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Crypto Flow

Crypto Flow Technology Limited

加幂科技有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8198)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

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

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

*This announcement, for which the directors (the “**Directors**”) of Crypto Flow Technology Limited (the “**Company**”) 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.*

The board (the “**Board**”) of the Directors hereby announces the audited consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2024 (the “**Year**”), together with the comparative figures for the corresponding year in 2023 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	<i>Notes</i>	2024 HK\$’000	2023 <i>HK\$’000</i>
CONTINUING OPERATIONS			
REVENUE	3	58,109	25,187
Cost of sales and services rendered		<u>(46,552)</u>	<u>(9,436)</u>
Gross profit		11,557	15,751
Other income and gains		863	87
Administrative expenses		(22,618)	(28,742)
Research and development expenses		(8,602)	–
Reversal of (provision for) impairment loss under expected credit loss model		6,552	(11,782)
Loss on disposal of property, plant and equipment		–	(583)
Finance costs	5	(695)	(569)
Share of results of associates		<u>(138)</u>	<u>(993)</u>
LOSS BEFORE TAX		(13,081)	(26,831)
Income tax credit (expense)	6	<u>32</u>	<u>(319)</u>
LOSS FOR THE YEAR FROM CONTINUING OPERATIONS	7	<u>(13,049)</u>	<u>(27,150)</u>
DISCONTINUED OPERATIONS			
Loss for the year from discontinued operations	8	<u>–</u>	<u>(3,398)</u>
LOSS FOR THE YEAR		<u>(13,049)</u>	<u>(30,548)</u>

<i>Notes</i>	2024 HK\$'000	2023 HK\$'000
OTHER COMPREHENSIVE INCOME		
Items that may be reclassified to profit or loss:		
Exchange differences on translation of foreign operations	–	67
Reclassification upon disposal of foreign operations	–	3,398
	<u>–</u>	<u>3,465</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		
	<u>–</u>	<u>3,465</u>
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR		
	<u>(13,049)</u>	<u>(27,083)</u>
LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY:		
– from continuing operations	(13,049)	(27,150)
– from discontinued operations	–	(3,398)
	<u>(13,049)</u>	<u>(30,548)</u>
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		
	<u>(13,049)</u>	<u>(27,083)</u>
TOTAL COMPREHENSIVE EXPENSE ATTRIBUTABLE TO OWNERS OF THE COMPANY:		
– from continuing operations	(13,049)	(27,083)
– from discontinued operations	–	–
	<u>(13,049)</u>	<u>(27,083)</u>
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (HK cents) 10		
– Basic and diluted (from continuing and discontinued operations)	(2.38)	(5.57)
– Basic and diluted (from continuing operations)	<u>(2.38)</u>	<u>(4.95)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		17,001	20,174
Right-of-use assets		9,783	5,481
Loan receivables		–	2,898
Investments in associates		47	185
Deferred tax assets		1,840	1,101
Refundable deposit	13	6,766	–
TOTAL NON-CURRENT ASSETS		35,437	29,839
CURRENT ASSETS			
Loan and interest receivables	11	20,855	23,848
Trade receivables	12	7,555	9,916
Prepayments, deposits and other receivables	13	3,481	3,288
Cash and cash equivalents		2,091	3,251
TOTAL CURRENT ASSETS		33,982	40,303
CURRENT LIABILITIES			
Trade payables	14	3,934	3,026
Accruals and other payables	15	13,100	6,851
Lease liabilities		6,394	2,220
Tax payable		3,636	3,636
TOTAL CURRENT LIABILITIES		27,064	15,733
NET CURRENT ASSETS		6,918	24,570
TOTAL ASSETS LESS CURRENT LIABILITIES		42,355	54,409
NON-CURRENT LIABILITIES			
Lease liabilities		3,756	3,468
Deferred tax liabilities		1,770	1,063
		5,526	4,531
NET ASSETS		36,829	49,878

	<i>Notes</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
EQUITY			
Equity attributable to owners of the Company			
Share capital	<i>16</i>	54,841	54,841
Reserves		<u>(18,012)</u>	<u>(4,963)</u>
TOTAL EQUITY		<u>36,829</u>	<u>49,878</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

1. GENERAL INFORMATION

Crypto Flow Technology Limited (the “**Company**”) is a limited liability company incorporated in the Cayman Islands and its shares have been listed on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 17 May 2002. The addresses of the registered office of the Company is at P.O. Box 31119, Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands, and the principal place of business in Hong Kong of the Company is at Unit 1905, 19th Floor, Tower Two, Lippo Centre, 89 Queensway, Hong Kong.

The Company is an investment holding company. Its subsidiaries are principally engaged in (i) the provision of storage, electricity and related services, (ii) money lending business in Hong Kong and (iii) development of Web3.0 platform.

The ultimate holding company of the Company is Manful Kingdom Limited, a company incorporated in Hong Kong with limited liability and beneficially owned as to 35% by Mr. Fu Jiepin, as to 30% by Ms. Mak Lam, as to 25% by Mr. Li Hongbin, as to 5% by Ms. Liang Yun and as to 5% by Mr. Liu Weihong. The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”) which is also the functional currency of the Company.

The functional currency of the Company is Hong Kong dollars (“**HK\$**”) as the directors of the Company have determined that HK\$ better reflects the economic substance of the Company and its business activity as an investment holding company primarily holding subsidiaries with primary economic environment in Hong Kong and United States of America.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

2.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA, accounting principles generally accepted in Hong Kong and the applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of The Stock Exchange and by the Hong Kong Companies Ordinance.

In preparing the consolidated financial statements, even though the Group’s current assets exceeded its current liabilities by approximately HK\$6,918,000 as at 31 December 2024, the directors of the Company have given careful consideration to the future liquidity and going concern of the Group.

This is because the majority of the current assets arise from loan and interest receivables, of which the net carrying amount of HK\$17,981,000 from a loan and interest receivable has been past due. The directors of the Company are of the opinion that, after due and careful enquiry taking into account the proceeds obtained from the Placing of approximately HK\$33,228,000 on 6 March 2025, the partial repayment of loan and interest receivable subsequent to the end of the Reporting Period and up to the date of approval of these consolidated financial statements of HK\$3,808,000, together with the financial resources available to the Group, including internally generated funds, the Group has, in the absence of unforeseeable circumstances, sufficient financial resources to meet its financial obligations as they fall due for the foreseeable future. Accordingly, the directors of the Company believe that it is appropriate to prepare the consolidated financial statements on a going concern basis without including any adjustments that would be required should the Group fail to continue as a going concern.

