

Crypto Flow

Crypto Flow Technology Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8198)

www.cryptoflowhk.com

2024 ANNUAL REPORT



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

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This report, for which the directors (the “Directors”) of 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 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 report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Li Hongbin (*Chairman*)
Mr. Huang Yibin
Ms. Xiong Jiayan

Independent Non-Executive Directors

Mr. Sun Yuqiang
Mr. Chu, Howard Ho Hwa
Mr. Tong, I Tony

BOARD COMMITTEES

Audit Committee

Mr. Sun Yuqiang (*Chairman*)
Mr. Chu, Howard Ho Hwa
Mr. Tong, I Tony

Remuneration Committee

Mr. Chu, Howard Ho Hwa (*Chairman*)
Mr. Sun Yuqiang
Mr. Tong, I Tony

Nomination Committee

Mr. Li Hongbin (*Chairman*)
Mr. Sun Yuqiang
Mr. Chu, Howard Ho Hwa
Mr. Tong, I Tony

CHIEF EXECUTIVE OFFICER

Mr. Huang Yibin (resigned on 26 August 2024)
Mr. Sheng Ling (appointed on 26 August 2024)

COMPLIANCE OFFICER

Mr. Huang Yibin

COMPANY SECRETARY

Ms. Chow Chiu Man, Mandy

AUTHORISED REPRESENTATIVES

Mr. Huang Yibin
Ms. Chow Chiu Man, Mandy

REGISTERED OFFICE

P.O. Box 31119
Grand Pavilion, Hibiscus Way
802 West Bay Road
Grand Cayman, KY1-1205
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 1905, 19th Floor, Tower Two
Lippo Centre, 89 Queensway
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Suntera (Cayman) Limited
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Block 3, Building D
P.O. Box 1586, Gardenia Court
Camana Bay
Grand Cayman, KY1-1100
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

AUDITOR

Moore CPA Limited
1001-1010, North Tower, World Finance Centre
Harbour City, 19 Canton Road
Tsim Sha Tsui, Kowloon
Hong Kong

LEGAL ADVISOR

Stevenson, Wong & Co.
39/F, Gloucester Tower
The Landmark
15 Queen's Road Central
Hong Kong

PRINCIPAL BANKER

Bank of Communications Co., Ltd., Hong Kong Branch

STOCK CODE

The Stock Exchange of Hong Kong Limited: 8198

WEBSITE

www.cryptoflowhk.com

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 (the "Board") of directors (the "Directors") of Crypto Flow Technology Limited (the "Company"), I hereby present to you the results of the Company and its subsidiaries (collectively, as the "Group") for the year ended 31 December 2024 (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.

CHAIRMAN'S STATEMENT

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

Hong Kong, 28 March 2025

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 report, 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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).

MANAGEMENT DISCUSSION AND ANALYSIS

- 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.

MANAGEMENT DISCUSSION AND ANALYSIS

- 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).

MANAGEMENT DISCUSSION AND ANALYSIS

(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 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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\$33,228,410.5 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 annual report, 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 maturity date and up to the date of this report, 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 HK\$'000	2023 HK\$'000
Property, plant and equipment contracted, but not provided for	–	–

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.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

BOARD OF DIRECTORS

Mr. Li Hongbin

Chairman and Executive Director

Mr. Li, aged 57, was appointed as an Executive Director of the Company on 19 August 2022. Mr. Li was subsequently appointed as the Chairman of the Board of the Company and the Chairman of the Nomination Committee of the Company on 9 September 2022. Mr. Li was appointed as a director of Manful Kingdom Limited ("Manful Kingdom"), the controlling shareholder of the Company, on 17 February 2023. He also serves as a director of certain subsidiaries of the Company. Mr. Li is currently a partner of 深圳賢林文化產業投資有限公司 (Shenzhen Xianlin Cultural Industry Investment Company Limited) which is a company principally engaged in investment activities in cultural industries. From 1998 to 2017, Mr. Li worked as a general manager in various industries including companies principally engaged in the business of building materials trading and water sports events organising and management. Mr. Li obtained a bachelor's degree in library science from Sun Yat-Sen University (中山大學) in 1989.

Mr. Huang Yibin (Former Name: Huang Phillip Yibin)

Executive Director

Mr. Huang, aged 56, was appointed as an Executive Director of the Company on 19 August 2022. Mr. Huang was subsequently appointed as the Compliance Officer and the Authorised Representative of the Company on 9 September 2022. He was the Chief Executive Officer of the Company from 9 September 2022 until his resignation on 26 August 2024. He also serves as a director of certain subsidiaries of the Company. Mr. Huang is currently a general manager of P&W Limited, a company principally engaged in the provision of consultancy services on digital infrastructure business including market research, business strategy and infrastructure design, construction and operation. Mr. Huang has over 33 years of experience in digital infrastructure planning, business development and operation at both domestic and international levels. Mr. Huang obtained a bachelor's degree in radio engineering from South China University of Technology (華南理工大學) in 1990.

Ms. Xiong Jiayan

Executive Director / Vice President of Business Development

Ms. Xiong, aged 40, was appointed as an Executive Director of the Company on 1 December 2022. Ms. Xiong was subsequently appointed as the vice president of business development of the Company on 1 July 2023. In 2014, Ms. Xiong founded Shenzhen Mengdan Interactive Network Co., Ltd. (深圳市萌蛋互動網絡有限公司) ("Shenzhen Mengdan"), a company principally engaged in the development and operation of internet games. She currently serves as the chairman of the board of directors of Shenzhen Mengdan and responsible for its daily management and operation. From 2007 to 2010, Ms. Xiong served as a patent engineer in the legal department of Shenzhen Tencent Computer System Co., Ltd. (深圳市騰訊計算機系統有限公司) and from 2010 to 2014, she served in the product operation position of Tencent Technology (Shenzhen) Co., Ltd. (騰訊科技(深圳)有限公司). Ms. Xiong has over 15 years of experience in business development, operation and management. Ms. Xiong obtained a bachelor's degree in information management and information systems from Central China Normal University (華中師範大學) in 2007.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Sun Yuqiang

Independent Non-executive Director

Mr. Sun, aged 57, was appointed as an Independent Non-executive Director of the Company on 9 September 2022. He is also the Chairman of the Audit Committee, a member of each of the Remuneration Committee and the Nomination Committee of the Company. Mr. Sun is currently a certified public accountant at 廣東數誠會計師事務所有限公司 (Guangdong Shucheng Certified Public Accountants Co., Ltd.). Mr. Sun worked at the commissioner's office of the National Audit Office of the People's Republic of China in Guangzhou. He has over 20 years of experience in auditing field. Mr. Sun is a Certified Public Accountant and a qualified lawyer in the People's Republic of China. Mr. Sun obtained a bachelor's degree in auditing from Sun Yat-Sen University (中山大學) in 1989.

Mr. Chu, Howard Ho Hwa

Independent Non-executive Director

Mr. Chu, aged 60, was appointed as an Independent Non-executive Director of the Company on 9 September 2022. He is also the Chairman of the Remuneration Committee, a member of each of the Audit Committee and the Nomination Committee of the Company.

