000
As at 1 January	18,184	18,026
Exchange realignment	(3)	(32)
Recognised as revenue	(16,599)	(16,645)
Receipt of advances or recognition of receivables	9,472	16,835
	<hr/>	<hr/>
As at 31 December	11,054	18,184
	<hr/> <hr/>	<hr/> <hr/>

As at 31 December 2023 and 2022, no contract liabilities are expected to be settled after more than 12 months.

Unsatisfied or partially unsatisfied performance obligations

All the performance obligations that are unsatisfied (or partially unsatisfied) at 31 December 2023 and 2022 are part of contracts that have an original expected duration of one year or less. Given that the Group applies the practical expedient in paragraph 121(a) of HKFRS 15, the transaction price allocated to these performance obligations is not disclosed.

- (c) Included in other payables are the following balances:
- (i) Outstanding payable of RMB67,000,000 (equivalent to approximately HK\$79,748,000) (2022: RMB67,000,000 (equivalent to approximately HK\$79,748,000)) for the procurement of hash-rate capacity, which has been recognised as intangible assets of the Group since the year ended 31 December 2021. The outstanding payable, which is repayable on demand, is not available to set-off against the earnest money of RMB57,000,000 (equivalent to approximately HK\$62,900,000) (2022: RMB57,000,000 (equivalent to approximately HK\$63,808,000)) paid for the procurement of hash-rate capacity (note 11(c)).
 - (ii) A performance bond, which is repayable on demand, received from Zhongda Bocheng in relation to the purchase of cryptocurrency mining machines amounted to RMB110,000,000 (equivalent to approximately HK\$121,386,000) (2022: RMB110,000,000 (equivalent to approximately HK\$123,139,000)) (note 11(e)).
 - (iii) Outstanding payables of approximately HK\$12,304,000 (2022: approximately HK\$44,128,000) for the purchase of cryptocurrency mining machines, which was recognised as property, plant and equipment of the Group during the year ended 31 December 2022. The outstanding payable is repayable on demand.

13. SHARE CAPITAL

	Number of Shares		Amount	
	2023 '000	2022 '000	2023 HK\$'000	2022 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	<u>2,487,705</u>	<u>2,487,705</u>	<u>62,193</u>	<u>62,193</u>
At end of the reporting period				
Ordinary Shares of HK\$0.025 each	<u>2,487,705</u>	<u>2,487,705</u>	<u>62,193</u>	<u>62,193</u>

14. PLEDGE OF ASSETS

At the end of the reporting period, the Group had pledged the following assets to secure the loan facilities:

	2023 HK\$'000	2022 HK\$'000
(a) Investment properties	61,112	66,652
(b) Leasehold improvements	35	53
(c) Right-of-use assets	63,728	67,001
(d) Financial assets at fair value through profit or loss	–	1,377
(e) Bank deposits	<u>200</u>	<u>200</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECT

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

IHA Business

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

The IHA business recorded approximately HK\$152.3 million of revenue for the year ended 31 December 2023 (“FY2023”), representing a decrease of 26.8% against the year ended 31 December 2022 (“FY2022”). The gross margin was increased from 10.0% for FY2022 to 16.0% for FY2023 due to the efficient cost control on raw materials. The business has exercised caution in risk management and prioritised cost efficiency, resulting in a turn-around in segment profit of approximately HK\$3.2 million (FY2022: loss of approximately HK\$5.3 million) for FY2023.

The prevailing adverse financial and economic condition caused by the post-pandemic economic recession had posted a negative impact on consumer sentiment although the novel coronavirus (“COVID-19”) pandemic was relaxed in the beginning of the year. With the various measure in budget control, the IHA business reported a turn-around profit at the end of the year. The segment results are encouraging to the continuous strategy and approach to sustain the business in a long-run. The Group will drive innovation and diversify the revenue streams with better margins and strengthen the competitive edge of the business by developing new product lines and new markets in other European and Asian regions to cope with the challenging environment.