2.2 Application of new and amendments to HKFRSs

(a) Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

(b) New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ³
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11 ³
Amendments to HKAS 21	Lack of Exchangeability ²
HKFRS 18	Presentation and Disclosure in Financial Statements ⁴

Note:

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2025.

³ Effective for annual periods beginning on or after 1 January 2026.

⁴ Effective for annual periods beginning on or after 1 January 2027.

Except for the new HKFRS mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 Presentation and Disclosure in Financial Statements, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 Presentation of Financial Statements. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 and HKFRS 7. Minor amendments to HKAS 7 Statement of Cash Flows and HKAS 33 Earnings per Share are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group's consolidated financial statements.

3. REVENUE

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Continuing operations		
Provision of big data centre services	<u>56,009</u>	<u>22,037</u>
Revenue from contracts with customers	56,009	22,037
Interest income from money lending business	<u>2,100</u>	<u>3,150</u>
	<u>58,109</u>	<u>25,187</u>
Disaggregated by geographical location of customers:		
Hong Kong	9,587	21,150
United States of America (“USA”)	<u>48,522</u>	<u>4,037</u>
	<u>58,109</u>	<u>25,187</u>

Provision of big data centre services

During the year ended 31 December 2024, the Group operated big data centres (the “**Big Data Centres**”), providing storage, electricity and related services in relation to data machines of customers placed in the data centres, in Hong Kong and USA (2023: Hong Kong and USA) and charging the customers fixed monthly fee (for the Big Data Centres in Hong Kong) for these services and based on the electricity consumptions of their data machines.

Because of the difficulties in operating big data centre services for Hong Kong’s cryptocurrency market, the Group has decided to expand its business overseas. To concentrate on its overseas market expansion, the Group has entered into an agreement with an independent third party (“**Party A**”) during the year ended 31 December 2023 to locate potential customers for the Big Data Centres in Hong Kong. Under the agreement, the Group received a fixed monthly fee from Party A for the provision of the data centre services to the customers of Party A, which includes a predetermined level of electricity consumptions of the data machines placed in the Group’s Big Data Centres in Hong Kong. When the level of electricity consumptions exceeds the predetermined level, additional service fee is charged by the Group on Party A based on the exceeded electricity consumptions. HK\$287,000 additional service fee was recognised by the Group for the year ended 31 December 2024 (2023: Nil).

Revenue is recognised upon and measured at the amounts billed to the customers which are based on meter readings, as the Group has a right to consideration from its customers in an amount that corresponds directly with the meter readings, subject to the minimum pre-determined level in the case of revenue from Party A. After the rendering of the big data centre services, there is no unfulfilled obligation that could affect the customer’s acceptance of the service.

4. OPERATING SEGMENT INFORMATION

Information reported to the board of directors of the Company, being the Chief Operating Decision Maker (“CODM”), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

During the year ended 31 December 2024, the Group has commenced the carrying out of research and development activities on blockchain, the application for Web3.0 and the business models of infrastructure platforms with supporting technologies (“**Web3.0 Business**”) and has recruited certain talents in blockchain and its related fields including business development in overseas markets, operation of products and blockchain-based financial services. Accordingly, Web3.0 Business is considered as a new operating and reportable segment by the CODM.

The Group’s reportable segments under HKFRS 8 Operating Segments in the continuing operations of the Group are as follows:

- Provision of Big Data Centre services (“**Big Data Centre Services**”)
- Money lending business (“**Money Lending Business**”)
- Web3.0 Business

No operating segments have been aggregated in arriving at the reportable segments of the Group from its continuing operations.

Segment revenues and results

The following is an analysis of the Group’s revenue and results from continuing operations by reportable segments:

For the year ended 31 December 2024

Continuing operations

	Big Data Centre Services HK\$’000	Money Lending Business HK\$’000	Web3.0 Business HK\$’000	Total HK\$’000
Revenue from external customers	56,009	2,100	–	58,109
Segment results	(2,250)	8,198	(8,813)	(2,865)
Unallocated other income and gains				863
Unallocated corporate and other expenses				<u>(11,079)</u>
Group’s loss before tax from continuing operations				<u><u>(13,081)</u></u>

For the year ended 31 December 2023

Continuing operations

	Big Data Centre Services HK\$'000	Money Lending Business HK\$'000	Total HK\$'000
Revenue from external customers	22,037	3,150	25,187
Segment results	(9,915)	(6,471)	(16,386)
Unallocated other income and gains			87
Unallocated corporate and other expenses			<u>(10,532)</u>
Group's loss before tax from continuing operations			<u><u>(26,831)</u></u>

Segment profit/(loss) represents the profit earned by/loss from each segment without allocation of central administration costs, directors' emoluments and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

The CODM makes decisions according to operating results of each segment. No analysis of segment assets and segment liabilities is presented as the CODM does not regularly review such information for the purposes of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

Other segment information

For the year ended 31 December 2024

Continuing operations

	Big Data Centre Services HK\$'000	Money Lending Business HK\$'000	Web3.0 Business HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
Additions of property, plant and equipment	1,204	-	-	428	1,632
Depreciation of property, plant and equipment	(4,726)	-	-	(79)	(4,805)
Additions of right-of-use assets	4,055	-	7,186	-	11,241
Depreciation of right-of-use assets	(4,202)	-	(2,046)	(691)	(6,939)
Reversal of expected credit loss on trade receivables, net	377	-	-	-	377
Provision of expected credit loss on other receivables, net	-	-	-	(37)	(37)
Reversal of expected credit loss on loan and interest receivables, net	-	6,212	-	-	6,212
Research and development expenses (note)	-	-	(8,602)	-	(8,602)

Note: Research and development expenses included depreciation of right-of-use assets amounting to HK\$2,046,000, staff cost amounting to HK\$4,612,000 and cloud services fee amounting to HK\$1,944,000.

For the year ended 31 December 2023

Continuing operations

	Big Data Centre Services <i>HK\$'000</i>	Money Lending Business <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Additions of property, plant and equipment	20,511	–	–	20,511
Depreciation of property, plant and equipment	(2,392)	–	(562)	(2,954)
Loss on disposal of property, plant and equipment	–	–	(583)	(583)
Additions of right-of-use assets	5,619	–	1,381	7,000
Depreciation of right-of-use assets	(3,439)	–	(444)	(3,883)
Provision of expected credit loss on trade receivables	(3,023)	–	–	(3,023)
Provision of expected credit loss on other receivables	–	–	(105)	(105)
Provision of expected credit loss on loan and interest receivables	–	(8,654)	–	(8,654)

Geographical information

Information about the Group's revenue from continuing operations from external customers is presented based on the location of the operations. Information about the Group's non-current assets is presented based on the geographical location of the assets.