Mr. Chu is currently a partner of Go Capital Limited who takes lead in the overseas investment projects of the fund and is responsible for, among others, the due-diligence and the processing of the legal documents of the projects. Mr. Chu had held various positions including but not limited to, the head of Hong Kong origination of ABN AMRO Asia Corporate Finance Ltd., the co-CEO and co-founder of Hong Kong MyRice.com, the corporate finance director of HSBC Markets (Asia) Limited, the consultant of Shanghai Century Acquisition Corporation, the chief executive officer of mReferral Corporation (HK) Limited, the assistant to chairman of United Energy Group Limited (whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited, stock code: 467), the chief financial officer of China Smart Electric Group Limited and the chief financial officer of Trony Solar Holdings Company Limited (whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited, stock code: 2468; delisted). Mr. Chu has approximately 30 years of business experience and more than 10 years of experience in corporate governance. Mr. Chu obtained a bachelor's degree in electrical engineering from University of Rochester in the United States of America in 1986 and a master's degree in business administration from Columbia University in the United States of America in 1990.

Mr. Chu is currently an independent non-executive director of BOE Varitronix Limited (whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited, stock code: 710), an independent non-executive director of Guolian Minsheng Securities Company Limited (formerly known as Guolian Securities Co., Ltd.) (whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited, stock code: 1456). Mr. Chu was an independent non-executive director of each of Directel Holdings Limited (whose shares are listed on the GEM Board of The Stock Exchange of Hong Kong Limited, stock code: 8337), China Kingstone Mining Holdings Limited (whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited, stock code: 1380) and Weichai Power Co., Ltd. (whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited, stock code: 2338).

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Tong, I Tony

Independent Non-executive Director

Mr. Tong, aged 56, was appointed as an Independent Non-executive Director of the company on 9 September 2022. He is also a member of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company. Mr. Tong is currently the co-chairman of Hong Kong Blockchain Association (HKBA). Mr. Tong has more than 20 years of experience in the information technology and internet industry and approximately 8 years of experience in corporate governance. Mr. Tong obtained a bachelor's degree in mechanical engineering from the University of Minnesota in the United States of America in 1992.

Currently, Mr. Tong is an adjunct professor at International Technological University in the United States of America. Mr. Tong served as an adjunct professor at The College of Science and Engineering (formerly known as the Institute of Technology) under the University of Minnesota in the United States of America in 1999. Mr. Tong was an independent non-executive director of each of China Investment and Finance Group Limited (whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited, stock code: 1226) and Sinofortune Financial Holdings Limited (whose shares are listed on the GEM Board of The Stock Exchange of Hong Kong Limited, stock code: 8123).

SENIOR MANAGEMENT

Mr. Sheng Ling

Chief Executive Officer

Mr. Sheng, aged 45, joined the Group in April 2024. He has been appointed as the Chief Executive Officer of the Company on 26 August 2024. Prior to his current role, Mr. Sheng was a project director of the Company. Before joining the Group, he worked at various financial institutions in China and Hong Kong, including Bank of China (Hong Kong) Limited, Ant Group and WeBank Co., Ltd. from July 2006 to December 2023. Mr. Sheng has more than 18 years of experience in finance and fintech. Mr. Sheng obtained a master's degree in law from Peking University in 2006, and obtained a dual bachelor's degree in chemical engineering and technics and business administration from Chongqing University in 2001.

Ms. Xiong Jiayan

Vice President of Business Development

(Please refer to the profile details in above section)

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Tang Yat Ming, Edward

Financial Controller

Mr. Tang, aged 60, joined the Group on 9 September 2022. Mr. Tang is the Financial Controller of the Company. Mr. Tang has over 20 years of extensive experience in financial reporting, business advisory, auditing and accounting. Mr. Tang is a member of the Hong Kong Institute of Certified Public Accountants. He holds a bachelor of commerce degree from the University of Manitoba, Canada.

Ms. Chow Chiu Man, Mandy

Company Secretary

Ms. Chow, aged 48, joined the Group in September 2004. She has been appointed as the Company Secretary and the Authorised Representative of the Company since 10 July 2017. She has over 20 years of experience in company secretarial affairs. Ms. Chow is a Chartered Secretary, a Chartered Governance Professional and an associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom. Ms. Chow holds a bachelor of business degree from Monash University and a master's degree in corporate governance from The Hong Kong Polytechnic University.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Company recognises the importance of good corporate governance to safeguard the interest of the Company's shareholders (the "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 ended 31 December 2024 (the "Year"), the Company complied with all the Code Provisions in the Corporate Governance Code (the "CG Code") set out in part 2 of appendix C1 to the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (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 of directors of the Company with monthly updates to enable the board of directors of the Company as a whole and each director to discharge their duties. Prior to October 2024, the management of the Company has not provided the board (the "Board") of directors (the "Directors") of the Company 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 report, 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.

CORPORATE CULTURE AND STRATEGY

The Company acts as an investment holding company and the principal activities of its subsidiaries (together with the Company, "Group") include the big data centre services in Hong Kong and the USA providing storage, electricity and related services and money lending business in Hong Kong. As a group with diversified businesses, by recognising the importance of stakeholders at the Board level and throughout the Group, we strive to provide high quality and reliable services, and to create values to the stakeholders through sustainable growth and continuous development.

The Board has set out the following values to provide guidance on employees' conduct and behaviours as well as the business activities, and to ensure they are embedded throughout the Company's vision, mission, policies and business strategies:

- (a) Innovation – we challenge assumptions, seek other perspectives and pursue innovative opportunities to transform our business.
- (b) Sustainability – we prioritise health, safety and environment, operating responsibly to manage risk and opportunity.
- (c) Integrity – we behave ethically and respect each other and the customs, cultures and laws wherever we operate.

CORPORATE GOVERNANCE REPORT

- (d) Accountability – we own our decision, actions and performance, and are empowered to make choices and learn from our experiences.
- (e) Collaboration – we collaborate with colleagues and stakeholders towards a common purpose and to achieve exceptional outcomes.

The Group will continuously review and adjust, if necessary, its business strategies and keep track of the changing market conditions to ensure prompt and proactive measures will be taken to respond to the changes and meet the market needs to foster the sustainability of the Group.

BOARD OF DIRECTORS

Composition of the Board

The composition of the Board reflects the necessary balance of skills and experience desirable for the effective leadership of the Company. The Board currently comprises six members, of whom three are executive Directors and the remaining three are independent non-executive Directors.

The Board members as at the date of this annual report are as follows:

Executive Directors

Mr. Li Hongbin (*Chairman*)
Mr. Huang Yibin
Ms. Xiong Jiayan

Independent Non-executive Directors

Mr. Sun Yuqiang
Mr. Chu, Howard Ho Hwa
Mr. Tong, I Tony

The biographical details of the current Directors are set out on pages 14 to 16 of this annual report. An updated list of the Directors and their roles and functions is available on the websites of the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

CORPORATE GOVERNANCE REPORT

Board Independence

The Group has established mechanisms to ensure independent views and input are available to the Board and such mechanisms will be reviewed annually by the Board. During the Year, the Board has reviewed the implementation and effectiveness of the following mechanisms at the Board meeting:

- (a) three out of the six Directors are independent non-executive Directors, which exceeds the requirement of the GEM Listing Rules that at least one-third of the Board are independent non-executive directors.
- (b) all independent non-executive Directors submitted a written confirmation to the Company annually to confirm the independence of each of them and their immediate family members, and their compliance with the requirements as set out in the GEM Listing Rules.
- (c) all Directors are entitled to retain independent professional advisors as and when it is required.
- (d) all Directors are encouraged to express their views in an open and candid manner during the Board/Board Committees meetings.
- (e) the Chairman of the Board met with the independent non-executive Directors at least annually without the presence of the executive Directors.
- (f) a Director (including independent non-executive Director) who has material interest in any contract, transaction or arrangement shall abstain from voting and not be counted in the quorum on any Board resolution approving the same.
- (g) no equity-based remuneration with performance-related elements will be granted to the independent non-executive Directors.

