



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 2024

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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 2024

HIGHLIGHTS FOR THE YEAR ENDED 31 DECEMBER 2024

- The overall revenue of the Group decreased by 1.8% to HK\$189.0 million for FY2024 as compared with the last fiscal year.
- The gross profit of the Group increased by 23.0% to HK\$66.0 million for FY2024 as compared with the last fiscal year.
- The Group recorded a loss attributable to the owners of the Company of HK\$62.0 million (FY2023: HK\$113.7 million) for FY2024.
- Basic loss per share for FY2024 was HK\$0.02 (FY2023: HK\$0.05).
- Total equity attributable to owners of the Company as at 31 December 2024 was HK\$1,639.0 million (2023: HK\$1,705.7 million) or net assets per share of HK\$0.66 (2023: HK\$0.69).
- The Board does not recommend the payment of a final dividend for FY2024 (FY2023: 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 2024, 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 2024

		2024	2023
	Note	HK\$'000	HK\$'000
Revenue	4	189,035	192,569
Cost of sales		<u>(123,054)</u>	<u>(138,912)</u>
Gross profit		65,981	53,657
Other revenue and net income	4	72,625	60,471
Distribution and selling expenses		(8,292)	(5,174)
General and administrative expenses		(121,578)	(122,552)
Reversal of write-down of cryptocurrencies		–	49,978
Other operating expenses		(34,924)	(64,198)
Net changes in fair value of investment properties		2,850	(6,248)
Loss allowance on loans receivable	12	(20,793)	(55,217)
Loss allowance on trade and other receivables	10	<u>(12,544)</u>	<u>(41,722)</u>
Loss from operations	5	(56,675)	(131,005)
Finance costs	6	(549)	(594)
Share of results of associates		<u>(836)</u>	<u>(325)</u>
Loss before tax		(58,060)	(131,924)
Income tax (expenses)/credit	7	<u>(3,956)</u>	<u>14,664</u>
Loss for the year		<u><u>(62,016)</u></u>	<u><u>(117,260)</u></u>
Loss attributable to:			
Owners of the Company		(61,970)	(113,654)
Non-controlling interests		<u>(46)</u>	<u>(3,606)</u>
		<u><u>(62,016)</u></u>	<u><u>(117,260)</u></u>
		HK\$	HK\$
Loss per share	9		
– Basic		(0.02)	(0.05)
– Diluted		<u>(0.02)</u>	<u>(0.05)</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Continued)*For the year ended 31 December 2024*

	2024 HK\$'000	2023 HK\$'000
Loss for the year	(62,016)	(117,260)
Other comprehensive loss:		
Items that are reclassified or may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	<u>(3,439)</u>	<u>(7,803)</u>
Total other comprehensive loss for the year (net of tax)	<u>(3,439)</u>	<u>(7,803)</u>
Total comprehensive loss for the year	<u>(65,455)</u>	<u>(125,063)</u>
Total comprehensive loss attributable to:		
Owners of the Company	(65,409)	(121,457)
Non-controlling interests	<u>(46)</u>	<u>(3,606)</u>
	<u>(65,455)</u>	<u>(125,063)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	<i>Note</i>	2024 HK\$'000	2023 HK\$'000
NON-CURRENT ASSETS			
Investment properties		133,132	131,870
Property, plant and equipment		63,255	146,704
Right-of-use assets		74,408	71,460
Interests in associates		10,779	3,028
Deposits paid	10	7,454	12,853
Prepayments for construction	10	12,626	–
Financial assets at fair value through profit or loss	11	215,085	141,965
		<u>516,739</u>	<u>507,880</u>
CURRENT ASSETS			
Cryptocurrencies		140,539	110,711
Inventories		6,083	32,656
Loans receivable	12	29,081	49,126
Trade and other receivables	10	372,209	451,576
Prepayment for construction	10	–	639
Financial assets at fair value through profit or loss	11	1,503	18,062
Income tax recoverable		547	559
Pledged bank deposits		200	200
Cash and bank balances		34,809	81,677
		<u>584,971</u>	<u>745,206</u>
Assets classified as held-for-sale	13	850,200	850,200
		<u>1,435,171</u>	<u>1,595,406</u>
CURRENT LIABILITIES			
Trade and other payables	14	265,164	347,049
Dividend payables		31	31
Bank and other loans		2,952	14,273
Lease liabilities		2,261	2,995
		<u>270,408</u>	<u>364,348</u>
NET CURRENT ASSETS		<u>1,164,763</u>	<u>1,231,058</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,681,502</u>	<u>1,738,938</u>
NON-CURRENT LIABILITIES			
Deferred tax liabilities		31,436	28,261
Income tax payable		6,192	8,532
Lease liabilities		8,455	1,267
		<u>46,083</u>	<u>38,060</u>
NET ASSETS		<u>1,635,419</u>	<u>1,700,878</u>
EQUITY			
Share capital	15	62,193	62,193
Reserves		1,576,819	1,643,511
Equity attributable to owners of the Company		1,639,012	1,705,704
Non-controlling interests		(3,593)	(4,826)
TOTAL EQUITY		<u>1,635,419</u>	<u>1,700,878</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Attributable to owners of the Company								Non-controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Statutory reserves HK\$'000	Contributed surplus HK\$'000	Property revaluation reserves HK\$'000	Translation reserves HK\$'000	Other reserves HK\$'000	Retained profits HK\$'000	Total HK\$'000	
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	1,825,937
Loss for the year	-	-	-	-	-	-	-	(113,654)	(113,654)	(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)	(125,063)
Transaction with owners:										
Change in ownership interest										
Changes in ownership interests in a subsidiary that do not result in a loss of control	-	-	-	-	-	-	2	-	2	4
Total transactions with owners	-	-	-	-	-	-	2	-	2	4
As at 31 December 2023 and as at 1 January 2024	62,193	280,057	8,668	234,621	84,992	8,333	4,203	1,022,637	1,705,704	1,700,878
Loss for the year	-	-	-	-	-	-	-	(61,970)	(61,970)	(62,016)
Other comprehensive loss:										
Exchange differences arising on translation of the foreign operations	-	-	-	-	-	(3,439)	-	-	(3,439)	(3,439)
Total other comprehensive loss	-	-	-	-	-	(3,439)	-	-	(3,439)	(3,439)
Total comprehensive loss for the year	-	-	-	-	-	(3,439)	-	(61,970)	(65,409)	(65,455)
Transaction with owners:										
Change in ownership interest										
Changes in ownership interests in a subsidiary that do not result in a loss of control	-	-	-	-	-	-	(1,283)	-	(1,283)	(4)
Total transactions with owners	-	-	-	-	-	-	(1,283)	-	(1,283)	(4)
As at 31 December 2024	62,193	280,057	8,668	234,621	84,992	4,894	2,920	960,667	1,639,012	1,635,419