	<u>2024</u>		<u>2023</u>	
	Revenue from continuing operations <i>HK\$'000</i>	Non-current assets <i>HK\$'000</i>	Revenue from continuing operations <i>HK\$'000</i>	Non-current assets <i>HK\$'000</i>
Hong Kong	9,587	7,189	21,150	2,001
USA	48,522	19,595	4,037	23,654

Note: Non-current assets excluded financial instruments, investments in associates and deferred tax assets.

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total sales of the Group for the continuing operations are as follows:

	2024 HK\$'000	2023 HK\$'000
Customer A ¹	48,522	4,037
Customer B ²	7,487	18,000
Customer C ³	N/A	3,000

1. Revenue from Big Date Centre Services in USA.

2. Revenue from Big Data Centre Services in Hong Kong.

3. Revenue from Money Lending Business, the corresponding revenue did not contribute over 10% of total revenue of the Group during the relevant financial year.

5. FINANCE COSTS

	2024 HK\$'000	2023 HK\$'000
Continuing operations		
Interest expense on lease liabilities	695	569

6. INCOME TAX EXPENSE

	2024 HK\$'000	2023 HK\$'000
Current tax		
Hong Kong	–	357
Deferred tax		
Current year	(32)	(38)
	(32)	319

Under the two-tiered profits tax rates regime in Hong Kong, the first HK\$2 million of profits of the qualifying group entity are taxed at 8.25%, and profits above HK\$2 million are taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The USA profits tax applicable to the USA subsidiary includes (a) federal income tax at 21% on the estimated USA federal taxable income in accordance with the Tax Cuts and Jobs Act of 2017 and (b) Indiana state income tax at 4.9%.

No provision for USA profits tax has been made as the USA subsidiary was in tax loss position in USA.

7. LOSS FOR THE YEAR

The Group's loss for the year is arrived at after charging/(crediting):

	2024	2023
	HK\$'000	HK\$'000
Continuing operations		
Auditors' remuneration	888	908
Cost of sales and services rendered (<i>note (i)</i>)	46,552	9,436
Staff costs (including directors' remuneration):		
Salaries and other benefits	16,530	7,910
Bonus	–	150
Pension scheme contributions	505	271
	<u>17,035</u>	<u>8,331</u>
Depreciation of property, plant and equipment	4,805	2,954
Depreciation of right-of-use assets	6,939	3,883
Loss on disposal of property, plant and equipment	–	583
Professional and consultancy fees	6,949	12,157
Research and development expenses (<i>note (ii)</i>)	8,602	–
	<u>8,602</u>	<u>–</u>

Notes:

- (i) Cost of sales and services rendered mainly included cost of electricity amounting to HK\$38,031,000 (2023: HK\$3,174,000).
- (ii) During the year ended 31 December 2024, the Group has commenced the carrying out of research and development activities on blockchain, the application for Web3.0 and the business models of infrastructure platforms with supporting technologies and has recruited certain talents in blockchain and its related fields including business development in overseas markets, operation of products and blockchain-based financial services. Research and development expenses included depreciation of right-of-use assets amounting to HK\$2,046,000, staff cost amounting to HK\$4,612,000 and cloud services fee amounting to HK\$1,944,000.

8. DISCONTINUED OPERATIONS

Since 2022, the directors of the Company have been looking for disposal of the Group's Big Data Centre Services in the PRC (the "Discontinued Operations"). Negotiations with several interested parties have subsequently taken place. On 3 January 2023, as disclosed in the Company's announcement dated 3 January 2023, the Company has entered into a sale and purchase agreement with the purchaser to sell the assets and liabilities attributable to the business at a consideration of HK\$37,000,000 (the "Disposal"). As disclosed in the Company's announcement dated 11 January 2023, this Disposal has been completed on 11 January 2023.

The Discontinued Operations represented a separate major line of business or geographical area of operations of the Group and was a reportable segment of the Group in previous financial years. Hence the financial results of the Discontinued Operations had been presented as discontinued operations in the consolidated statement of profit or loss and other comprehensive income of the Group.

The net assets of Big Data Centre Services in the PRC at the date of the Disposal were as follows:

	<i>HK\$'000</i>
Property, plant and equipment	10,859
Investments in associates	3,500
Trade receivables	239
Prepayments, deposits and other receivables	15,170
Cash and cash equivalents	<u>24,813</u>
Assets disposed of	<u>54,581</u>
Trade payables	876
Accruals and other payables	<u>16,705</u>
Liabilities disposed of	<u>17,581</u>
Net assets disposed of	37,000
Reclassification of cumulative translation reserve upon disposal of Big Data Centre Services in PRC operation to profit or loss	<u>3,398</u>
	<u>40,398</u>
Total consideration	<u>37,000</u>
Loss on disposal	<u>(3,398)</u>
Net cash inflow arising on disposal:	
Total cash consideration received during the year ended 31 December 2023	37,000
Cash and cash equivalents disposed of	<u>(24,813)</u>
	<u>12,187</u>

The loss for the year from the discontinued Big Data Centre Services in the PRC is set out below.

	2023 <i>HK\$'000</i>
Revenue	–
Expenses	–
	<hr/>
Loss before tax	–
Income tax	–
	<hr/>
Loss after tax	–
Loss recognised upon disposal due to reclassification of cumulative translation reserve	(3,398)
	<hr/>
Loss for the year	<u>(3,398)</u>

9. DIVIDEND

The directors do not recommend the payment of any dividend for each of the years ended 31 December 2024 and 2023.

10. LOSS PER SHARE

From continuing operations

The calculation of the basic loss per share amount is based on the loss for the year attributable to owners of the Company and the weighted average number of ordinary shares of the Company in issue during the year.

No adjustment has been made to the basic loss per share amounts presented for the years ended 31 December 2024 and 2023 in respect of the impact of the share options outstanding as these options had an anti-dilutive effect on the basic loss per share amounts presented.

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<i>Loss</i>		
Loss for the year attributable to owners of the Company	(13,049)	(30,548)
Less: loss for the year from discontinued operations attributable to owners of the Company	–	3,398
	<hr/>	<hr/>
Loss for the purposes of calculating basic and diluted loss per share from continuing operations	<u>(13,049)</u>	<u>(27,150)</u>

	2024 '000	2023 '000
<i>Number of shares</i>		
Weighted average number of ordinary shares in issue during the year for the purposes of the basic and diluted loss per share	<u>548,409</u>	<u>548,409</u>

From continuing and discontinued operations

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

	2024 HK\$'000	2023 HK\$'000
Loss for the year attributable to owners of the Company for the purpose of basic loss per share	<u>(13,049)</u>	<u>(30,548)</u>

The denominators used are the same as those detailed above for basic and diluted loss per share from continuing operations.