Independent Non-executive Directors

Composition of the independent non-executive Directors reflects the necessary balance of skills and varied business experiences of different geographical regions and independence in their decision making for effective and constructive contribution to the Board for governance of the Company. During the Year, the Board at all times had three independent non-executive Directors (representing more than one-third of the Board) with at least one of them possessing appropriate professional qualifications, or accounting or related financial management expertise.

The Company has received from each of the independent non-executive Directors an annual confirmation of independence pursuant to the independence guidelines set out in the GEM Listing Rules. The Nomination Committee and the Board, based on such confirmations consider that all independent non-executive Directors are independent.

Independent non-executive Directors are identified in all corporate communications containing the names of the Directors.

CORPORATE GOVERNANCE REPORT

To the best knowledge of the Directors, there is no financial, business, family or other material/relevant relationships among the Directors. All of them are free to exercise their independent judgment. Every Director has sufficient time and attention to deal with the affairs of the Group. The Board considers the composition of executive Directors and independent non-executive Directors rational and appropriate and provides adequate checks and balances to safeguard the interests of Shareholders and the Group.

Roles and Responsibilities of the Board

The Company is headed by the Board which is responsible for the leadership, control and promotion of success of the Group in the best interests of the Group and the Shareholders as a whole while taking into account the interests of other stakeholders by directing and supervising its affairs and by formulating strategic directions and monitoring the operational and financial performance of the Group.

The Board also reviews the compensation policies, succession planning, internal control system and risk management system regularly through various committees established under the Board.

The Company has developed a schedule of matters reserved to the Board for decisions. The Board will review those arrangements on a regular basis to ensure that the arrangements meet the needs of the Company.

Chairman and Chief Executive Officer

The Chairman of the Board and the Chief Executive Officer of the Company positions are currently held by Mr. Li Hongbin, an executive Director, and Mr. Sheng Ling, respectively.

The roles of Chairman and Chief Executive Officer are separate and held by different persons to ensure their independence, accountability and responsibility. The division of the responsibilities between the Chairman and the Chief Executive Officer has been established and set out clearly in writing. The Chairman is responsible for setting the Group's strategy and business directions, overseeing the functioning of the Board and ensuring that the Board is functioning properly and that good corporate governance practices are established. The Chief Executive Officer supported by the management, and is responsible for managing the Group's business, including implementation of major strategies, making day-to-day decisions and managing business operations.

Appointments and Re-election of Directors

Each of the Directors is engaged on a service contract (for executive Directors) or letter of appointment (for independent non-executive Directors) with the Company, which sets out the key terms of their appointment. Each of the Directors was appointed for an initial term of one year from the date of appointment, which shall be automatically renewed and extended for a consecutive term of another year, unless terminated by either the Company or each of the Directors by giving not less than one month's written notice or payment by the Company in lieu of notice in accordance with the terms of the service contract or letter of appointment.

In accordance with Article 86(3) of the Company's articles of association (the "Articles"), any Directors who are appointed by the Board either to fill a casual vacancy on the Board or, as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company, and shall then be eligible for re-election at that meeting.

CORPORATE GOVERNANCE REPORT

In accordance with Article 87(1) of the Articles, at each annual general meeting, one-third of the Directors for the time being, or, if their number is not a multiple of three, the number nearest to but not less than one-third, shall retire from office by rotation, provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years.

This Year, Mr. Sun Yuqiang and Mr. Tong, I Tony, will retire from office by rotation at the forthcoming annual general meeting of the Company (the “AGM”), and being eligible, offer themselves for re-election at the AGM. The Board and the Nomination Committee recommend their re-appointments. The biographies of the retiring Directors proposed to be re-elected at the AGM are set out in the circular sent with this annual report to provide information to Shareholders to decide on their re-elections.

Board Diversity Policy

The Board has adopted its board diversity policy setting out the approach to achieve diversity on the Board. A summary of board diversity policy, together with the measurable objectives set for implementing this policy, and the progress made towards achieving those objectives are disclosed as below:

Summary of Board Diversity Policy

The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. The board diversity policy aims to set out the approach to achieve diversity on the Board. In designing the Board’s composition, board diversity has been considered from a number of measurable aspects, including but not limited to diversity of gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of services. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

Measurable Objectives

The Nomination Committee considers that the ability to achieve the Company’s corporate strategy should serve as a measurable objective for determining the desired level of board diversity. Selection of candidates will be based on a range of diversity perspectives, including but not limited to diversity of gender, age, cultural and educational background, nationality, professional experience, skills, knowledge and length of services. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

Implementation and Monitoring

The Nomination Committee reviews the board’s composition under diversified perspectives and monitors the implementation of the board diversity policy annually.

CORPORATE GOVERNANCE REPORT

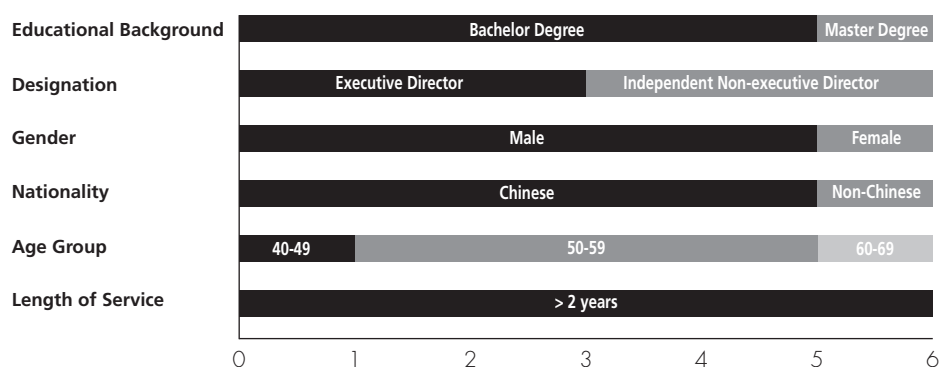
Gender Diversity

The Board recognises the importance and benefits of gender diversity at the Board level and shall continue to take initiatives to identify female candidate(s) to enhance the gender diversity among the Board members.

As at the date of this report, the Board comprised six Directors, one of which is female. The Company targets to avoid a single gender in the Board and will timely review the gender diversity of the Board in accordance with the business development of the Group. The Company believes the balance of gender in the Board would bring more inspiration to the Board and enhance the business development of the Group, thus gender diversity is the essential factor for the Company to select suitable candidate as a Director.

As at the date of this report, approximately 25% of the Company's senior workforce (including the Directors and senior management) and approximately 30.6% of our total workforce were female. Same as the gender diversity of the Board, the Company targets to avoid a single gender senior workforce and will timely review the gender diversity of the senior workforce in accordance with the business development of the Group.

As at the date of this report, the Board's composition under diversified perspectives was summarised as follows:



The Board has reviewed the implementation and effectiveness of the board diversity policy of the Company during the Year and considered it to be effective.

Nomination Policy

The Board adopted a nomination policy to identify and evaluate a candidate for nomination to the Board for appointment or to the Shareholders for election as a Director.