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards, which collective term includes all applicable HKFRS Accounting Standards, 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.

All amounts have been rounded to the nearest thousand, unless otherwise indicated.

These consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2023 consolidated financial statements except for the adoption of the following revised HKFRS Accounting Standards which are relevant to the Group and effective from the current year.

2. THE ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS

Adoption of revised HKFRS Accounting Standards

The Group has applied, for the first time, the following revised HKFRS Accounting Standards:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HK Interpretation 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback

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 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, unallocated other income and administrative expenses, finance costs and shares of results of associates 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 the reportable segments are as follows:

For the year ended 31 December 2024

	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	134,235	-	-	-	-	-	134,235
Lease of properties used as IDC and facilities used in IDC	-	54,800	-	-	-	-	54,800
OTHER REVENUE AND NET (LOSS)/INCOME	(187)	308	57,005	13,072	3	(21)	70,180
NET CHANGES IN FAIR VALUE OF INVESTMENT PROPERTIES	-	-	-	2,850	-	-	2,850
Segment revenue	<u>134,048</u>	<u>55,108</u>	<u>57,005</u>	<u>15,922</u>	<u>3</u>	<u>(21)</u>	<u>262,065</u>
RESULTS							
Segment results	<u>(15,603)</u>	<u>23,674</u>	<u>23,449</u>	<u>10,220</u>	<u>(18,426)</u>	<u>-</u>	23,314
Unallocated net income							1,901
Interest income from bank deposits							544
Loss allowance on loans receivable							(20,793)
Loss allowance on other receivables							(5,931)
Other unallocated corporate expenses							<u>(55,710)</u>
Loss from operations							(56,675)
Finance costs							(549)
Share of results of associates							<u>(836)</u>
Loss before tax							(58,060)
Income tax expense							<u>(3,956)</u>
Loss for the year							<u>(62,016)</u>

As at 31 December 2024

	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	27,907	77,102	381,596	156,901	213,310	–	856,816
Assets classified as held-for-sale	–	850,200	–	–	–	–	850,200
Unallocated corporate assets	–	–	–	–	–	244,894	244,894
Consolidated total assets							<u>1,951,910</u>
LIABILITIES							
Segment liabilities	27,358	26,753	98,595	20,204	4,843	–	177,753
Unallocated corporate liabilities	–	–	–	–	–	138,738	138,738
Consolidated total liabilities							<u>316,491</u>
OTHER INFORMATION							
Capital expenditures							
– Property, plant and equipment	13	–	7,800	829	134	543	9,319
– Right-of-use assets	472	–	–	–	766	10,062	11,300
– Investment properties	–	–	–	1,273	–	–	1,273
Depreciation							
– Property, plant and equipment	36	9,607	34,210	536	450	952	45,791
– Allocated to cost of cryptocurrencies	–	–	(10,402)	–	–	–	(10,402)
– Right-of-use assets	1,004	–	–	339	375	4,790	6,508
Impairment loss on property, plant and equipment	–	–	39,310	–	–	–	39,310
Loss allowance on loans receivable	–	–	–	–	–	20,793	20,793
Loss allowance on trade receivables	1,815	4,798	–	–	–	–	6,613
Loss allowance on other receivables	–	–	–	–	–	5,931	5,931
Reversal of write-down of inventories, net	(270)	–	–	–	–	–	(270)
Gain on conversion/disposal of cryptocurrencies	–	–	57,182	–	–	–	57,182
Foreign exchange losses/(gains), net	360	–	(9)	–	(2)	(150)	199
Net fair value gains on financial assets at fair value through profit or loss	<u>(116)</u>	<u>–</u>	<u>(38,170)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(38,286)</u>

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 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							<u>(59,297)</u>
Loss from operations							(131,005)
Finance costs							(594)
Share of results of associates							<u>(325)</u>
Loss before tax							(131,924)
Income tax credit							<u>14,664</u>
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>

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 2024 and 2023.

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 net 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. 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	
	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
The PRC	32,027	75,241	149,455	149,975
Hong Kong	29,268	28,085	91,952	103,158
Australia	82,921	60,142	–	–
Laos	–	–	–	51,881
Republic of the Congo	–	–	–	31,446
The United States	34,800	20,581	9,578	166
Other overseas markets	10,019	8,520	39,890	26,261
	<u>189,035</u>	<u>192,569</u>	<u>290,875</u>	<u>362,887</u>

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

	2024					
	IHA HK\$'000	IDC HK\$'000	Investing HK\$'000	Leasing HK\$'000	Other operations HK\$'000	Consolidated HK\$'000
The PRC	(914)	308	–	13,013	3	12,410
Hong Kong	727	–	96,315	38	–	97,080
Laos	–	–	(26,784)	–	–	(26,784)
Republic of the Congo	–	–	(12,526)	–	–	(12,526)
	<u>(187)</u>	<u>308</u>	<u>57,005</u>	<u>13,051</u>	<u>3</u>	<u>70,180</u>

	2023					
	IHA HK\$'000	IDC HK\$'000	Investing HK\$'000	Leasing HK\$'000	Other operations HK\$'000	Consolidated 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>

Information about major customers

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

	2024 HK\$'000	2023 HK\$'000
Customer A (IHA segment)	82,291	60,142
Customer B (IDC segment)	34,800	20,581
Customer C (IHA segment)	31,497	74,018
Customer D (IDC segment)	<u>20,000</u>	<u>–*</u>
	<u>168,588</u>	<u>154,741</u>

* This customer individually contributed less than 10% of the total revenue for the year ended 31 December 2023.