From discontinued operations

For the year ended 31 December 2023, basic and diluted loss per share for the discontinued operation is HK0.62 cents per share, based on the loss for the year attributable to owners of the Company from the discontinued operations of HK\$3,398,000 and the denominators used are the same as those detailed above for basic and diluted loss per share from continuing operations.

11. LOAN AND INTEREST RECEIVABLES

	2024 HK\$'000	2023 HK\$'000
Fixed-rate loan receivables	23,147	33,000
Interest receivables	<u>150</u>	<u>2,400</u>
	23,297	35,400
Less: Impairment allowance	<u>(2,442)</u>	<u>(8,654)</u>
	20,855	26,746
Analysed as:		
Current portion	20,855	23,848
Non-current portion	<u>–</u>	<u>2,898</u>
	<u>20,855</u>	<u>26,746</u>

As at 31 December 2024 and 2023, there were two loan receivables outstanding. The interest rate of the Group's loan receivables at 31 December 2024 and 2023 were 10% per annum.

The Group recognised reversal of impairment allowance of HK\$6,212,000 (2023: impairment allowance of HK\$8,654,000) on loan and interest receivables for the current year.

12. TRADE RECEIVABLES

	2024 HK\$'000	2023 <i>HK\$'000</i>
Trade receivables – contracts with customers	10,298	13,036
Less: Allowance for credit losses	<u>(2,743)</u>	<u>(3,120)</u>
	<u>7,555</u>	<u>9,916</u>

As at 1 January 2023, trade receivables from contracts with customers amounted to HK\$3,406,000.

An aging analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of allowance for credit losses, is as follows:

	2024 HK\$'000	2023 <i>HK\$'000</i>
Within 30 days	4,745	4,323
31 days to 90 days	663	799
91 days to 180 days	994	3,595
181 days to 365 days	<u>1,153</u>	<u>1,199</u>
	<u>7,555</u>	<u>9,916</u>

Reconciliation of allowance for credit losses for trade receivables:

	2024 HK\$'000	2023 <i>HK\$'000</i>
At 1 January	3,120	97
(Decrease) increase in allowance for credit losses for the year	<u>(377)</u>	<u>3,023</u>
At 31 December	<u>2,743</u>	<u>3,120</u>

The Group's trading terms with its customers are usually on credit, however, in some instances, payment in advance is required. The credit period is generally 7 to 30 days from invoice date (2023: 7 to 30 days from invoice date). Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances.

As at 31 December 2024, included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK\$2,810,000 (2023: HK\$5,593,000) which are past due as at the reporting date. Out of the past due balances, HK\$2,147,000 (2023: HK\$4,794,000) has been past due 90 days or more and is not considered as in default. Trade receivables of HK\$6,566,000 has been subsequently settled after 31 December 2024 and up to the date of this consolidated financial statements.

13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Electricity deposit	7,427	1,484
Other receivables, net of allowance for credit losses	267	145
Other deposits	1,921	1,221
Prepayments	632	438
	<u>10,247</u>	<u>3,288</u>
Analysis of prepayments, deposits and other receivables		
Non-current portion	6,766	–
Current portion	3,481	3,288
	<u>10,247</u>	<u>3,288</u>

14. TRADE PAYABLES

The aging analysis of trade payables, based on the date of receipt of goods and services, is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 30 days	<u>3,934</u>	<u>3,026</u>

The average credit period on purchases of goods and services is 30 to 60 days.

15. ACCRUALS AND OTHER PAYABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Other payables	730	2,824
Deposit received from customer	3,831	–
Amount due to an associate (<i>note 1</i>)	118	118
Amount due to a shareholder of a joint venture (<i>note 2</i>)	2,334	2,334
Accruals	6,087	1,575
	<u>13,100</u>	<u>6,851</u>

Notes:

1. Amount due to an associate is interest free, unsecured and repayable on demand.
2. Amount due to a shareholder of a joint venture is interest free, unsecured and repayable on demand.

16. SHARE CAPITAL

	2024 HK\$'000	2023 HK\$'000
Authorised		
2,000,000,000 ordinary shares of HK\$0.1 each	200,000	200,000

	2024 HK\$'000	2023 HK\$'000
Issued and fully paid:		
548,408,822 ordinary shares of HK\$0.1 each	54,841	54,841

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Share Capital HK\$'000
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	548,408,822	54,841

CHAIRMAN’S STATEMENT

Dear Shareholders,

In an economic environment filled with challenges, where industries continue to develop at a rapid pace and the global economic and political landscape remains volatile, we have navigated a challenging year. On behalf of the Board, I hereby present to you the results of the Group for the Year.

The cryptocurrency industry continued its trajectory of rapid growth and innovation in 2024. With increasing mainstream adoption and institutional interest, cryptocurrencies gained further credibility as legitimate assets. The Group remained at the forefront of this evolution, contributing to the security and decentralisation of various blockchain networks through providing services for mining activities.

Cryptocurrency Mining

In 2024, the cryptocurrency mining industry reached a critical turning point amid turbulence and innovation. Following Bitcoin’s fourth halving event, miners’ rewards dropped sharply, forcing the industry to accelerate upgrades in technology and operational models. At the same time, tightening global regulatory frameworks and pressures from energy transition reshaped the geographical distribution and competitive dynamics of the mining sector.

The Group has overcome obstacles with resilience and adaptability. We continued to optimise our big data centres tailored for mining operations, leverage the latest technologies and strategies to enhance efficiency, diversify revenue streams and maintain market competitiveness. Through the continuous efforts of our consulting experts and operations team, the big data centre in Indiana, USA was completed in December 2023, which optimised the power supply and cooling systems, thereby reducing electricity costs while achieving stable operations with no major incidents throughout the year, and generated steady cash flow for the Group. With the sustained inflow of funds into Bitcoin ETFs, the role of mining as the foundational infrastructure of the crypto ecosystem has become increasingly complex. The industry may gradually shift from being an “energy consumer” to a “flexible energy regulator”, seeking new opportunities in grid balancing and carbon trading markets. Looking ahead, we remain optimistic about the future of the cryptocurrency mining industry. As the ecosystem matures and evolves, we expect improvements in the efficiency and sustainability of mining operations.