Selection Criteria

The Nomination Committee shall consider, among others, the following criteria in evaluating and selecting candidates for directorships:

- (a) diversity in all its aspects, including but not limited to skills, knowledge, gender, age, ethnicity, cultural and educational background, professional experience and other personal qualities of the candidate;

CORPORATE GOVERNANCE REPORT

- (b) ability to exercise sound business judgment and possess proven achievement and experience in directorship including effective oversight of and guidance to management;
- (c) commitment of the candidate to devote sufficient time for the proper discharge of the duties of a Director. In this regard, the number and nature of offices held by the candidate in public companies or organisations, and other executive appointments or significant commitments will be considered;
- (d) potential/actual conflicts of interest that may arise if the candidate is selected;
- (e) independence of the independent non-executive director candidates must satisfy the independence requirements under the GEM Listing Rules; and
- (f) in the case of a proposed re-appointment of an independent non-executive director, the number of years he/she has already served.

Nomination Process

The Nomination Committee will recommend to the Board for the appointment of a Director in accordance with the following procedures and process:

- (a) by giving due consideration to the current composition and size of the Board, develop a list of desirable skills, perspectives and experience at the outset to focus the search effort;
- (b) to consult any source it deems appropriate in identifying or selecting suitable candidates, such as referrals from existing Directors, advertising, recommendations from an independent agency firm and proposals from shareholders of the Company with due consideration given to the criteria;
- (c) to adopt any process it deems appropriate in evaluating the suitability of the candidates, such as interviews, background checks, presentations and third-party reference checks;
- (d) upon considering a candidate suitable for the directorship, the Nomination Committee will hold a meeting and/or by way of written resolutions to, if thought fit, approve the recommendation to the Board for appointment;
- (e) to make the recommendation to the Board in relation to the proposed appointment and the proposed remuneration package; and
- (f) the Board will have the final authority on determining the selection of nominees.

The Board will from time to time review the nomination policy and monitor its implementation to ensure its continued effectiveness and compliance with regulatory requirements and good corporate governance practice.

CORPORATE GOVERNANCE REPORT

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.

During the Year, letters were sent to the Directors before the commencement of the "black-out periods" in preparation for the annual and interim results announcements to remind them that they should not deal in the securities of the Company during such periods.

Directors' Induction and Continuing Professional Development

Each newly appointed Director is provided with necessary induction and information to ensure that he/she has a proper understanding of the Company's operations, businesses, policy and procedures as well as the general, statutory and regulatory obligations of being a Director to ensure that he/she is sufficiently aware of his/her responsibilities under the GEM Listing Rules and other relevant regulatory requirements. The company secretary of the Company (the "Company Secretary") from time to time provides the Directors with updates on latest development and changes in the GEM Listing Rules and other relevant legal and regulatory requirements.

The Company encourages all Directors to participate in continuous professional development to develop and refresh their knowledge and skill. From time to time, Directors are provided with written training materials on the latest development of applicable laws, rules and regulations to assist them in discharging their duties. During the Year, all Directors have provided their records of training they received to the Company for record and a summary of which is set out in page 29 of this annual report.

Board Meetings

The Board met four times during the Year, and if necessary, had also transacted its business by way of written resolutions. In addition, the chairman of the Board met with the independent non-executive Directors once without the presence of the executive Directors during the Year.

The Board meets regularly over the Company's affairs and operations. At the Board meetings, the Directors considered and approved the financial results and budget, discussed the overall strategy as well as the operation and financial performance of the Group. The Directors either participated in the Board meetings in person, by phone or through other means of electronic communication in accordance with the Company's Articles. For regular Board meeting, a notice of the meeting is sent to all Directors at least 14 days before the intended date of meeting and an agenda and accompanying Board papers of the meeting are provided to all Directors at least three days in advance of every regular Board meeting. With the full support of the management of the Company, such Board papers and materials are provided in a timely manner and in a form and quality sufficient with appropriate explanation to enable the Board to prepare for the meetings, to include matters in the agenda for the meetings and keep the Directors apprised of the latest developments and financial position of the Group to make informed decisions on matters placed before it.

CORPORATE GOVERNANCE REPORT

Every Director is entitled to have access to the advice and services of the Company Secretary with a view to ensure that the Board procedures, and all applicable rules and regulations are followed. Directors are also entitled to seek independent professional advice in performing their duties at the Company's expense, where necessary.

Minutes of the Board meetings and the Board Committee meetings record the matters discussed and decisions resolved at the meetings. The minutes would be sent to all Directors within reasonable time after each meeting. The Company Secretary keeps full records of the meetings in accordance with applicable laws and regulations.

The Articles contain provisions requiring the Directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their associates have a material interest. According to current Board practices, any material transaction, which involves a conflict of interest for a substantial Shareholder or a Director, will be considered and dealt with by the Board at a duly convened Board meeting.

The Company has arranged appropriate directors' and officers' liabilities insurance cover in respect of potential legal actions against its Directors and officers of the Company. The coverage and the amount insured are reviewed annually by the Company. During the Year, no claims under the insurance policy were made.

DELEGATION BY THE BOARD

Management Functions

The overall management and control of the Company's business are vested in its Board, which assumes responsibility for its leadership and control of the Company and is collectively responsible for promoting the success of the Company by directing and supervising the Company's affairs.

The management, under the leadership of the Chief Executive Officer, is responsible for the day-to-day management of the Group's long-term objectives, plans for achieving these objectives, businesses and the implementation of the strategies as well as overall policies and guidelines as determined by the Board.

Where the Board delegates aspects of its management and administrative functions to the management, it gives clear directions as to the powers of management and periodically reviews the delegations to the management to ensure that they are appropriate and continue to be beneficial to the Group as a whole.

Board Committees and Corporate Governance Functions

The Board has established three Board Committees to oversee various aspects of the Group's affairs: the Audit Committee, the Nomination Committee and the Remuneration Committee. The Board Committees are governed by their respective terms of reference which clearly defined their authorities and duties and are provided with sufficient resources to discharge their duties. The chairmen of the Board Committees report regularly to the Board their work, findings and recommendations. The terms of reference of the Audit Committee, the Nomination Committee and the Remuneration Committee are available on the websites of the Company and the Stock Exchange. Details of the chairmen and members of the committees are set out on page 2 of this annual report.

Each committee is provided with sufficient resources to perform its duties. It may seek independent professional advice at the Company's expense, where necessary.

CORPORATE GOVERNANCE REPORT

(1) *Audit Committee*

The Audit Committee currently comprises three independent non-executive Directors, namely Mr. Sun Yuqiang, Mr. Chu, Howard Ho Hwa and Mr. Tong, I Tony and is chaired by Mr. Sun Yuqiang who has substantial accounting and related financial management expertise. The Audit Committee is responsible for (i) monitoring and reviewing the effectiveness of the Group's financial reporting system and, risk management and internal control systems; (ii) reviewing the Group's financial information; and (iii) overseeing the relationship with the auditors of the Company.

During the Year, the Audit Committee held two meetings and performed the following major tasks:

- Reviewed the 2023 annual report and the annual results announcement, and the 2024 interim report and the interim results announcement;
- Reviewed the approach and methodology applied with respect to the key audit matters included in the year end auditor's report;
- Reviewed and approved the external auditors' audit services and non-audit services fees for 2024;
- Reviewed the effectiveness of the Group's internal audit functions;
- Reviewed the Group's risk register and discussed the enhancement procedures;
- Recommended to the Board on the re-appointment of the external auditor of the Company at the 2024 AGM;
- Reviewed the adequacy and effectiveness of the risk management and internal control systems;
- Reviewed the adequacy of the resources, staff qualifications and experience, training programmes and budget of the Group's accounting, financial reporting and internal audit functions;
- Reviewed and approved the internal audit plans;
- Reviewed the adequacy and effectiveness of the risk management and internal control systems; and
- Reviewed the amendments to its terms of reference.