IDC Business

The IDC business is comprised of the development, construction, operation, mergers, acquisition and leasing out of properties used as IDC and facilities used in IDC.

The business reported approximately HK\$39.6 million of revenue for FY2023, representing an increase of 163.9% as compared with FY2022. The increase was attributed by the lease of the IDC situated in the United States (“US”) during the second quarter of the year and further narrowed down the segment loss from approximately HK\$11.8 million for FY2022 to approximately HK\$3.0 million for FY2023. The segment loss of FY2023 was mainly caused by the net change in fair value loss of the IDC situated in the US. Notwithstanding the foregoing, there is no impact on the Group’s cash flows and business operations.

Due to the US-China political tensions, the continuous scuttling and tightening of regulations regarding internet and data-related businesses and overall risk assessment of the economy, the Group conditionally agreed to dispose of the IDC situated in the US to Prime Data Centers, LLC (the “Purchaser”), an independent third party of the Group, at a consideration of US\$110.0 million (equivalent to approximately HK\$858.0 million) on 29 May 2023 (the “Disposal”). The Disposal was approved by the shareholders of the Company in a special general meeting of the Company on 12 July 2023. Details of the Disposal are set out in the Company’s announcement dated 29 May 2023, the circular dated 23 June 2023 and the poll result announcement dated 12 July 2023. Before the completion date of the Disposal, the IDC was leased to the Purchaser at a fixed monthly rate and such lease will be automatically expired when the Disposal is completed. As at the date of this announcement, completion of the Disposal was not taken place.

The delay in obtaining the relevant certificates for the construction project of the land and property under Shanghai IDC held by Shanghai Indeed Technology Co., Ltd. (“Shanghai Indeed”) and obtaining the renewed real property certificate (“Renewed Certificate”) from the relevant land authority in the PRC (the “Reconstruction Registration”) caused a further reduce in the weighted distribution of the possible outcomes (i.e. the likelihood of receiving the contingent consideration) and a further loss from the fair value of the contingent consideration receivable. The Group continues to closely monitor the progress and proactively negotiated with the purchaser of the Shanghai IDC in the Reconstruction Registration.

After completion of the Disposal, the Group will continue with the IDC business under the lease arrangement of data centre facilities and actively explore the opportunities to establish a new IDC base in the People’s Republic of China (the “PRC”) or globally. Other than exploring opportunities from IDC facilities and property leasing, the Group will also continue to concentrate its efforts on evolving itself into cloud-based services to cope with the surging demand on data.

Investing Business

The Group’s investing business was principally engaged in the trading of securities, investing in financial instruments including unlisted equity securities and digital assets.

During the year under review, the Group recorded a net fair value gain on financial assets (excluding contingent consideration receivable) at fair value through profit or loss of approximately HK\$54.2 million (FY2022: a net loss of approximately HK\$32.3 million) for FY2023. The gain was resulted from the fair value gains of approximately HK\$31.4 million from the investments in private equity companies, which respectively engaged in the businesses of global aircraft leasing, and pharmaceutical research and development. All countries have reopened their borders after the continuous three-year global COVID-19 pandemic subsiding, which in favour to the recovery of the aircraft industry. The COVID-19 pandemic also highlighted the importance of pharmaceutical industry as to increase the public awareness and support for healthcare. The revaluation gain on the private entity engaging in pharmaceutical research and development represented its promising prospects of the industry and achieved milestones in drug development.

Other than the fair value gain from unlisted securities, the outperformance of the business was attributed by the realised gain of approximately HK\$27.6 million from the disposal of listed securities including Tencent Holdings Limited (“Tencent Shares”) and Apple Inc. (“AAPL Shares”). The disposals of Tencent Shares and AAPL Shares are set out in the Company’s announcement dated 2 March 2023, 3 November 2023, 18 November 2023 and 23 November 2023. The disposals of other listed securities do not constitute notifiable transactions under the GEM Listing Rules individually. During the year under review, the Group reduced its investment portfolio of listed securities in light of the continuous downturn of Hong Kong stock market and realised the investment in US stock market to enhance the liquidity position of the Group. Looking forward, the Group will remain a prudent attitude to the stock market investment.