4. REVENUE, OTHER REVENUE AND NET INCOME

	2024 HK\$'000	2023 HK\$'000
Revenue		
Sale of goods (<i>Note (a)</i>)	134,235	152,988
Rental income from IDC properties and facilities	<u>54,800</u>	<u>39,581</u>
	<u>189,035</u>	<u>192,569</u>
Other revenue		
Dividend income from listed securities	444	544
Rental income from investment properties	12,396	9,928
Interest income calculated using the effective interest method:		
Interest income from bank deposits	544	1,004
Interest income from loans receivable	<u>1,509</u>	<u>5,838</u>
	<u>14,893</u>	<u>17,314</u>
Other net income		
Consultancy income	54	–
Foreign exchange losses, net	(199)	(2,011)
Net fair value gains on financial assets at fair value through profit or loss	38,286	47,032
Impairment loss on intangible assets	–	(16,159)
Impairment loss on property, plant and equipment	(39,310)	(1,344)
Gain/(Loss) on disposal of property, plant and equipment	1,097	(68)
Loss on utilisation of cryptocurrencies	(11)	(10)
Gain on conversion/disposal of cryptocurrencies (<i>Note (b)</i>)	57,182	–
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>633</u>	<u>964</u>
	<u>57,732</u>	<u>43,157</u>
	<u>72,625</u>	<u>60,471</u>

Notes:

- (a) 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 2024 that was included in the contract liabilities at the beginning of the year is HK\$9,693,000 (2023: HK\$16,599,000).

- (b) Gain on conversion/disposal of cryptocurrencies of HK\$57,182,000 (2023: HK\$Nil) is arrived at sales proceeds of HK\$244,131,000 (2023: HK\$Nil) net of cost of cryptocurrencies of HK\$186,949,000 (2023: HK\$Nil).

5. LOSS FROM OPERATIONS

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

	2024 HK\$'000	2023 HK\$'000
Auditor's remuneration		
– Audit services	1,700	1,700
– Non-audit services	210	330
Amortisation of intangible assets	–	32,525
Depreciation of property, plant and equipment*	45,791	38,216
– Allocated to cost of cryptocurrencies	10,402	–
Depreciation of right-of-use assets	6,508	6,903
Cost of inventories	105,438	123,621
(Gain)/Loss on lease modifications	(41)	26
(Gain)/Loss on disposal of property, plant and equipment	(1,097)	68
Reversal of write-down of inventories, net	(270)	(868)
Research and development costs (excluding staff costs)	12,079	1,501
Reversal of write-down of cryptocurrencies	–	(49,978)
Direct operating expenses arising from investment properties that generating rental income from:		
– Leasing of IDC properties (included in cost of sales)	8,943	8,395
– Leasing of other investment properties (included in other operating expenses)	1,257	1,275
	<u>59,434</u>	<u>57,466</u>
Staff costs (including Directors' emoluments):		
Salaries and allowances [#]	40,091	47,239
Retirement benefits scheme contributions [#]	2,792	3,669
Severance payment [#]	16,551	6,558
	<u>59,434</u>	<u>57,466</u>
Total staff costs	<u>59,434</u>	<u>57,466</u>

* Depreciation of property, plant and equipment included depreciation of IDC facilities of HK\$9,581,000 (2023: HK\$9,581,000) recognised as cost of sales for the year.

[#] Staff costs included salaries and allowances, severance payment and retirement benefits scheme contributions for research and development staff of HK\$8,448,000, HK\$8,838,000 and HK\$1,005,000 respectively (2023: HK\$14,159,000, HK\$Nil and HK\$1,645,000 respectively) recognised as general and administrative expenses for the year.

6. FINANCE COSTS

	2024 HK\$'000	2023 HK\$'000
Borrowing costs for bank and other loans	327	437
Imputed interest expenses on lease liabilities	222	157
	<u>549</u>	<u>594</u>

7. INCOME TAX EXPENSES/(CREDIT)

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

	2024 HK\$'000	2023 HK\$'000
Current tax		
PRC corporate income tax		
– Current year	455	6
Deferred taxation		
Origination and reversal of temporary differences	3,501	(14,670)
Charge/(Credit) for the year	3,956	(14,664)

For the years ended 31 December 2024 and 2023, Hong Kong Profits Tax has not been provided as the Group neither generate any assessable profit from Hong Kong or 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 2024 and 2023 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% (2023: 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 2024 and 2023 respectively.

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 2024 and 2023, 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. Withholding tax has not been provided for the years ended 31 December 2024 and 2023 because no interest income was charged to the subsidiary during both years.

The operation of the Group in Germany is subject to the Germany Corporate Tax and Municipal Trade Tax. For the years ended 31 December 2024 and 2023, 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 2024 (2023: 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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Loss attributable to owners of the Company	<u>(61,970)</u>	<u>(113,654)</u>
	2024 <i>'000</i>	2023 <i>'000</i>
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>
	<i>HK\$</i>	<i>HK\$</i>
Loss per Share:		
– Basic	(0.02)	(0.05)
– Diluted (<i>Note</i>)	<u>(0.02)</u>	<u>(0.05)</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 2024 and 2023.