None of the members of the Audit Committee is a former or existing partner of the Company's existing auditor. There was no disagreement between the Board and the Audit Committee on the selection, appointment, resignation or dismissal of the external auditors.

CORPORATE GOVERNANCE REPORT

(2) *Remuneration Committee*

The Remuneration Committee currently comprises three independent non-executive Directors, namely Mr. Chu, Howard Ho Hwa, Mr. Sun Yuqiang and Mr. Tong, I Tony, and is chaired by Mr. Chu, Howard Ho Hwa. A majority of the members of the Remuneration Committee consists of independent non-executive Directors. The Remuneration Committee is responsible for (i) reviewing the remuneration packages of the executive Directors and senior management; (ii) making recommendations to the Board on the Directors' fee structure; (iii) reviewing and approving compensation-related issues; and (iv) reviewing and/or approving the matters relating to share option scheme under the GEM Listing Rules.

During the Year, the Remuneration Committee held two meetings and performed the following major tasks:

- Reviewed the remuneration packages of the Directors and senior management;
- Reviewed the discretionary bonus proposals; and
- Recommended the remuneration packages of the new chief executive officer of the Company.

Details of remuneration of the Directors, chief executive are set out in note 10 to the consolidated financial statements.

(3) *Nomination Committee*

The Nomination Committee currently comprises one executive Director, namely Mr. Li Hongbin and three independent non-executive Directors, namely Mr. Chu, Howard Ho Hwa, Mr. Sun Yuqiang and Mr. Tong, I Tony, and is chaired by Mr. Li Hongbin. The Nomination Committee is responsible for (i) reviewing the structure, size and composition of the Board; (ii) assessing the suitability and qualification of any proposed director candidate; (iii) assessing the independence of the independent non-executive Directors; (iv) making recommendation to the Board on the appointment or re-appointment of Directors; and (v) monitoring and reviewing the implementation of the Board Diversity Policy.

During the Year, the Nomination Committee held two meetings and performed the following major tasks:

- Reviewed the structure, size, composition and diversity of the Board;
- Assessed and reviewed the independence of independent non-executive Directors;
- Recommended to the Board on the re-election of retiring Directors at the annual general meeting;
- Reviewed the implementation and effectiveness of the Board Diversity Policy and the measurable objectives for implementing the Board Diversity Policy;
- Reviewed the disclosure of Board Diversity in the Corporate Governance Report; and
- Recommended the appointment of the new chief executive officer of the Company.

CORPORATE GOVERNANCE REPORT

Corporate Governance Functions

The Board is responsible for performing the corporate governance duties set out in the CG Code which include (i) developing and reviewing the Company's policies and practices on corporate governance and making recommendations to the Board; (ii) reviewing and monitoring the training and continuous professional development of Directors and senior management; (iii) reviewing and monitoring the Company's policies and practices in compliance with the legal and regulatory requirements; and (iv) developing, reviewing and monitoring the code of conduct and compliance manual applicable to employees and Directors; and (v) reviewing the Company's compliance with the code provisions in the CG Code as set out in the GEM Listing Rules and disclosure in the corporate governance report in the annual report of the Company.

2024 BOARD AND COMMITTEE ATTENDANCE AND TRAINING RECORDS

The attendance of the Directors at the annual general meeting, Board meetings, and Board Committee meetings of the Company and training records for the Year are as follows:

	Meetings attended/eligible to attend in 2024 <i>(Note 1)</i>					
Directors	Board	Audit Committee	Nomination Committee	Remuneration Committee	Annual General Meeting	Type of Training
Executive Directors						
Mr. Li Hongbin	4/4		2/2		1/1	(A)
Mr. Huang Yibin	4/4				1/1	(A)
Ms. Xiong Jiayang	4/4				1/1	(A)
Independent Non-executive Directors						
Mr. Sun Yuqiang	4/4	2/2	2/2	2/2	1/1	(A)
Mr. Chu, Howard Ho Hwa	4/4	2/2	2/2	2/2	1/1	(A)
Mr. Tong, I Tony	4/4	2/2	2/2	2/2	1/1	(A)
Number of meetings held in 2024	4	2	2	2	1	

Notes:

- Directors may attend meetings in person, by phone or through other means of electronic communication in according with the Company's Articles.
- (A) Attending seminar/webinar or perusal of materials in relation to business or Directors' duties, regulatory/corporate governance, sustainability, anti-bribery and corruption.

CORPORATE GOVERNANCE REPORT

WHISTLEBLOWING POLICY

The Board has adopted its whistleblowing policy. The purpose of the whistleblowing policy is to (i) foster a culture of compliance, ethical behaviour and good corporate governance across the Group; and (ii) promote the importance of ethical behaviour and encourages the reporting of misconduct, unlawful and unethical behavior.

The nature, status and the results of the complaints received under the whistleblowing policy are reported to the chairman of the Audit Committee. All reported matters will be investigated independently and, in the meantime, all information received from a whistleblower and its identity will be kept confidential. No incident of fraud or misconduct that have material effect on the Group's financial statements or overall operations for the Year has been discovered. The whistleblowing policy and mechanism is reviewed annually by the Audit Committee to improve its effectiveness.

CODE OF CONDUCT ON ANTI-FRAUD AND ANTI-CORRUPTION POLICY

The Company has adopted its code of conduct on anti-fraud and anti-corruption policy. The Group is committed to achieving the highest standards of integrity and ethical behaviour in conducting business. The code of conduct on anti-fraud and anti-corruption policy forms an integral part of the Group's corporate governance framework. The code of conduct on anti-fraud and anti-corruption policy sets out the specific behavioural guidelines that the Group's personnel and business partners must follow to combat corruption. It demonstrates the Group's commitment to the practice of ethical business conduct and the compliance of the anti-corruption laws and regulations that apply to its local and foreign operations. In line with this commitment and to ensure transparency in the Group's practices, the code of conduct on anti-fraud and anti-corruption policy has been prepared as a guide to all Group employees and third parties dealing with the Group.

The code of conduct on anti-fraud and anti-corruption policy and mechanism is reviewed and updated periodically to ensure its effectiveness and enforce the commitment of the Group to prevent all forms of fraud and corruption.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board is responsible for presenting a balanced, clear and comprehensive, assessment of the Group's performance, position and prospects in all corporate communications. The management provides the Board with monthly updates, with a view to giving it a balanced and understandable assessment of the Group's performance, financial position and prospects to enable the Board as a whole and each Director to discharge their duties.

The Directors acknowledge that they are responsible for overseeing the preparation of the Group's consolidated financial statements for each financial year which give a true and fair view of the state of affairs of the Group and the Company and of the results and cash flows of the Group for that year. In preparing the consolidated financial statements for the Year, the Board has selected suitable accounting policies and applied them consistently; make judgements and estimates that are prudent, fair and reasonable and prepared the consolidated financial statements on a going concern basis.