Web3.0 Market and Product Expansion

The Company has consistently researched the business models and technological frameworks of blockchain, Web3.0 applications and infrastructure platforms. The Company believes that entering the Web3.0 industry at a relatively early stage will provide the Company with a strategic advantage, enabling us to seize emerging opportunities and establish a competitive edge within the sector. Specifically, we target to expand our business development of Web3.0 by developing different products (including but not limited to analysis platform and DEX aggregator, as described in the Group's relevant announcements). With wide experience in establishing big data centres, the Group could locate and set up the venue for the operation of both the analysis platform and the DEX aggregator efficiently, which would on the other hand facilitate expansion in the business scale of the Group's big data centres. While there may be certain platforms offering services within the same field, the Company believes that the rising market demand is yet to saturate and the development of such platforms would allow it to become one of the pioneers to capture the potential market share in Web3.0 developed regions before any players with market dominance are identified.

Fundraising through Placing

On 6 March 2025, the Company successfully completed the placing of shares. The success of this placing not only demonstrates investors' confidence in the Company's development but also provides solid financial support for our future innovation efforts. We plan to invest a significant portion of the proceeds raised into the development of Web3.0 products. Web3.0 represents a new phase in the evolution of the internet, offering our users and clients a more decentralised, secure and transparent digital experience.

In Appreciation

On behalf of the Board, I would like to take this opportunity to express our sincere gratitude to our shareholders, customers and business partners for their continuing support and confidence in the Company. As to my fellow Board members, management team and all staff, I wish to express my heartfelt appreciation for their hard work and valuable contributions. Together, we have achieved significant milestones and overcome challenges, positioning the Group for sustained growth and success in the years to come.

Thank you for your continued trust and confidence in our vision.

Li Hongbin
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in (i) the big data centre services providing storage, electricity and related services (the “**Big Data Centre Services**”), (ii) money lending business in Hong Kong (the “**Money Lending Business**”) and (iii) Web3.0 business providing services to Web3.0 developers/operators (“**Web3.0 Business**”).

Big Data Centre Services

The Group operates the big data centres to provide comprehensive services including premises, hardware support, power supply, ancillary supervision and management services to our clients.

The big data centre in Hong Kong (the “**HK Data Centre**”), with a maximum processing capacity of approximately 1,400 kilowatts (“**kW**”), commenced business in November 2021 (the “**Continuing Operations**”) and generated a revenue of approximately HK\$7.5 million for the Year.

With an area of 5 acres and a maximum processing capacity of approximately 11 megawatts (“**MW**”), the big data centre in the USA (the “**USA Data Centre**”) commenced business in December 2023 and generated a revenue of approximately HK\$48.5 million for the Year.

During the Year, the Big Data Centre Services generated a revenue of approximately HK\$56.0 million, representing an increase of approximately HK\$34.0 million as compared to the corresponding period in 2023, which was primarily due to the contribution of the new USA Data Centre.

Money Lending Business

In order to leverage our corporate expertise and resources to broaden income source, an indirect wholly-owned subsidiary of the Company, Might Winner Limited, obtained a money lender’s license under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) in January 2020.

On 3 April 2020, a loan in the principal amount of HK\$30 million for a term of 24 months at an interest rate of 10% per annum (the “**Loan**”), was granted to an independent third party. On 1 April 2022, the Group entered into a supplemental loan agreement with the borrower and the guarantor to extend the repayment date of the Loan by 24 months to 2 April 2024 at an interest rate of 10% per annum.

On the maturity date on 2 April 2024, the borrower should fully repay the principal amount of the Loan together with the accrued interests but the Group only received part of the accrued interests of HK\$2 million. The principal amount of the Loan and remaining interest were not settled on the maturity date. After maturity date and up to the date of this announcement, the borrower further settled principal and interest of approximately HK\$15.7 million. During the Year, an interest income of approximately HK\$1.8 million was recorded.

As at 31 December 2024, cumulative provision of approximately HK\$2.2 million was made on the Loan due to the credit status of the Loan and updated value in the valuation of pledged asset.

On 6 July 2023, the Group entered into another loan agreement (the “**2nd Loan Agreement**”) with the other independent third party in the principal amount of HK\$3 million at an interest rate of 10% per annum for a term of 24 months (the “**2nd Loan**”). Interests for the first 12 months shall be repaid in the first year and the principal amount together with interests for the next 12 months shall be repaid by 5 July 2025.

As at 31 December 2024, cumulative provision of HK\$0.3 million (2023: HK\$0.1 million) was made on the 2nd Loan based on the ECL assessment performed.

During the Year, the Money Lending Business generated a revenue of approximately HK\$2.1 million.

Internal control procedures

The Group has implemented and adhered to a set of internal control measures (the “**Internal Control Procedures**”) governing its money lending activities, so as to ensure a holistic approach to risk management and safeguard the interests of the Company and the shareholders of the Company. In relation to credit risk assessment, credit approval, and continuous monitoring of loan recoverability and collection, the Group has established key internal control procedures.

1. Credit risk assessment

Upon receipt of a prospective client’s application, the money lending control team (the “**TMLCT**”), comprising the chief executive officer of the Company and personnel from the accounting and company secretary departments, will conduct a credit risk assessment in accordance with relevant laws and regulations in Hong Kong. This assessment will evaluate and analyse the prospective client’s credit rating, repayment capacity, financial status, and overall credit risk.

The credit risk assessment includes an evaluation of various aspects of the prospective client or guarantor (as applicable) and review of corresponding documents, including but not limited to, the following:

- a. Know-your-client process documents received during the processes listed in items (b) to (h) below.
- b. Identity verification and authentication such as identity ID card and/or passport for individual; for corporate entities: business registration certificate, certificate of incorporation, and constitutional documents, among others.
- c. Historical credit records and rating such as credit and/or litigation search (if any).
- d. Purpose of loan, repayment plan, and source of funds for repayment such as loan application form, bank statement, and asset/worth proof (if any).
- e. Cash flows, assets, and liabilities (whether actual or contingent). For individuals: bank statement, income proof such as salary slip or tax return/demand note, and/or asset/worth proof; for corporate entities: audited financial statements, management accounts, and sales contract(s) (where applicable).
- f. Interview in person, or on-site visit in the case of corporate clients.
- g. The overall risk level assessment of provision of the loan conducted by the TMLCT.
- h. Other matters as may be considered necessary by the TMLCT case by case.

Meanwhile, the company secretary department will carry out a name screening to verify any connected person relationship under the GEM Listing Rules and the management will engage independent valuer(s) to appraise the value of assets/collaterals proposed by the prospective clients or guarantor (if applicable).