10. TRADE AND OTHER RECEIVABLES AND PREPAYMENT FOR CONSTRUCTION

	Note	2024 HK\$'000	2023 HK\$'000
Trade receivables		63,992	132,356
Less: Loss allowance		(23,020)	(16,407)
	(a)	40,972	115,949
Receivables from disposal of a subsidiary		257	257
Earnest money paid for procurement of intangible assets	(b)	61,555	62,900
Other receivables, net of loss allowance	(c)	10,171	15,465
Prepayments and deposits, net of loss allowance	(d)	266,708	269,858
Prepayment for construction	(e)	12,626	639
		<u>392,289</u>	<u>465,068</u>
Current portion		372,209	452,215
Non-Current portion		<u>20,080</u>	<u>12,853</u>
		<u>392,289</u>	<u>465,068</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:

	2024 HK\$'000	2023 HK\$'000
0–30 days	5,019	49,516
31–60 days	5,166	27,963
61–90 days	4,179	14,001
Over 90 days	<u>26,608</u>	<u>24,469</u>
	<u>40,972</u>	<u>115,949</u>

- (b) Earnest money of RMB57,000,000 (equivalent to HK\$61,555,000) (2023: RMB57,000,000 (equivalent to HK\$62,900,000)) was paid for the procurement of hash-rate capacity which was recognised as intangible assets of the Group which was fully impaired in prior years. The earnest money will be refunded to the Group upon settlement of the remaining outstanding payables for the procurement of hash-rate capacity (note 14(c) (i)). Details of the procurement of hash-rate capacity are set out in the Company's announcements dated 14 May 2021, 31 May 2021 and 2 June 2021, respectively.
- (c) Included in other receivables were prepayments made for data centre facilities amounting to HK\$7,800,000 as at 31 December 2023 which are subsequently utilised during the year ended 31 December 2024.

- (d) Included in prepayments and deposits, net of loss allowances, were trading deposits for the purchase of cryptocurrency mining machines which will be held for trading purpose of HK\$194,969,000 (2023: HK\$201,189,000) and earnest money for a investment project of HK\$15,363,000 (2023: HK\$15,368,000).

As at 31 December 2024, a total sum of RMB190,082,000 (equivalent to HK\$205,272,000) (2023: RMB190,082,000 (equivalent to HK\$209,757,000)) before loss allowances 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 HK\$118,790,000) (2023: RMB110,000,000 (equivalent to HK\$121,386,000)) 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 14(c)(ii)). The Group partially terminated the purchase of cryptocurrency mining machines and the trading deposits of RMB49,977,000 (equivalent to HK\$55,150,000) will be refunded to the Group before 30 June 2025 in accordance with the termination agreement signed with Zhongda Bocheng. For the remaining prepayments of RMB140,105,000 (equivalent to 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 2025.

As at 31 December 2024, an aggregate of US\$3,200,000 (equivalent to HK\$29,496,000) (2023: US\$3,200,000 (equivalent to HK\$29,496,000)) before loss allowances 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. The Group has issued force enforcement notices to the Vendor during the year ended 31 December 2024 and subsequent to the end of the reporting period.

- (e) Included in prepayment for construction were prepayments mainly made for data centre facilities amounting to US\$1,205,000 (equivalent to HK\$9,400,000) (2023: HK\$Nil).

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Note	2024 HK\$'000	2023 HK\$'000
Equity securities listed in Hong Kong	(a)	25,716	16,608
Equity securities listed outside Hong Kong	(a)	418	1,454
Unlisted equity securities	(b)	190,454	141,965
		<u>216,588</u>	<u>160,027</u>
Current portion		1,503	18,062
Non-current portion		<u>215,085</u>	<u>141,965</u>
		<u>216,588</u>	<u>160,027</u>

Notes:

- (a) The fair values of listed equity securities are based on quoted market prices in active markets at the end of the reporting period.
- (b) The investments in unlisted equity securities of companies incorporated in the Cayman Islands and Hong Kong of HK\$166,932,000 (2023: HK\$121,528,000) are not held for trading.

As at 31 December 2024, the fair value of equity securities of HK\$23,522,000 (2023: HK\$20,437,000) traded in the Over-The-Counter market in the United States is determined with the broker quotes.

* English name for identification purpose only

12. LOANS RECEIVABLE

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Loans receivable from third parties	247,978	247,230
Less: Loss allowance	<u>(218,897)</u>	<u>(198,104)</u>
	<u>29,081</u>	<u>49,126</u>

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

- (a) A RMB90,000,000 loan to an independent third party borrower, which was secured by a corporate guarantee provided by an independent third party and a personal guarantee provided by a shareholder of the borrower, interest-bearing at 8% per annum and was further extended to be repayable in December 2021.

A further loan extension was granted subject to certain conditions to be fulfilled by the borrower, details of which were set out in the Company's announcement dated 16 December 2021. None of the terms under the conditions were set out and the loan extension had not become effective. The Group has continually issued demand letters to the borrower since the date the loan defaulted. A partial repayment was received during the year ended 31 December 2022. Neither the interest nor the principal was settled by the borrower subsequently. 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 HK\$96,272,000) (2023: RMB86,000,000 (equivalent to HK\$96,272,000)) and accrued interest receivable of HK\$18,693,000 (2023: HK\$18,693,000) were recognised as loans receivable under current assets. Loss allowance of HK\$114,965,000 (2023: 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 set out in the Company's announcements dated 19 December 2019, 18 September 2020, 17 December 2020, 16 December 2021 and 11 February 2022 respectively.

- (b) A HK\$41,000,000 loan to an independent third party borrower, which was secured by a corporate guarantee provided by a substantial shareholder of the Company, interest bearing at 8% per annum and 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 HK\$18,732,000 as collateral, with other terms remain unchanged. No further extension was granted after June 2023. The Group has continually issued demand letters to the borrower since the date the loan defaulted. As at the date of this announcement, neither the interest nor the principal was settled by the borrower and no consent to the repayment schedule was reached by both parties.