The digital asset markets experienced a year of rebound as a result of regulatory forward, institutional adoption and technological innovations. The Group recorded a reversal of write-down of cryptocurrencies of approximately HK\$50.0 million (FY2022: write-down of approximately HK\$50.4 million) for FY2023. The cryptocurrencies (inclusive of Bitcoin (“BTC”) and Ethereum (“ETH”)) were mainly generated from the hash-rate capacity and cryptocurrency mining machines, respectively, which are categorised under intangible assets and property, plant and equipment. Subsequent to the reporting period, the Group conducted a series of transactions in the open market for the disposals of approximately 113.0 units of BTC and approximately 2,012.0 units of ETH to acquire approximately 9.6 million units of USD Coin (“USDC”) and approximately 4.8 million units of Tether USD (“USDT”) to realise the investment in digital assets by conversion into stablecoins. Details of the disposals and acquisitions of cryptocurrencies are set out in the Company’s announcement dated 20 March 2024.

The volatility of digital assets is price sensitive to the market conditions compared to other equity and commodity markets. Other than such volatility, the adoptions of blockchain and digital assets by the financial institutions and the open-attitudes of the government have indicated the potential room for continuous growth. As consistent with how the Group manage its investment and fiat-based cash and cash equivalents, the Group may increase or decrease the holding of digital assets at any time based on the review of the market and macroeconomic conditions. The Group will also continue in closely monitoring the potential regulatory influence and the market sentiment for the blockchain technology and digital assets.

Leasing Business

The leasing segment of the Group comprises of leasing out of properties. The rental income generated from the leasing business is approximately HK\$10.0 million (FY2022: approximately HK\$9.5 million) for FY2023, representing an increase of 75.4% as compared with FY2022, as a result of the leasing out of a property situated in Meishan City, Sichuan Province (the “Meishan Property”) commencing from the third quarter of the year. Details of the lease of the Meishan Property are set out in the Company’s announcement dated 24 July 2023.

The revaluation gain on Meishan Property of approximately HK\$1.8 million for FY2023 represented a steady revenue growth of the new purchased Meishan Property. However, the weakness in property sector and global demand for China’s exports wavering consumer confidence. The slow growth of China’s post-pandemic economy causes a rise of vacancy in the investment property situated in Yuxing Industrial Park property, Zhongshan (the “Zhongshan Property”). A revaluation loss was raised on Zhongshan Property of approximately HK\$4.0 million (FY2022: a gain of approximately HK\$0.5 million) for FY2023 narrowing down the net revaluation gain to approximately HK\$1.6 million (FY2022: approximately HK\$0.5 million). Regardless of the macroeconomic factors, the Group will stay proactive to extend the tenancy with existing tenants and explore the new tenants.

FINANCIAL REVIEW

Operating Results

Revenue and Gross Profits

During FY2023, the Group recorded approximately HK\$192.6 million (FY2022: approximately HK\$223.2 million) of revenue, representing a decrease of 13.7% as compared with FY2022. The decrease was shadowed by the decreasing consumer sentiment under the post-pandemic economy. Thanks to the growth of rental income generated from the IDC business, the gross profit, as compared with FY2022, raised by 92.8% to approximately HK\$53.7 million (FY2022: approximately HK\$27.8 million) for FY2023.