CORPORATE GOVERNANCE REPORT

The Directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The statement by the independent auditor about its reporting and auditing responsibilities for the consolidated financial statements of the Group is set out in the Independent Auditor's Report on pages 72 to 77 of this annual report.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

Risk Management and Internal Control

Responsibility

The Group upholds the highest standards of integrity and credibility across all levels of its organisation.

The Board acknowledges its responsibility for establishing and maintaining sound systems of internal control and risk management on an ongoing basis to safeguard the shareholders' investment and the Group's assets. The controls built into the risk management system are intended to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

To fulfill this responsibility, the executive Directors are assigned to oversee the implementation of the Group's internal controls and risk management policy and to monitor the business and operations of business units of the Group. The Board also assigned the Audit Committee to review and supervise the financial reporting process and oversee the risk management and internal control systems of the Group.

The Board has, through the Audit Committee, conducted review of the effectiveness of the risk management and internal control systems of the Group for the Year with the assistance of an external independent consultant.

Risk Management and Internal Control

Risk management

The risk management policy provides a risk assessment framework to identify and evaluate the material business risk, operational risk, financial risk and compliance risk. The Group is committed to the identification, evaluating, and management of risks associated with its business activities through ongoing assessment of a risk register, by considering the likelihood and impact of each identified risk. For any newly identified significant risks, the Group will evaluate its financial or operational impacts to the Group and adopt mitigation measures to manage such risks. A risk assessment report has been reported to the Audit Committee and reviewed by the Board, which facilitates the Board in considering the changes in the nature and extent of significant risks, the Group's ability to respond to changes in its business and the external environment, as well as management's ongoing monitoring of risks.

CORPORATE GOVERNANCE REPORT

Internal Control

The Group's internal control system is designed to safeguard assets against misappropriation and unauthorised disposition and to manage operational risks. Review of the Group's internal controls covers major financial, operational and compliance controls. An internal control review report including the examination results of the review works covering areas such as corporate governance, finance, operations and compliance, with recommendations on the control weaknesses of the Group was duly reported to the Audit Committee and the Board for their assessment of the internal control effectiveness of the Group. For any identified control weaknesses, appropriate actions will be taken in a timely manner. All remedial actions will be regularly followed up when necessary to ensure the material control weaknesses have been duly addressed.

The Board considers that the risk management and internal control systems are effective and adequate and that the Group has complied with the code provisions relating to risk management and internal control of the CG Code.

Procedures and Internal Controls for the Handling and Dissemination of Inside Information

The Group complies with requirements of the Securities and Futures Ordinance ("SFO") and the GEM Listing Rules. The Group discloses inside information to the public as soon as reasonably practicable unless the information falls within any of the safe harbours as provided in the SFO. Before the information is fully disclosed to the public, the Group ensures the information is kept strictly confidential. If the Group believes that the necessary degree of confidentiality cannot be maintained or that confidentiality may have been breached, the Group would immediately disclose the information to the public. The Group is committed to ensuring that information contained in announcements are not false or misleading as to a material fact, or false or misleading through the omission of a material fact in view of presenting information in a clear and balanced way, which requires equal disclosure of both positive and negative facts. The Company has adopted a policy for handling and dissemination of inside information.

Audit Committee Supervision

The Audit Committee holds the necessary meetings with the Company's financial controller, an external independent consultant and the independent auditor to review the financial statements and auditor's reports on financial, internal control and risk management matters. The Audit Committee reports to the Board on significant internal control and risk management matters, suspected frauds or irregularities, and alleged infringement of laws, rules and regulations, which come to their attention.

The Board, through the Audit Committee, has conducted a review of the effectiveness of the Group's risk management and internal control systems for the Year covering all material financial, operational and compliance controls and risk management functions, and considers that the systems are adequate and effective. The Board, through the Audit Committee, has also reviewed the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit and final reporting functions and considers that they are adequate.

CORPORATE GOVERNANCE REPORT

Independent Auditor's Remuneration

The Audit Committee is mandated to review and monitor the independence of the auditor to ensure objectivity and the effectiveness of the audit process of the financial statements in accordance with applicable standards. Members of the Audit Committee were of the view that the Company's independent auditor, Moore CPA Limited, is independent and has recommended the Board to re-appoint it as the Company's auditor at the 2025 AGM. The statement about its reporting responsibilities for the Company's financial statements is set out in the section headed "Independent Auditor's Report" on pages 72 to 77. The remuneration in respect of audit and non-audit services provided to the Group by the Company's auditors, Moore CPA Limited and its affiliate companies for the Year was as follows:

Category of Services	Fees Paid/ Payable HK\$'000
Audit services	888
Non-audit services ^(Note)	575
Total	1,463

Note: The non-audit services mainly consist of interim review, tax advisory, environmental, social and governance report, review and other reporting services

Compliance Officer

Mr. Huang Yibin, an executive Director, is the compliance officer of the Company. Please refer to his biographical details as set out in the "Biographical Details of Directors and Senior Management" in this annual report.

SHAREHOLDERS' RIGHTS

Procedures for Shareholders to Convene an Extraordinary General Meeting

Under Article 58 of the Articles, any one or more shareholders holding not less than one-tenth of the paid up capital of the Company and carrying the right of voting at the general meeting of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within 2 months after the deposit of such requisition.

Such a requisition, specifying the shareholding information of the shareholder who made the requisition, must be signed by the shareholder and deposited at the registered office of the Company or the Company's principal place of business in Hong Kong, the details of which are provided in the "Corporate Information" section of this annual report.

CORPORATE GOVERNANCE REPORT

If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting, the requisitionist(s) may convene the extraordinary general meeting in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

Procedures for Putting Forward Proposal at General Meetings

Shareholders are welcomed to put forward proposals relating to the operations and management of the Group to be discussed at general meetings. The proposals shall be sent to the Company Secretary by a written requisition with his/her/its detailed contact information to the Company's head office and principal place of business in Hong Kong (details of which are set out in the section headed "Corporate Information" of this annual report). Shareholders who wish to put forward a proposal should convene an extraordinary general meeting by following the procedures set out in "Procedures for Shareholders to Convene an Extraordinary General Meeting" above.

Right to Put Enquiries to the Board

Shareholders may send their enquiries and concerns to the Board in writing through the Company Secretary by email to info@cryptoflowhk.com or by mail to Unit 1905, 19th Floor, Tower Two, Lippo Centre, 89 Queensway, Hong Kong.

Procedures for Proposing a Person for Election as a Director

Under Article 88 of the Articles, shareholders are entitled to elect a person to be a Director at a general meeting. The procedures for proposing a person for election as a Director are available on the Company's website at www.cryptoflowhk.com.

COMMUNICATION WITH SHAREHOLDERS

Dividend Policy

The Company seeks to maintain a balance between meeting shareholders' expectations and prudent capital management with a sustainable dividend policy. The Company's dividend policy aims to allow shareholders to participate in the Company's profit and for the Company to retain adequate reserves for future growth.

The Company has adopted its dividend policy. In determining the dividend amount, the Board will take into account a number of factors such as the Group's current and future operations, strategic and business plans, capital expenditure and future development requirements, retained earnings and distributable reserve, working capital requirements, liquidity position, financial results, general financial condition as well as the economic outlook. No predetermined dividend payout ratio is set in the dividend policy. The declaration of dividends shall be determined at the decision of the Board and shall be subject to any restriction under the Companies Act (Cap. 22) of the Cayman Islands and the Articles.