At the end of the reporting period, the principal of HK\$41,000,000 (2023: HK\$41,000,000) and accrued interest receivable of HK\$2,453,000 (2023: HK\$2,453,000) were recognised as loans receivable under current assets. Loss allowance of HK\$37,613,000 (2023: HK\$37,361,000) in respect of this loan receivable had been recognised at the end of the reporting period. Details of the loan were set out 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.

- (c) A HK\$60,000,000 loan to an independent third party borrower, which was secured by corporate guarantees provided by two independent third parties, interest-bearing at 5% per annum and 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 HK\$55,403,000 as collateral, with other terms remain unchanged.

A further loan extension was granted subject to certain conditions to be fulfilled by the borrower, details of which were set out in the Company's announcement dated 28 March 2024. None of the terms under the conditions was completed and the loan extension had not become effective. The Group has issued demand letters to the borrower since the date the loan defaulted. As at the date of this announcement, neither the interest nor the principal was settled by the borrower and no consent to the repayment schedule was reached by both parties.

At the end of the reporting period, the principal of HK\$60,000,000 (2023: HK\$60,000,000) and accrued interest receivable of HK\$1,504,000 (2023: HK\$756,000) were recognised as loans receivable under current assets. Loss allowance of HK\$51,106,000 (2023: HK\$32,557,000) in respect of this loan receivable has been recognised at the end of the reporting period. Details of the loan were set out in the Company's announcements dated 18 March 2020, 17 June 2020, 30 September 2021, 1 October 2022, 28 September 2023, 28 March 2024 and 3 July 2024 respectively.

- (d) A RMB10,000,000 loan to an independent third party borrower, which was unsecured, interest-bearing at 5% per annum and was further extended to be repayable in June 2023 with other terms remain unchanged. No further extension was granted after June 2023, and the Group is in negotiation with the borrower to repay the remaining loan receivable and accrued interest. As at the date of this announcement, neither the interest nor the principal was settled by the borrower and no consent to the repayment schedule was reached by both parties.

At the end of the reporting period, the principal of RMB10,000,000 (equivalent to HK\$11,035,000) (2023: RMB10,000,000 (equivalent to HK\$11,035,000)) and accrued interest receivable of HK\$1,531,000 (2023: HK\$1,531,000) were recognised as loans receivable under current assets. Loss allowance of HK\$12,566,000 (2023: HK\$12,566,000) in respect of this loan receivable had been recognised at the end of the reporting period.

- (e) A HK\$14,000,000 loan to an independent third party borrower, which was unsecured, interest-bearing at 5% per annum and was further extended to be repayable in April 2025 with other terms remain unchanged. Subsequent to the end of the reporting period, RMB7,119,000 (equivalent to HK\$7,700,000) was received from the borrower, and the repayment date of the remaining balance was extended to October 2025.

At the end of the reporting period, the principal of HK\$14,000,000 (2023: HK\$14,000,000) and accrued interest receivable of HK\$167,000 (2023: HK\$167,000) were recognised as loans receivable under current assets. Loss allowance of HK\$1,324,000 (2023: HK\$655,000) in respect of this loan receivable had been recognised at the end of the reporting period.

- (f) A RMB1,100,000 (equivalent to HK\$1,213,000) loan to an independent third party borrower, which was unsecured, interest-bearing at 12% per annum and was repayable in August 2023. No extension was granted after August 2023, and the Group is in negotiation with the borrower to repay the loan receivable and accrued interest. As at the date of this announcement, neither the interest nor the principal was settled by the borrower and no consent to the repayment schedule was reached by both parties.

At the end of the reporting period, the principal of RMB1,100,000 (equivalent to HK\$1,213,000) (2023: RMB1,100,000 (equivalent to HK\$1,213,000)) and accrued interest receivable of HK\$110,000 (2023: HK\$110,000) were recognised as loans receivable under current assets. Loss allowance of HK\$1,323,000 (2023: HK\$Nil) in respect of this loan receivable had been recognised at the end of the reporting period.

13. ASSETS CLASSIFIED AS HELD-FOR-SALE

On 29 May 2023, pursuant to a real property purchase and sale and escrow agreement (the “Real Property Agreement”), the Group agreed to conditionally dispose of its property consisting of (a) the real estate situated at 6580 Via Del Oro, San Jose, California 95119 and with an area of 4.725 acres; and (b) one storey mission critical data center building with an area of 80,158 square feet located on the land (collectively, the “Land and Property”) at a consideration of US\$110,000,000 (equivalent to HK\$858,000,000) (the “Disposal”).

On 12 July 2023, the Disposal was approved by the shareholders in a special general meeting of the Company. 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.

The assets classified as held-for-sale of HK\$850,200,000 (2023: HK\$850,200,000) referred to the carrying amount of the Land and Property transferred from investment properties under non-current assets. During the year ended 31 December 2024 and subsequent to the year, the Group entered into certain amendments to the Real Property Agreement to extend the completion date of the Disposal to 31 March 2025. Subject to the construction plan of the Purchaser’s ultimate leases, the Disposal was not yet completed up to the date of approving these consolidated financial statements. In the opinion of the Directors, there is sufficient evidence that the Group remains committed to the disposal of the Land and Property. Accordingly, the Land and Property was continued to be recognised as assets classified as held for sale in accordance with HKFRS 5 as at 31 December 2024. The Disposal is expected to be completed during the course of 2025.