2. *Credit approval*

The TMLCT will prepare a preliminary proposal, based on the outcomes of the aforementioned credit risk assessment, to establish the principal amount, interest rate and tenure of the loan on a case-by-case basis. The proposal will then be forwarded to the accounting team for additional review. The interest rate decided upon should align with the risk level associated with the transaction, subject to relevant legal restrictions and guidelines.

Upon receipt of all documents pertaining to the loan application by the TMLCT, the accounting team, which plays a pivotal role in supervising the Group's internal control procedures, will conduct an independent assessment of the complete application. Additionally, the accounting team will undertake size tests for each transaction contemplated and consider compliance requirements under the GEM Listing Rules, including but not limited to announcements, notification and approval requirements from shareholders. When necessary, the accounting team may consult with the Company's legal or financial adviser. Loan applications that have successfully undergone the above procedures will be forwarded to the Board, or the Company's shareholders (as appropriate) for approval, in compliance with the transaction size specified by the relevant percentage ratios under the GEM Listing Rules.

3. *Ongoing monitoring of loan recoverability and loan collection*

- a. Regarding the clients who have borrowed money, the financial department establishes a separate sub-account for each client in its loan register, which includes updated information such as the principal loan amount, repayment schedule for principal and interest, and repayment records. These records undergo review and approval by the financial controller and the chief executive officer.
- b. Upon receipt of clients' repayments, the financial department is responsible for verifying the repayment amount against the repayment schedule. If any discrepancy is identified, the TMLCT will be notified to follow up with the relevant client.
- c. To mitigate the Group's credit risk exposure, the management and the TMLCT perform quarterly reviews to monitor loan collection and recoverability, identify potential risks and issues and develop mitigating measures.
- d. In the event of a default by a client, the financial department will issue an overdue notice to the defaulting client and report the case to the management and the TMLCT. The TMLCT will closely monitor the situation by reviewing the reasons for the default, assessing the loan's recoverability, and directing appropriate action on a case-by-case basis. If the overdue persists after the issuance of the overdue notice, the TMLCT may instruct its legal representative to issue demand letters to the defaulting clients, including a final warning. If warranted, the TMLCT may consider initiating legal action against the defaulting client after seeking legal advice.

4. *Loan impairment Policy*

For events and circumstances that lead to the Company in recognising or further making impairment of its loans and interest receivables, management would include, but not limited to, the following factors for consideration:

- a. Significant delay in settlement of loan interest or loan principal amounts by the borrowers on the due date;
- b. Legal actions being taken by the Company against the borrowers;
- c. Decrease in value of the collaterals due to the decline in public market or any other factors; and
- d. Unable to access borrower's financial documents.

Once one or more of above factors were found by TMLCT, an independent valuer will be appointed to assess the provision for impairment loss on loan and interest receivable.

Web3.0 Business

During the Year, the Group has commenced the carrying out of research and development activities on blockchain, the application for Web3.0 and the business models of infrastructure platform with supporting technologies and has recruited certain talents in blockchain and related fields including business development in overseas markets, operation of products and blockchain-based financial services.

FINANCIAL REVIEW

The Group is engaged in three operating segments which are (1) Big Data Centre Services, (2) Money Lending Business and (3) Web3.0 Business. The Group recorded a total revenue of approximately HK\$58.1 million during the Year (2023: HK\$25.2 million), representing an increase of HK\$32.9 million, which comprised the following:

(1) Big Data Centre Services

Revenue contributed by the Big Data Centre Services amounted to approximately HK\$56.0 million for the Year, representing an increase of HK\$34.0 million as compared to the corresponding year in 2023 (2023: HK\$22.0 million).

(2) Money Lending Business

Revenue generated from the Money Lending Business amounted to approximately HK\$2.1 million for the Year, representing a decrease of HK\$1.1 million as compared to the corresponding year in 2023 (2023: HK\$3.2 million).

(3) Web3.0 Business

The research and development expenses of HK\$8.6 million was recognized in the development of Web3.0 business for the Year (2023:Nil).

Operating Results

The Group recorded a loss of approximately HK\$13.1 million for the Year, representing a decrease of HK\$17.5 million or 57.2% as compared to a loss of HK\$30.6 million for the corresponding period in 2023, which was mainly attributable to the combined effect of:

- (i) decrease in provision of approximately HK\$18.3 million under expected credit loss model on loan and interest receivables, trade receivables and other receivables mainly due to the repayment of the principal amount and accrued interests of the Loan;
- (ii) decrease in the consultant and professional fee of approximately HK\$5.2 million which was mainly due to the disposal as disclosed in the announcement of the Company dated 3 January 2023, 11 January 2023 and 7 February 2023 and in the circular dated 28 February 2023 (the “Disposal”) and the acquisition of 55% equity interest in Your Choice Ever Best, Inc as disclosed in the announcement of the Company dated 16 March 2023;
- (iii) decrease in operating expenses of approximately HK\$2.7 million due to the start up cost of the USA Data Centre and restoration cost of office in 2023.
- (iv) decrease in the loss from discontinued operations of approximately HK\$3.4 million from the Disposal in 2023;
- (v) increase in other income and gains of approximately HK\$0.8 million due to the income from sale of electricity;
- (vi) decrease in loss of approximately HK\$0.6 million from disposal of property, plant and equipment in 2023;
- (vii) decrease in loss of approximately HK\$0.9 million from an associate;
- (viii) offset by the decrease in gross profit of approximately HK\$4.2 million owing to the decrease in revenue on the HK Data Centre and the decrease in interest income from the Money Lending Business;
- (ix) offset by the increase in staff cost of approximately HK\$1.7 million attributable to the increased number of employees for the USA Data Centre; and
- (x) offset by the increase in research and development expenses of approximately HK\$8.6 million due to various applications development projects for Web3.0 Business.

MATERIAL ACQUISITION AND DISPOSAL AND SIGNIFICANT INVESTMENTS

As disclosed in the announcements of the Company on 21 February 2025, 28 February 2025 and 6 March 2025, the Company plans to allocate (i) an amount of approximately 35% of the net proceeds from the placing (the “**Placing**”) for the development and new business opportunities relating to Web3.0 and (ii) approximately 10.7% for the expansion and improvement of big data centre(s) based on the net proceeds from the Placing of new shares under general mandate. The Placing was completed on 6 March 2025 and the Company has raised net proceeds of approximately HK\$33,228,410 from the Placing of 109,681,764 new shares.