Other Revenue and Net Income/(Loss)

The Group recorded a net income of approximately HK\$60.5 million (FY2022: a net loss of approximately HK\$84.8 million) in other revenue and net income/(loss) for FY2023. The net income mainly comprised of (1) the net fair value gain from the investment in unlisted equity securities of approximately HK\$28.8 million (FY2022: loss of approximately HK\$13.5 million), and (2) the net gain from disposal of financial instruments of approximately HK\$27.7 million (FY2022: approximately HK\$6.8 million). The fair loss of contingent consideration receivable of approximately HK\$7.2 million (FY2022: approximately HK\$64.9 million), which representing the weighted distribution of the possible outcomes of the disposal of Shanghai Indeed, was significantly decreased against the FY2022 and comparatively has less impact on the overall net income.

Changes in Fair Value of Investment Properties

The Group recorded a net revaluation loss of approximately HK\$6.2 million (FY2022: a net revaluation gain of approximately HK\$53.8 million) for FY2023, as a result of the increase in vacancy rate and decrease in market comparable posed by the post-pandemic economic recession in the mainland China. As the US IDC was re-classified as held-for-sale and recorded at the intended sales consideration, no revaluation assessment was made for such property leading to a significant decrease as compared with FY2022.

Distribution and selling expenses

With the tightly control on distribution and selling expenses mainly incurred by IHA business, the Group's distribution and selling expenses was decreased by 19.6% to approximately HK\$5.2 million (FY2022: approximately HK\$6.4 million) for FY2023.

General and Administrative Expenses

The general and administrative expenses increased by 27.6% from approximately HK\$96.1 million for FY2022 to approximately HK\$122.6 million for FY2023. The increase was mainly attributed to (1) the one-off redundancy costs of research and development team, and (2) expenses associated with IDC situated in the US.

Other Operating Expenses

The other operating expenses mainly comprised of the miscellaneous costs, amortisation of intangible assets (being the hash-rate capacity of mining machines acquired for cryptocurrencies mining but not allocated to cost of cryptocurrencies), the depreciation of property, plant and equipment (being the cryptocurrency mining machines acquired for cryptocurrencies mining not allocated to cost of cryptocurrencies) and property related tax and land use tax from leasing activities. The Group recorded approximately HK\$64.2 million (FY2022: approximately HK\$16.9 million) of other operating expenses for FY2023, representing a significant increase of 279.9% as compared with FY2022. Neither the hash-rate capacity or cryptocurrency mining machines generated cryptocurrencies during the FY2023. The associated amortisation of intangible assets and depreciation of property, plant and equipment were included in the other operating costs instead of allocating to the cost of cryptocurrencies, leading to a significant increase compared with the last fiscal year.

Loss Allowance on Loans Receivable/Trade and Other Receivables

During the FY2023, the Group had the following loss allowances on loans receivable and trade and other receivables associated with its debt instruments carried at amortised cost which are assessed based on the estimation of the lifetime or 12-month expected credit losses (“ECL”).

(a) Loss Allowance on Loans Receivable

As a result of the default event of the supplemental loan agreement with Daily-Tech HongKong Co., Limited (“HK Daily-Tech”) and an independent third party, and further extensions of loans with existing borrowers, the increase in credit risk caused a further loss allowance on ECL in respect of loans receivable amounting to approximately HK\$55.2 million (FY2022: approximately HK\$83.1 million) for FY2023.

Apart from the additional provision of loss allowance on defaulted loans amounted to approximately HK\$36.3 million, the remaining increase represented general provision of loss allowance on loans receivable amounted to approximately HK\$19.0 million. As at the date of this announcement, no formal or legal binding settlement agreement was executed. Considering the value of collateral, the Directors considered a prudent and cautious approach by making over 80% expected ECL provision on the defaulted loans during FY2023.

(b) Loss Allowance on Trade and Other Receivables

The provision is based on the historical settlement experience, assessment of aging analysis, taking into account forward-looking information of the debtors together with the ECL assessment. The loss allowance on trade and other receivables amounting to approximately HK\$41.7 million (FY2022: HK\$Nil) was caused by the increase of credit risk of the debtors.