14. TRADE AND OTHER PAYABLES

	Note	2024 HK\$'000	2023 HK\$'000
Trade payables	(a)	10,338	79,151
Contract liabilities	(b)	5,426	11,054
Other payables	(c)	220,982	234,924
Accruals		28,418	21,920
		<u>265,164</u>	<u>347,049</u>

Notes:

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

	2024 HK\$'000	2023 HK\$'000
0–30 days	1,731	23,192
31–60 days	8,310	46,404
61–90 days	297	9,555
	<u>10,338</u>	<u>79,151</u>

The payment terms with suppliers are generally 30 to 60 days (2023: 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:

	2024 HK\$'000	2023 HK\$'000
As at 1 January	11,054	18,184
Exchange realignment	(1)	(3)
Recognised as revenue	(9,693)	(16,599)
Receipt of advances or recognition of receivables	4,066	9,472
As at 31 December	5,426	11,054

As at 31 December 2024 and 2023, 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 2024 and 2023 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 HK\$79,748,000) (2023: RMB67,000,000 (equivalent to HK\$79,748,000)) for the procurement of hash-rate capacity, which has been recognised as intangible assets of the Group in prior years. The outstanding payable, which is repayable on demand, is not available to set-off against the earnest money of RMB57,000,000 (equivalent to HK\$61,555,000) (2023: RMB57,000,000 (equivalent to HK\$62,900,000)) paid for the procurement of hash-rate capacity in prior years (note 10(b)).
 - (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 HK\$118,790,000) (2023: RMB110,000,000 (equivalent to HK\$121,386,000)) (note 10(d)).
 - (iii) Outstanding payables of HK\$8,804,000 (2023: HK\$12,304,000) for the purchase of cryptocurrency mining machines, which was recognised as property, plant and equipment of the Group. The outstanding payable is repayable on demand.

15. SHARE CAPITAL

	Number of Shares		Amount	
	2024	2023	2024	2023
	'000	'000	HK\$'000	HK\$'000
Authorised:				
At beginning and end of the reporting period				
Ordinary Shares of HK\$0.025 each	<u>8,000,000</u>	<u>8,000,000</u>	<u>200,000</u>	<u>200,000</u>
Issued and fully paid:				
At beginning of the reporting period				
Ordinary Shares of HK\$0.025 each	<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>

16. PLEDGE OF ASSETS

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

	2024	2023
	HK\$'000	HK\$'000
(a) Investment properties	–	61,112
(b) Leasehold improvements	–	35
(c) Right-of-use assets	55,895	63,728
(d) Bank deposits	<u>200</u>	<u>200</u>

17. EVENTS AFTER THE REPORTING PERIOD

Finance lease with Chengdu Ganluhai

On 13 March 2025, the Group, entered into a finance lease agreement (the “Finance Lease Agreement”) with Chengdu Wuhou Ganluhai Tibetan Hospital Co., Ltd.* (成都武侯甘露海藏醫院有限公司) (“Chengdu Ganluhai”) to purchase and lease back certain machinery and equipment used in pharmaceutical production (the “Leased Assets”). In accordance with the Finance Lease Agreement, the Group agreed to purchase the Leased Assets at a consideration of RMB5,960,000 (equivalent to HK\$6,512,000) and to lease the Leased Assets to Chengdu Ganluhai for a term of five years at an aggregated rental of RMB6,900,000 (equivalent to HK\$7,560,000). Details of the provision of finance lease are set out in the Company’s announcement dated 13 March 2025.

Changes in market price of cryptocurrencies

Subsequent to the end of the reporting period, there was a decline in market price of mainstream cryptocurrencies including Bitcoin and Ethereum. The market price of Bitcoin and Ethereum were reduced from US\$92,627 and US\$3,360 as at 31 December 2024 to US\$86,672 and US\$2,056 as at 25 March 2025 respectively.

* English name for identification only

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OUTLOOK AND PROSPECTS

The Group is principally engaged in the businesses of information home appliance (“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 HK\$134.2 million of revenue for the year ended 31 December 2024 (“FY2024”), representing a decrease of 11.9% against the year ended 31 December 2023 (“FY2023”). The gross margin remains at 15%-16% due to the efficient cost control on raw materials. In line with the decrease in revenue, the overall gross profits dragged down by 12.8% from HK\$23.8 million for FY2023 to HK\$20.8 million for FY2024. Under the influence of various unfavorable factors in the domestic and macroeconomic environment, the sales of set-top boxes in this business segment faced a year-on-year decrease in insufficient consumer demand. Redundancy initiatives were implemented in several regions in response of the down-trend demand in the existing market. One-off redundancy costs amounted to HK\$16.4 million was incurred during FY2024 leading to a segment loss of HK\$15.6 million (FY2023: segment profit of HK\$3.2 million).

The IHA business is facing market challenges posed by technological changes. Other than prioritising the efficient cost of the business, the management strives to develop other home appliance devices to expand the revenue stream and explore regions that exhibit fast growth. Innovation remains the key to business success and keeping up with the rapid pace of technological advances. The business will continue to have good cost discipline and diversify its revenue stream.

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 IDC business recorded HK\$54.8 million of revenue for FY2024, representing an increase of 38.5% as compared with FY2023. The increase was attributed by the lease of the IDC situated in the United States (“US”) and the increment on the rental income from the lease of Shatin IDC facilities. With the growth in rental income, the business reported a turn-around segment profit of HK\$23.7 million (FY2023: segment loss of HK\$3.0 million).

On 29 May 2023, 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 HK\$858.0 million) (the “Disposal of US-IDC”). During FY2024, the disposal of US-IDC was extended, and the lease was continued to the Purchaser. As at the date of this announcement, the Disposal of US-IDC has not been completed. The completion of the Disposal of US-IDC is subject to the construction plan with the Purchaser’s ultimate leases. The US-IDC has been leased to the Purchaser at a fixed monthly rate, and such lease will automatically expire when the Disposal of US-IDC is completed or terminated. The transaction is expected to be completed during the course of 2025.

The data centre market is experiencing robust growth, continuously driven by the increasing adoption of cloud computing and the demand for reliable data storage and AI. Particularly under the relentless advancement of AI, the data centre industry stands at the precipice of a transformative era. AI applications are expanding across nearly all industries, driving demand for more powerful and efficient data centre infrastructure. The management strives to explore opportunities globally and will continue to concentrate its efforts on evolving itself into cloud-based services to cope with the surging demand.