There were no significant investments held, material acquisitions, or disposals of subsidiaries by the Group during the Year. There was no plan authorised by the Board for any other material investments or additions of capital assets as at the date of this announcement, save for the above disclosed.

ADDITION TO PROPERTY, PLANT AND EQUIPMENT

During the Year, the Group increased approximately HK\$1,632,000 on property, plant and equipment (31 December 2023: HK\$20,511,000) and recognised approximately HK\$11,241,000 of additions to right-of-use assets (31 December 2023: HK\$7,000,000).

During the Year, the additions to right-of-use assets include HK\$2,673,000 attributable to the renewal of lease for 1.5-year for the HK Data Centre, HK\$1,382,000 for 2-year lease of an office in the USA, and HK\$7,186,000 attributable to three separate lease agreements with 3 different landlords for 2-year leases of live-work spaces in Hong Kong (2023: HK\$1,556,000 attributable to the extension of lease for half year for the HK Data Centre, HK\$1,381,000 for 2-year lease of an office in Hong Kong, and HK\$4,063,000 for 5-year lease for the USA Data Centre).

LOAN RECEIVABLES

An indirect wholly-owned subsidiary of the Company, Might Winner Limited, obtained a money lender’s license in Hong Kong in January 2020.

(1) The Loan Agreement

On 3 April 2020, the Group entered into a loan agreement (the “**Loan Agreement**”) with an independent third party, Bright Topper Limited (the “**Borrower**”), in the principal amount of HK\$30 million at an interest rate of 10% per annum for a term of 24 months. The repayment of the Loan was guaranteed by a director and the sole beneficial owner (the “**Guarantor**”) of the Borrower. Interests for the first 12 months shall be repaid in the first year and the principal amount and interests for remaining period (the “**Second Tranche Interest**”) shall have been repaid on or before 2 April 2022. The Borrower paid the interests for the Loan for the first 12 months in the amount of HK\$3 million in accordance with the Loan Agreement and the Second Tranche Interest was due by 2 April 2022 according to the Loan Agreement. On 1 April 2022, the Group entered into a supplemental loan agreement with the Borrower and the Guarantor to extend the repayment date of the Loan by 24 months to 2 April 2024 at an interest rate of 10% per annum (the “**Extended Loan Agreement**”) and to extend the payment date of the Second Tranche Interest to 4 April 2022. The Second Tranche Interest was paid by the Borrower on 4 April 2022. The interest under the Extended Loan Agreement for the first 12 months in the amount of HK\$3 million were received by the Company in 2023.

On the maturity date on 2 April 2024, the borrower should fully repay the principal amount of the Loan together with the accrued interests, but the Group only received part of the accrued interests of HK\$2.0 million. The principal amount of the Loan and remaining interests were not settled on the maturity date. During the Year, an interest income of approximately HK\$1.8 million was recorded.

When the Borrower had not made full settlement on the Loan, the Group sought legal advice and issued a demand letter (the “**Demand Letter**”) to the Borrower and the Guarantor demanding full repayment of the principal amount of the Loan and the accrued interests within seven (7) business days from the date of the Demand Letter. Failing which, the Lender will take appropriate legal action to recover the aforementioned sums. As the Borrower had made partial repayments after the maturity date of the Loan, the Group intends to continue its discussion with the Borrower and the Guarantor regarding the repayment of the Loan.

The Group has taken different measures and has monitored the recoverability and collection of the Loan according to the Internal Control Procedures.

After maturing date and up to the date of this announcement, the Borrower further settled approximately HK\$15.7 million.

As at 31 December 2024, cumulative provision of approximately HK\$2.2 million was made on the Loan due to the credit status of the loan and updated value in the valuation of pledged assets.

(2) The Second Loan Agreement

On 6 July 2023, the Group entered into the 2nd Loan Agreement with the other independent third party in the principal amount of HK\$3 million at an interest rate of 10% per annum for a term of 24 months (the “**2nd Loan**”). Interests for the first 12 months shall be repaid in the first year and the principal amount together with interests for the next 12 months shall be repaid by 5 July 2025. On 28 June 2024, the interests for the first 12 months were received by the Company.

As at 31 December 2024, cumulative provision of HK\$0.3 million (2023: HK\$0.1 million) was made on the 2nd Loan based on the ECL assessment performed.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group continues to manage its balance sheet carefully and maintains conservative policies in cash and financial management. As at 31 December 2024, the Group’s cash and bank balances (including bank deposits with original maturity over three months) amounted to HK\$2.1 million for Continuing Operations (2023: HK\$3.3 million for Continuing Operations), representing a decrease of HK\$1.2 million as compared to that as at 31 December 2023. As at 31 December 2024, about 54.9% (2023: 54.2%) and 45.1% (2023: 45.8%) of the cash and cash equivalents were denominated in United States dollars (“**USD**” or “**US\$**”) and Hong Kong dollars (“**HKD**” or “**HK\$**”) respectively. The decrease in cash and bank balances was mainly due to the expenses and addition of property, plant and equipment in USA.

As at 31 December 2024, the Group’s current assets exceeded its current liabilities by HK\$6.9 million (2023: HK\$24.6 million). The Group had a capital surplus of HK\$36.8 million as at 31 December 2024 (2023: HK\$49.9 million).

The Group had no bank borrowings in 2024 (2023: Nil) and generally finances its operations with internal resources.

OUTLOOK

In response to the “Policy Statement on the Development of Virtual Assets in Hong Kong” released by The Hong Kong Finance and Treasury Bureau, the Company has been performing research on the technology of blockchain, the technological application of Web3.0 and the business models of support platforms. The Company also recruited certain talents in blockchain related technology. Going forward, the Company would continue the research and development of blockchain technology and the technological application of Web3.0, with an aim to provide blockchain related application services.

Further, the Company considers that the entering into of the Web3.0 industry at its relatively early stage would offer it strategic advantages to capitalise on the emerging opportunities and gain competitive edges within the industry. The company targets to expand its business development of Web3.0 by developing different products, including but not limited to on-chain data analysis platform and multiple Web3.0 decentralised exchanges. With commitment, the Company would invest resources to support the development and expansion of the Web3.0 business.

The Company would explore and engage in different ways to accelerate or expand product development and launch, such as through joint ventures etc., subject to the prevailing market conditions. In addition to the Placing of new shares under general mandate completed on 6 March 2025, the Group may also seek additional fundraising for expansion depending on the prevailing product development and market opportunities.

The Company would achieve a balance of opportunities and risk management by adhering and following all rules and regulations in relation to the sectors of Web3.0 and blockchain.