CORPORATE GOVERNANCE REPORT

Annual General Meeting

The Company considers the AGM an important event, as it provides an opportunity for the Board to communicate with the shareholders. The Company supports the CG Code's principle to encourage shareholders' participation. Questioning by shareholders at the Company's AGM is encouraged and welcomed.

The Chairman of the Board, all other members of the Board including independent non-executive Directors, the chairmen of all Board committees (or their delegates) and the Company's auditors attended the 2024 AGM and were on hand to answer their enquiries.

Shareholders' Communication Policy

The Company believes that effective communication with the shareholders and stakeholders is essential for enhancing investor relations and investors' understanding of the Group's business, performance and strategies. The Company aims to, via its corporate governance structure, enable all its shareholders an equal opportunity to exercise their rights in an informed manner and allow all shareholders to engage actively with the Company. The Company has adopted the shareholder's communication policy with the objective of ensuring that the shareholders and potential investors are provided with ready, equal and timely access to balanced and understandable information about the Company.

The Company has established a number of channels for maintaining an on-going dialogue with its shareholders as follows:

- (a) corporate communications such as annual report, interim reports and circulars are issued in printed form and are available on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.cryptoflowhk.com;
- (b) periodic announcements are made through the Stock Exchange and published on the respective websites of the Stock Exchange and the Company;
- (c) corporate information is made available on the Company's website;
- (d) annual and extraordinary general meetings provide a forum for the shareholders to make comments and exchange views with the Directors and senior management; and
- (e) the Hong Kong branch share registrar of the Company, Computershare Hong Kong Investor Services Limited, serves the shareholders in respect of share registration, dividend payment, change of shareholders' particulars and related matters.

Having considered the multiple channels of communication and engagement in place, the Board is satisfied that the shareholders' communication policy has been properly in place during the Year and is effective.

The Company continues to promoting investor relations and enhancing communication with the existing shareholders and potential investors. The Company welcomes suggestions from investors, stakeholders and the public. Enquiries to the Board or the Company may be sent by post to the Company's principal place of business in Hong Kong.

CORPORATE GOVERNANCE REPORT

COMPANY SECRETARY

The Company Secretary, Ms. Chow Chiu Man, Mandy, is a full-time employee of the Company. The Company Secretary supports the Board and Board Committees by ensuring good information flow within the Board, and that the Board's policy and procedures and all applicable rules and regulations are followed. The Company Secretary reports to the Board and assists the Board in functioning effectively and efficiently. The Company Secretary also advises the Board on corporate governance matters and facilitating the induction and continuous professional development of Directors. During the Year, the Company Secretary undertook not less than 15 hours of relevant professional training to update her skills and knowledge. Her biography is set out on page 17 of this annual report under the section headed "Biographical Details of Directors and Senior Management".

CONSTITUTIONAL DOCUMENTS

During the Year, there has been no change in the memorandum of association and the articles of association of the Company. The latest version of the Company's memorandum of association and the articles of association are available on the websites of the Stock Exchange and the Company.

REPORT OF THE DIRECTORS

The Directors present their report together with the audited consolidated financial statements of the Group for the Year.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Company is investment holding. The activities of its principal subsidiaries, associates and joint venture are set out in notes 18, 19 and 20 respectively to the consolidated financial statements.

An analysis of the Group's performance for the Year by operating segments is set out in note 7 to the consolidated financial statements.

Further discussion and analysis of these activities as required by Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), including a fair review of the Group's business, an indication of likely future development in the Group's business as well as particulars of important events affecting the Group that have occurred since the end of the Year can be found in the "Chairman's Statement" and the "Management Discussion and Analysis" set out on pages 3 to 4 and pages 5 to 13 respectively of this annual report. An analysis of the Group's performance during the Year using financial key performance indicators is set out in the Group's "Five-year Financial Summary" on page 158 of this annual report. A description of the principal risks and uncertainties facing the Group, discussions on the Group's environmental policies and performance, the compliance with the relevant laws and regulations that have a significant impact on the Group and the account of the Group's key relationships with its employees, suppliers and customers are set out in the sections headed "Key Risks and Uncertainties", "Environmental Policies and Performance", "Compliance with the Relevant Laws and Regulations" and "Relationships with Employees, Suppliers and Customers" on pages 37 to 40 of this annual report. The above discussions form part of the business review as contained in this report of the Directors.

KEY RISKS AND UNCERTAINTIES

Risk relating to legal and regulatory compliance

As the technology and big data industries continue to evolve, regulatory authorities in numerous jurisdictions have been attempting to keep up with these evolutions and developing more comprehensive and rigorous industry regulations. As the Group is currently operating in Hong Kong and the USA and expanding its businesses into other overseas markets, it is required to comply with new applicable laws and regulations in different jurisdictions that are specifically relevant to the Group's businesses, such as laws relating to data protection, internet information security and those that relate to environmental, social and governance matters. The Group may be involved in legal and other proceedings from time to time, and as a result may face negative impact to its reputation or be exposed to legal liability.

Risk relating to economic environment and pandemic

The Group's business operations may be subject to risks arising from the general and sector-specific economic and public health conditions, including as a result of any pandemics or natural disasters, in one or more of the markets in which the Group operates. Further deterioration of the macro-economic environment following the increasing recessionary risk could result in more conservative decision making within the Group and its business partners.

An outbreak of disease such as COVID-19 could potentially disrupt the Group's business operations. Such disease outbreak could lead to a decrease in the level of economic activity in affected districts or movement restriction imposed by local governments, which could adversely affect the Group's business and results of operations.

REPORT OF THE DIRECTORS

Risk relating to the price fluctuation of the cryptocurrencies

The Group's revenue from the big data centre services in the USA fluctuates with the price movement of the cryptocurrencies. The decrease in the cryptocurrencies may lead to significant drop in revenues. The market volatility will create uncertainty and instability to the Group's revenue and may adversely impact the Group's business and operation results.

Risk relating to the supply of and price volatility in electric power

The Group consumes considerable amount of electric power in its operations and rely on the stability of the supply and pricing of the local electricity in operating its big data service centres. The electricity costs incurred by the Group are substantial. Electricity supply may affect the performance of its big data service centres.

In addition, potential electricity supply interruption at the big data service centres may occur due to damages of electric power transmission facilities, construction defects and errors in operation. Any electricity interruption may adversely affect the Group's results of operations.

Risk relating to system continuity

As an operator of big data service centres, the Group provides the premises, hardware support, power supply and ancillary supervision and management service to its customers. The Group has also developed software which enables its customers to remotely monitor their data processors and obtain real-time information such as average computing capacity and operating time. It involves receiving, storage and processing of personal information and other private data. Any system or network failure or computer virus attack may result in operational disruption and breach of data privacy. The Group's business and operation results would be adversely affected.

Risk relating to client portfolio

The Group is currently operating in the Big Data Centre Services in Hong Kong and in the USA and Money Lending Business in Hong Kong. The operation of the Big Data Centre Services depends on a few number of clients for each of the big data service centre. This creates client concentration risk which may adversely impact the performance of the Group's business and operation on sudden termination of service contracts by a client. Client concentration in the Money Lending Business also exposes the Group to risk resulting from change in client's credit situation and may adversely impact the Group's business and operation results.

Risk relating to accounts receivable management

As an operator of the data centre business, the Group rents out the data centre facilities to its customers to generate revenues and pay its financial obligations such as payroll, rent and supplier payments. The Group is exposed to the cash flow risk if the accounts receivable collection is not properly managed.