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 HK\$38.3 million (FY2023: HK\$54.2 million), representing a decrease of 29.4% as compared with FY2023. The gain mainly resulted from the fair value gains of HK\$32.5 million from the Group’s certain investments in private equity companies, which respectively engaged in global aircraft leasing and pharmaceutical research and development. A notable surge in travel demand following the three years of pandemic-related restrictions resulted in a robust revaluation gain. With the rebound of Hang Seng Index in 2024, the fair value of listed securities was increased by 44.7% or HK\$8.1 million as compared with FY2023.

In light of the Chinese government’s national policies on the innovative domestic pharmaceutical industry and recent achievements in drug development, the Group increased its investment by HK\$18.0 million in a private equity company engaged in pharmaceutical research and development during FY2024. The further investments are set out in the Company’s announcement dated 29 November 2024.

The digital assets market experienced a price surge to an all-time high in FY2024, following the US president’s reelection and crypto-friendly policy promises. The business conducted a series of transaction in the open market in FY2024 realising a gain of HK\$57.2 million from disposals of cryptocurrencies (inclusive of Bitcoin (“BTC”) and Ethereum (“ETH”), which respectively were mainly generated from the hash-rate capacity categorised under intangible assets and cryptocurrency mining machines categorised under property, plant and equipment). The details of the acquisitions and disposals of cryptocurrencies are set out in the Company’s announcements dated 20 March 2024, 7 October 2024 and 31 December 2024.

The management remained prudent in its investing activities in the past year. Stepping into the coming year, the global economy will still be in a fluctuating phase, with uncertainties looming over the entire economy. Looking forward, the management will continuously monitor the investing environment and cryptocurrency's notorious volatility.

Leasing Business

The leasing segment of the Group comprises of leasing out of properties. The business recorded HK\$12.4 million of rental income for FY2024, representing an increase of 24.8% or HK\$2.5 million as compared with FY2023.

The continuing sluggish consumer demand weakens the market value of the industrial property, leading to a revaluation loss of HK\$0.1 million (FY2023: HK\$4.0 million) for the investment property situated in Yuxing Industrial Park, Zhongshan (the "Zhongshan Property"). The business recorded a segment profit of HK\$10.2 million (FY2023: HK\$2.9 million), which was mainly attributed to the stable rental income from the investment property situated in Meishan City, Sichuan Province (the "Meishan Property"), in turn, leading to the increase in profit margin and a revaluation gain of HK\$3.0 million (FY2023: HK\$1.8 million). Regardless of the macroeconomic factors, the management will stay proactive in extending the tenancy with existing tenants and exploring new leasing opportunities.

FINANCIAL REVIEW

Operating Results

Revenue and Gross Profits

The Group's revenue in FY2024 slightly decreased by 1.8% to HK\$189.0 million (FY2023: HK\$192.6 million). The revenue was dragged down by the down-trend demand on set-top box from the IHA business. The gross profits, as compared with FY2023, raised by 23.0% or HK\$12.3 million to HK\$66.0 million (FY2023: HK\$53.7 million) attributed to the increase on rental income generated from the IDC business.

Other Revenue and Net Income

The Group recorded a net income of HK\$72.6 million (FY2023: HK\$60.5 million) in other revenue and net income, representing an increase of 20.1% as compared with FY2023. The net income mainly comprised of (i) the gain on disposal of cryptocurrencies of HK\$57.2 million (FY2023: Nil); (ii) net fair value gain on financial assets (inclusive of both unlisted and listed securities) at fair value through profit or loss of HK\$38.3 million (FY2023: HK\$47.0 million); (iii) rental income from investment properties of HK\$12.4 million (FY2023: HK\$9.9 million); and (iv) setting-off of the impairment loss on cryptocurrency mining machines of HK\$39.3 million (FY2023: HK\$1.3 million). The crypto-mining activities were suspended during FY2024, considering the possible unforeseen or additional increase in operating expenses and capital expenditures arising from local environmental and legal changes in Laos and the Republic of the Congo. The management further considered that the suspension is good cost discipline, along with the factors of their remaining useful lives, physical conditions, hash-rate capacity, and market value. Accordingly, the recoverable amount of the cryptocurrency mining machines has declined below its carrying amount, causing an impairment loss on cryptocurrency mining machines of HK\$39.3 million for FY2024.

Changes in Fair Value of Investment Properties

The Group recorded a net revaluation gain of HK\$2.9 million (FY2023: net loss of HK\$6.2 million) for FY2024. The gain mainly attributed by the revaluation gain of HK\$3.0 million (FY2023: gain of HK\$1.8 million) on Meishan Property dragging down by the revaluation loss of HK\$0.1 million (FY2023: loss of HK\$4.0 million) on Zhongshan Property.

Distribution and selling expenses

The Group recorded HK\$8.3 million (FY2023: \$5.2 million) of distribution and selling expenses, representing an increase of 60.2% or HK\$3.1 million as compared with FY2023. The significant increase as caused by the one-off redundancy costs of HK\$2.7 million for scalling down the sales team of the IHA business.

General and Administrative Expenses

The general and administrative expenses slightly decreased by 0.8% from HK\$122.6 million for FY2023 to HK\$121.6 million for FY2024. Other than the one-off redundancy costs of HK\$13.7 million, the general and administrative expenses decreased by 7.1% strictly under cost measures.

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 other operating expenses was significantly decreased by 45.6% or HK\$29.3 million to HK\$34.9 million for FY2024. As the hash-rate capacity categorised under intangible assets was fully impaired during FY2023, the associated amortisation cost of intangible assets was not recorded during the year, leading to a significant decrease compared to the last fiscal year.

Loss Allowance on Loans Receivable/Trade and Other Receivables

During the FY2024, 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

Following the default event of the supplemental loan agreement with High Sharp Electronic Limited (“High Sharp”), the increase in credit risk caused a further loss allowance on ECL in respect of loans receivable amounted to HK\$20.8 million (FY2023: HK\$55.2 million) for FY2024.