As the infrastructure sector on Web3.0 business and blockchain industries, the Company continuously commits to the development of big data centres in line with the Group's overall development strategy in order to seize opportunities to meet market demand and expand our big data centre business. Due to high operating cost in HK, the Company would focus on developing the USA Data Centre, and may also consider expanding big data centre(s) in the overseas markets including, but not limited to, the North America and Southeast Asia regions.

The Company will continuously review the operations and financial position of the Group for the purpose of formulating business plans and strategies for the Group's long-term business development and will explore other business opportunities for the Group. Subject to the results of the review, and should suitable investment or business opportunities arise, the Company may consider whether any assets and/or business acquisitions or disposals by the Group will be appropriate in order to enhance its growth.

CHARGES ON GROUP ASSETS

None of the Group's assets were pledged as at 31 December 2024 and 2023.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

As at 31 December 2024 and 2023, all assets and liabilities of the Group were denominated in USD, HKD and RMB. During the Year, the business activities of the Group were mainly denominated in HKD and USD. Since the impact of foreign exchange exposure has been insignificant, no hedging or other alternatives have been implemented.

STAFF AND REMUNERATION POLICY

As at 31 December 2024, the Group had a total of 36 employees (2023: 18). For the year ended 31 December 2024, total Directors' and chief executive's emoluments were approximately HK\$2.7 million (2023: HK\$2.0 million), including nil non-cash share-based payments to the Directors in 2024 (2023: nil). The Group continues to provide remuneration packages to employees that are in line with market practices and past performance. The Group also provides employees with other benefits such as mandatory provident fund, medical insurance scheme, staff training programs and share option schemes.

CAPITAL COMMITMENT AND CONTINGENT LIABILITIES

The Group's capital commitments at the end of the reporting period are as follows:

	2024	2023
	HK\$'000	HK\$'000
Property, plant and equipment contracted, but not provided for	<u> —</u>	<u> —</u>

IMPORTANT EVENTS AFTER THE FINANCIAL YEAR

On 20 February 2025, the Company entered into a placing agreement with Lego Securities Limited, pursuant to which Lego Securities Limited as the placing agent agreed to place, on a best effort basis, a maximum of 109,681,764 placing shares at the placing price of HK\$0.305 per placing share to not less than six independent places under a general mandate granted by the shareholders (the “**Shareholders**”) at the Company's annual general meeting on 10 May 2024 (the “**Placing**”). The Placing was completed on 6 March 2025. The Company has raised net proceeds of approximately HK\$33,228,410 from the placing of 109,681,764 new Shares.

For details, please refer to the Company's announcements dated 21 February 2025, 28 February 2025 and 6 March 2025.

CORPORATE GOVERNANCE

The Company recognises the importance of good corporate governance to safeguard the interest of the Company's Shareholders and achieved these by an effective board, segregation of duties with clear accountability, sound internal controls, appropriate risk assessment procedures and transparency to all the Shareholders. Throughout the Year, the Company complied with all the Code Provisions of the Corporate Governance Code (the "**CG Code**") set out in Part 2 of appendix C1 to the GEM Listing Rules, save for the following:

Under the code provision D.1.2 of the CG Code, the management of the Company should provide all members of the Board with monthly updates to enable the Board as a whole and each Director to discharge their duties. Prior to October 2024, the management of the Company has not provided the Board with monthly updates, however the Company has based on business situation, provided the Board, from time to time, with updated business information giving a balanced and understandable assessment of the Company's performance, position and prospects in sufficient detail to enable the Board as a whole and each Director to discharge their duties under Rule 5.01 and Chapter 17 of the GEM Listing Rules. Since October 2024 and up to the date of this announcement, the Company has provided the Board with monthly updates and complied with the code provision D.1.2 of the CG Code.

The Board will continue to review and monitor the corporate governance practices of the Company to ensure compliance with the CG Code and maintain high standard of corporate governance practices.

SECURITIES DEALINGS BY DIRECTORS AND EMPLOYEES

The Company has adopted its own code for dealing in the Company's securities by Directors and employees who are likely to be in possession of inside information in relation to the securities of the Company (the "**Code of Securities Dealings**") on terms no less exacting than the required standards set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company has received confirmation from all Directors that they have complied with the required standards set out in the Code of Securities Dealings throughout the Year.

AUDIT COMMITTEE

The Company has an audit committee (the “**Audit Committee**”), which was established for the purposes of reviewing and providing supervision over the Group’s financial reporting process and overseeing the Group’s risk management and internal controls. It also reviews the effectiveness of the audit process and risk evaluation. The Audit Committee currently comprises three members, including Mr. Sun Yuqiang (Chairman of the Audit Committee), Mr. Chu, Howard Ho Hwa and Mr. Tong, I Tony, all being independent non-executive Directors.

The annual results and the audited consolidated financial statements of the Group for the year ended 31 December 2024 have been reviewed by the Audit Committee.

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

During the Year, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities.

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The annual general meeting of the Company is scheduled to be held on Friday, 2 May 2025. For determining the entitlement to attend and vote at the annual general meeting, the register of members of the Company will be closed from Monday, 28 April 2025 to Friday, 2 May 2025 (both days inclusive), during which period no share transfers of the Company will be registered. In order to be eligible to attend and vote at the above annual general meeting, all transfer forms accompanied by relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Friday, 25 April 2025.

A notice convening the annual general meeting of the Company will be issued and disseminated to the Shareholders in due course.

SCOPE OF WORK OF MOORE CPA LIMITED ON THIS PRELIMINARY ANNOUNCEMENT

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in this preliminary announcement have been agreed by the Group’s auditor, Moore CPA Limited, to the amounts set out in the Group’s audited consolidated financial statements for the Year. The work performed by Moore CPA Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Moore CPA Limited on this preliminary announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the Company's website at www.cryptoflowhk.com and the Stock Exchange's website at www.hkexnews.hk. The annual report for the year ended 31 December 2024 will be available on the above websites and disseminated to the Shareholders in due course.

By order of the Board
Crypto Flow Technology Limited
Li Hongbin
Chairman

Hong Kong, 28 March 2025

As at the date of this announcement, the executive Directors are Mr. Li Hongbin, Mr. Huang Yibin and Ms. Xiong Jiayan; and the independent non-executive Directors are Mr. Sun Yuqiang, Mr. Chu, Howard Ho Hwa and Mr. Tong, I Tony.

This announcement will remain on the "Latest Listed Company Information" page of the Stock Exchange's website at www.hkexnews.hk for at least 7 days from the date of its publication and on the Company's website at www.cryptoflowhk.com.