The Group has adopted various measures in recovering the overdue loans including negotiation of loan portfolio and conducting legal proceedings against the overdue borrowers and debtors in accordance with the prescribed internal procedures.

Reversal of Write-down/(Write-down) of Cryptocurrencies

The cryptocurrencies held by the Group mainly comprised of BTC and ETH, which were generated from the self-owned cryptocurrency mining machines categorised under the property, plant and equipment and the hash-rate capacity of mining machines categorised under the intangible assets. The Group estimated the net realisable value of the cryptocurrencies with reference to their market prices in the relevant cryptocurrencies market less the estimated costs necessary to make the sale. As a result of the price rebound at the end of the reporting period, the Group recorded a reversal of the write-down of cryptocurrencies of approximately HK\$50.0 million (FY2022: write-down of approximately HK\$50.4 million) for FY2023.

Finance Costs

The finance cost of the Group was approximately HK\$0.6 million for FY2023, representing the interest expenses on the bank and other borrowings. Due to the decrease in debt financing, the finance costs decreased by 74.7% from approximately HK\$2.4 million FY2022.

Loss for the Year

As a result of the foregoing, the Group recorded a loss attributable to the owner of the Company of approximately HK\$113.7 million (FY2022: approximately HK\$290.1 million) for FY2023. Excluding the provision for loss allowance made in accordance with the HKFRS 9 that applied to financial assets (including trade and other receivables and loans receivable), the Group's loss attributable to owners of the Company was approximately HK\$16.8 million (FY2022: approximately HK\$207.0 million) for FY2023.

Liquidity and Financial Resources

As at 31 December 2023, the Group had net current assets of approximately HK\$1,231.1 million. The Group had cash and bank balances of approximately HK\$81.7 million and pledged bank deposits of approximately HK\$0.2 million, respectively. The financial resources were funded mainly by the working capital from the operations.

The current ratio, as calculated by dividing current assets by current liabilities, was 4.4 times (2022: 2.3 times) as at 31 December 2023. The gearing ratio, as measured by total liabilities divided by total equity, was 23.7% (2022: 23.5%) as at 31 December 2023. The Group adopts a prudent approach in cash management. Apart from certain debts including lease liabilities, bank loans and other loan, the Group did not have any material outstanding debts as at 31 December 2023. Payment to settle trade and other payables represented a significant part of the cash outflow of the Group. Taking into account the light debt leverage, the Group is able to generate cash and meet upcoming cash requirements. Hence, the Group has adequate liquidity and financial resources to meet its working capital requirements in the next twelve months from the year end date and remained at a stable and healthy level.

Capital Commitment

The Group had no other capital commitment as at 31 December 2023 and 2022.

Contingent Liabilities

The Group had no contingent liabilities as at 31 December 2023 (2022: Nil).

Treasury Policies

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

Credit Policies

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

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

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

Set out below are the summary of actions taken on the defaulted loans as at 31 December 2023:

Loan granted to Beijing Aihuan Times Technology Limited (北京愛換時代科技股份有限公司) (“Beijing Aihuan”)*

The loan extension granted to the borrower Beijing Aihuan was subject to certain conditions to be fulfilled, details of which were set out in the Company’s announcement dated 16 December 2021. During the FY2022, none of the terms under the Conditions was completed and the loan extension became ineffective. On 10 February 2022, the Group had issued a demand letter to the borrower and the guarantors demanding repayment of the outstanding loans principal and accrued interests. On 14 February 2022, the borrower proposed a new repayment schedule of the outstanding loans and accrued interest thereon. Subsequently the Group continually issued another two demand letters to Beijing Aihuan and a partial repayment was received during the FY2022. During the FY2023, another demand letter was sent to Beijing Aihuan and neither the repayment of loan principal or interest was received. Subsequent to the FY2023, the Group had filed a lawsuit for the repayment of the overdue balance.