Apart from the additional provision of loss allowance on defaulted loans amounted to HK\$19.9 million, the remaining increase represented general provision of loss allowance on loans receivable amounted to HK\$0.9 million. As at the date of this announcement, no formal or legal binding settlement agreement was executed. Considering the value of collateral and financial positions of the borrowers, the Directors considered a prudent and cautious approach by making over 80% expected ECL provision on the defaulted loans during FY2024.

(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 amounted to HK\$12.5 million (FY2023: HK\$41.7 million) was caused by the increase of credit risk of the debtors.

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

Finance Costs

The finance cost of the Group was HK\$0.5 million for FY2024, representing the interest expenses on the bank and other borrowings. The Group mainly relied on the working capital generated from internal resources. The finance costs slightly decreased by 7.6% from HK\$0.6 million for FY2023.

Loss for the Year

As a result of the foregoing, the Group’s loss attributable to the owner of the Company for the year narrowed down to HK\$62.0 million (FY2023: HK\$113.7 million), representing a significant decrease of 45.5% or HK\$51.7 million as compared to the last fiscal year. 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 HK\$28.6 million (FY2023: HK\$16.8 million) for FY2024.

Liquidity and Financial Resources

As at 31 December 2024, the Group had net current assets of HK\$1,164.8 million. The Group had cash and bank balances of HK\$34.8 million and pledged bank deposits of 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 5.3 times (2023: 4.4 times) as at 31 December 2024. The gearing ratio, as measured by total liabilities divided by total equity, was 19.4% (2023: 23.7%) as at 31 December 2024. 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 2024. 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 2024 and 2023.

Contingent Liabilities

The Group had no contingent liabilities as at 31 December 2024 (2023: 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; (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 one loan extension during the year, assessment on the credit risk of the borrower have been performed including but not limited to the re-assessment of financial position of the borrower.

Set out below are the summary of actions taken on the defaulted loans as at 31 December 2024:

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. 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 and FY2024, the Group had sent demand letters to Beijing Aihuan for demanding the outstanding loan principal and accrued interest and filed a lawsuit for the repayment of the overdue balance. As at the date of this announcement, neither the repayment of loan principal nor interest was received.

Loan granted to High Sharp Electronic Limited (“High Sharp”)

The loan extension granted to the borrower, High Sharp Electronic Limited was subject to certain conditions to be fulfilled, details of which were set out in the Company’s announcement dated 28 March 2024. None of the terms under the conditions was completed and the loan extension became ineffective. On 2 July 2024, the Group had issued a demand letter to the borrower demanding repayment of the outstanding loans principal and accrued interests. The Group and High Sharp are in negotiation on the repayment schedule and the right to exercise its collateral. As at the date of this announcement, neither the repayment of loan principal nor interest was received.

* English name for identification purpose only

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

The loan extension granted to the borrower, HK Daily-Tech was set out in the Company’s announcement dated 30 September 2022. During the FY2023 and FY2024, demand letters were sent to HK Daily-Tech demanding the outstanding loan principal and accrued interests. The Group and HK Daily-Tech are in negotiation on the repayment schedule and the right to exercise its collateral. As at the date of this announcement, neither the repayment of loan principal nor interest was received.

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 and FY2024, 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 nor interest was received. Subsequent to the FY2023, the Group had filed a lawsuit for the repayment of the overdue balance. As at the date of this announcement, neither the repayment of loan principal nor interest was received.

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 16 to this announcement.

Capital Structure

As at 31 December 2024, the Group had shareholder’s capital of HK\$62.2 million (2023: HK\$62.2 million). The shareholder’s capital of the Company is constituted of 2,487,704,800 shares (2023: 2,487,704,800 shares).

Significant Investments/Material Acquisitions and Disposals

Acquisitions and Disposals of Cryptocurrencies

During the period between 18 March 2024 and 20 March 2024, the Group conducted a series of transactions in the open market for the conversion of 113 units of BTC and 2,012 units of ETH into 9.6 million units of USD Coin (“USDC”) and 4.8 million units of Tether USD (“USDT”) to realise the investment in digital assets. During the period between 18 July 2024 and 7 October 2024, the Group further disposed of 3.6 million units of USDC. The details of the acquisitions and disposals are set out in the Company’s announcements dated 20 March 2024 and 7 October 2024.

During the period between 25 July 2024 and 31 December 2024, the Group conducted a series of transaction in the open market to convert 6.3 million units of USDT to 78.2 units of BTC. The details of the acquisitions and disposals are set out in the Company’s announcement dated 31 December 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 2024.

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 HK\$0.2 million (FY2023: HK\$2.0 million). As at 31 December 2024, 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 2024, the Group had over 70 (2023: over 100) full-time employees, of which 22 (2023: 22) were based in Hong Kong and the rest were in the People's Republic of China (the "PRC") and the United States. Staff costs of the Group amounted to HK\$59.4 million (FY2023: HK\$57.5 million) for FY2024. 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 summarised 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 minimise 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 2024 (2023: 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 four meetings for the purposes of reviewing the 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 2024 have been reviewed by the Audit Committee.

SCOPE OF WORK OF FORVIS 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 2024 as set out in the preliminary announcement have been agreed by the Company's auditor, Forvis Mazars CPA Limited, to the amounts set out in the Company's draft audited consolidated financial statements for the Year. The work performed by Forvis Mazars CPA Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Forvis 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 2024 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 2024, 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 (“AGM”) and invite the chairman of the audit, remuneration and nomination committees to attend and be available to answer questions at the AGM. Mr. Chen Biao, an executive Director, has been performing the above duties in lieu of Mr. Li Qiang, the Chairman of the Board, who had other pre-arranged business commitments on the day of the AGM.

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

Hong Kong, 25 March 2025

* *For identification purposes only*

As at the date hereof, the executive Directors are Mr. Li Qiang, Mr. Cong Yu, 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.