Loan granted to Daily-tech HongKong Co., Limited (“HK Daily-Tech”)

The loan extension granted the borrower, HK Daily-Tech was set out in the Company’s announcement dated 30 September 2023. During the FY2023, a demand letter was sent to HK Daily-Tech demanding the outstanding loan principal and accrued interests. Neither the repayment of the outstanding balance was received. Subsequent to the FY2023, another demand letter was sent for demanding the overdue balance. The Group and HK Daily-Tech is in negotiation on the repayment schedule and the right of exercise of the right of its collateral.

Loan granted to an independent third party

The loan extension granted to an independent third party was expired on 10 September 2023. During the FY2023, two demand letters were sent to the independent third-party borrower for demanding the outstanding loan principal and accrued interest. Neither the repayment of the outstanding balance was received. Subsequent to the FY2023, the Group had filed a lawsuit for the repayment of the overdue balance.

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

Charges on Group Assets

Details of charges on the Group assets are set out in note 14 to this announcement.

Capital Structure

As at 31 December 2023, the Group had shareholder’s capital of approximately HK\$62.2 million (2022: approximately HK\$62.2 million). The shareholder’s capital of the Company is constituted of 2,487,704,800 shares (2022: 2,487,704,800 shares).

* *English name for identification purpose only*

Significant Investments/Material Acquisitions and Disposals

Very Substantial Disposal Relating to Disposal of Land and Property

On 29 May 2023, RiCloud Corp. (an indirect wholly-owned subsidiary of the Company) (the “Vendor”) and Prime Data Centers, LLC (the “Purchaser”), an independent third party, entered into the real property purchase and sale and escrow agreement (the “Agreement”), pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the property consisting of (a) the real estate situated at 6580 Via Del Oro, San Jose, California 95119 and with an area of approximately 4.725 acres; and (b) one storey mission critical data center building with an area of approximately 80,158 square feet located on the land at the consideration of US\$110.0 million (equivalent to approximately HK\$858.0 million) (the “Disposal”). The Disposal is expected to be completed during the course of the year. Details of the Disposal are set out in the Company’s announcement dated 29 May 2023, the circular dated 23 June 2023 and the poll result announcement dated 12 July 2023. As at the date of this announcement, completion of the Disposal has not been taken place and is expected to be completed during the course of 2024.

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

Future Plans for Material Investment and Capital Assets

There is no other plan for material investments or capital assets as at 31 December 2023.

Segment Information

An analysis of the Group’s performance for the year by business and geographical segments is set out in note 3 to this announcement.

Exposure to Fluctuations in Exchange Rates

Most of the trading transactions of the Group were denominated in Renminbi (“RMB”) and the United States dollars (“USD”). The assets of the Group mainly denominated in RMB and the remaining portions were denominated in USD and Hong Kong dollars (“HKD”). The exchange rates for USD to HKD have been relatively stable for the year. Therefore, the Group is only exposed to foreign exchange risk arising from RMB exposures, primarily concerning the HKD and USD. During the year under review, the Group recorded net exchange losses of approximately HK\$2.0 million (FY2022: gains of approximately HK\$0.1 million). As at 31 December 2023, the Group had not used any forward contracts, currency borrowings or other means to hedge its foreign currency exposure. However, the Group will constantly monitor and manage its exposure to foreign exchange risk.

Human Resources and Relations with the Employees

As at 31 December 2023, the Group had over 100 (2022: over 130) full-time employees, of which 22 (2022: 19) were based in Hong Kong and the rest were in the PRC and the United States. Staff costs of the Group amounted to approximately HK\$57.5 million (FY2022: approximately HK\$59.1 million) for FY2023. The employees of the Company's subsidiaries are employed and promoted based on their suitability for the positions offered. The salary benefit levels of the Group's employees are in line with the market rates. Employees are rewarded on a performance-related basis within the general framework of the Group's remuneration system which is reviewed annually. In addition to basic salaries, staff benefits also include medical schemes, various insurance schemes and share option schemes.

Key Risks and Uncertainties

During the year under review, the Group endeavoured to improve the risk management system on different aspects of company strategies, businesses operation and finance. The key risks and uncertainties to which the Group is subject are summarized as follows:

- (i) The revenue of the Group is difficult to predict and may be volatile in any given reporting period owing to the tightened supply of microchips as the raw materials of the distributed products of the IHA business;
- (ii) Rapid changes in production innovation and features may increase competition and render the Group's current technologies or cause the Group of losing market share and narrower profit margins from intensification of competition;
- (iii) Customers preferences and trends from the increasing demands for streaming services, on-demand content, and smart-home integration may have a material adverse impact to the set-top box market or our business, financial condition and results of the operations;
- (iv) The impact of protectionism and unilateralism have affected the stability of the global landscape, with increasing sources of turbulence and risk points. The Group may be exposed to restrictions, sanctions or other legal or regulatory measures in different jurisdictions. The increasingly stringent regulatory environment and policies such as licence issuance, may bring risks and challenges to the Group's business development and revenue growth;
- (v) The investments of the Group in countries and regions across the world might at present or in future be affected by changes in local, national or international political, social, legal, tax, regulatory and environmental requirements from time to time. In addition, new government policies or measures, if introducing changes in fiscal, tax, regulatory, environmental or other aspects that may affect competitiveness, could result in an additional or unforeseen increase in operating expenses and capital expenditures, produce risks to the overall return on investments of the Group, and delay or impede its business operations and hence adversely affect revenues and profits;
- (vi) The value of digital assets held by the Group may be subject to volatile market prices, impairment and unique risks of loss such as cyberattacks, human errors or computer malfunctions; and
- (vii) The Group may face regulatory challenges to or limitations on the Group's digital asset investment.

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

Environmental Policies and Performance

The Group is committed to build an environmental-friendly corporation and always takes environmental protection issues into consideration during daily operations. The Group neither produces material waste nor emits material quantities of air pollutants. The Group also strives to minimize the adverse environmental impacts by encouraging the employees to recycle office supplies and other materials and save electricity.

Compliance with Laws and Regulations

The Company has been listed on the GEM of the Stock Exchange since 2000. The operations of the Group are mainly carried out by the Company's subsidiaries in the PRC, Hong Kong and the United States. As such, the Group's operations shall comply with relevant laws and regulations in the PRC, Hong Kong and the United States accordingly. During the year, the Group has complied with all applicable laws and regulations in the PRC, Hong Kong and the United States 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.

DIVIDENDS

The Board does not recommend the payment of a final dividend for the year ended 31 December 2023 (2022: Nil).

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 the 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. During the year under review, the Audit Committee held five meetings for the purposes of reviewing the quarterly, interim and annual financial results and reports and significant issues on the financial reporting and compliance procedures, internal control and risk management systems, and the other matters in accordance with the Audit Committee's written terms of reference. The Group's audited annual results for the year ended 31 December 2023 have been reviewed by the Audit Committee.

SCOPE OF WORK OF MAZARS CPA LIMITED

The figures in respect of the Company's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in the preliminary announcement have been agreed by the Company's auditor, Mazars CPA Limited, to the amounts set out in the Company's draft audited consolidated financial statements for the Year. The work performed by Mazars CPA Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Mazars CPA Limited on the preliminary announcement.

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 year.

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 year ended 31 December 2023 in relation to their securities dealings, if any.

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 year ended 31 December 2023, the Company has applied the principles and complied with the applicable code provisions of the Corporate Governance Code (the "CG Code") as set out in Part 2 of Appendix C1 to the GEM Listing Rules, except in relation to CG Code provisions F.2.2, as more particularly described below.

CG Code provision F.2.2

Pursuant to CG Code provision F.2.2, the Chairman of the Board should attend the annual general meeting 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.

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

Hong Kong, 27 March 2024

* *For identification purposes only*

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

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