Delay in customer payments may create negative cash flow gap and lead to liquidity shortage, hindering the Group's ability to meet immediate financial obligations. Persistent delays in receivable collections can also exacerbate cash flow issues, affecting the Group's overall financial stability and operational efficiency.

REPORT OF THE DIRECTORS

Risk relating to the loan receivable recoverability

The Group currently operates the Money Lending Business in Hong Kong and is exposed to the default risk of the borrowers. In case of borrowers' default, the quality of the collateral assets as well as the financial strength of the guarantor (if any) are crucial to the Group.

The Group needs to properly perform the credit assessment process of the borrower and the process of how to monitor and acquire possession of the collateral assets. This could improve the Group's business and results of operations.

Description of the key risks and uncertainties facing the Group are also set out in note 5 to the consolidated financial statements. The Company's approach on risk management is set out on page 31 of the Corporate Governance Report.

SIGNIFICANT EVENTS SUBSEQUENT TO THE 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 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\$33,228,410.5 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.

Saved as disclosed, there have been no important events significantly affecting the Group that have occurred since the end of the Year.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group recognises the importance of environmental sustainability against modern ecological challenges. The Group strives to minimise its impact on the environment by saving electricity, petrol, diesel and water consumption, and encouraging recycling of office supplies and other materials. During the Year, the Group has not been the subject of any environmental claims, lawsuits, penalties or disciplinary actions.

More information is provided in the Environmental, Social and Governance Report on pages 51 to 71 of this annual report.

REPORT OF THE DIRECTORS

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

The Group has adopted internal control measures to monitor the continuous compliance with relevant laws and regulations such as the Companies Act of the Cayman Islands, the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), the GEM Listing Rules and other laws and regulations implemented in relevant jurisdictions. During the Year, as far as the board of Directors (the “Board”) is concerned, the Group has complied in material aspects with the relevant laws and regulations that have a significant impact on the business and operation of the Group during the Year.

The Group continues to commit to complying with the relevant laws and regulations.

RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group recognises that employees, customers and suppliers are keys to its sustainable development. The Group is committed to establishing a close and caring relationship with its employees, providing quality services to its customers and enhancing cooperation with its suppliers.

The Company provides a fair and safe workplace, promotes diversity to its staff, provides competitive remuneration and benefits and career development opportunities based on their merits and performance. The Group also puts ongoing efforts to provide adequate trainings and development resources to the employees so that they can keep abreast of the latest development of the market and the industry and, at the same time, improve their performance and self-fulfillment in their positions.

The Group also understands that it is importance to maintain good relationship with its suppliers and customers. The Group maintains close relationship with the customers to fulfil their immediate and long-term need. The Group has established long term business relationship with the suppliers to enhance the stability of the Group’s businesses. During the Year, there were no material and significant disputes among the Group and its employees, customers and/or suppliers.

RESULTS AND DIVIDENDS

The results of the Group for the Year and the Group’s financial position as at 31 December 2024 are set out in the consolidated financial statements on pages 78 to 80 and pages 81 to 82 of this annual report respectively.

The Directors do not recommend the payment of a final dividend for the Year (2023: Nil).

CLOSURE OF REGISTER OF MEMBERS

The annual general meeting of the Company is scheduled to be held on Friday, 2 May 2025 (“AGM”). For determining the entitlement to attend and vote at the AGM, 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 will be registered. In order to be eligible to attend and vote at the above AGM, 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.

REPORT OF THE DIRECTORS

FIVE-YEAR FINANCIAL SUMMARY

A summary of the published results, assets and liabilities of the Group for the last five financial years is set out on page 158 of this annual report. This summary does not form part of the audited consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the Year are set out in note 16 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the Company's share capital during the Year are set out in note 29 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association (the "Articles") or the laws of the Cayman Islands in relation to the offer of new shares on a pro rata basis to its existing shareholders of the Company.

RESERVES

Details of movements in reserves of the Company and the Group during the Year are set out in note 30 to the consolidated financial statements and in the consolidated statement of changes in equity respectively.

DISTRIBUTABLE RESERVES

As at 31 December 2024, the Company did not have any reserves available for distribution, calculated in accordance with the Companies Act (as Revised) of the Cayman Islands. The share premium account of the Company is available for distribution or payment of dividends to the shareholders of the Company subject to the provisions of the Articles and provided that immediately following the distribution or the payment of dividends, the Company is able to pay its debts immediately as they fall due in the ordinary course of business.

MAJOR CUSTOMERS AND SUPPLIERS

During the Year, the Group's largest customer accounted for approximately 83.5% (2023: 72%) of the Group's total revenue. The five largest customers of the Group in the Year accounted for approximately 100% (2023: 100%) of the Group's total revenue.

During the Year, the Group's largest supplier accounted for approximately 76.9% (2023: 45%) of the Group's total purchases. The five largest suppliers in the Year accounted for approximately 100% (2023: 100%) of the Group's total purchases.

At no time during the Year did a Director, a close associate of a Director or a shareholder of the Company (which, to the best knowledge of the Directors, owns more than 5% of the Company's issued share capital) has any interest in the Group's five largest suppliers or five largest customers.

REPORT OF THE DIRECTORS

DIRECTORS

The Directors during the Year and up to the date of this report are:

Executive Directors

Mr. Li Hongbin (*Chairman*)

Mr. Huang Yibin

Ms. Xiong Jiayan

Independent Non-executive Directors

Mr. Sun Yuqiang

Mr. Chu, Howard Ho Hwa

Mr. Tong, I Tony

In accordance with Article 87(1) of the Articles, at each annual general meeting, one-third of the Directors for the time being, or, if their number is not a multiple of three, the number nearest to but not less than one-third, shall retire from office by rotation, provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. As such, Mr. Sun Yuqiang and Mr. Tong, I Tony, will retire and, being eligible, offer themselves for re-election at the forthcoming AGM of the Company.

The Company has received annual confirmation from each of the independent non-executive Directors concerning his independence of the Company and considers that each of the independent non-executive Directors is independent of the Group.

REMUNERATION OF DIRECTORS AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

Details of the emoluments of the Directors and five individuals with highest emoluments are set out in note 10 to the consolidated financial statements.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Company are set out on pages 14 to 17 of this annual report.

REPORT OF THE DIRECTORS

DIRECTORS' SERVICE CONTRACTS

None of the Directors proposed for re-election at the forthcoming AGM of the Company has entered into any service contract with the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles, each Director shall be entitled to be indemnified out of the assets and profits of the Company against all actions, costs, charges, losses, damages and expenses which he/she may incur or sustain in or about the execution of the duties of his/her office or otherwise in relation thereto, save for matters in respect of his fraud or dishonesty. The Company has taken out insurance against the liability and costs associated with defending any proceedings which may be brought against Directors of the Group.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

There were no transaction, arrangement or contract of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director or an entity connected with a Director had a material interest, whether directly or indirectly, subsisted during or at the end of the Year, nor were there any other contracts of significance in relation to the Group's business between the Company or any of its subsidiaries and a controlling shareholder or any of its subsidiaries, subsisted at the end of the Year or at any time during the Year.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section headed "Share Option Scheme" of this annual report, at no time during the Year was the Company, or any of its holding companies, subsidiaries or fellow subsidiaries, a party to any arrangements to enable the Directors or chief executive of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

REPORT OF THE DIRECTORS

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As at 31 December 2024, the interests and short positions of each Director and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

Long positions in the shares, underlying shares and debentures of associated corporations of the Company

Name of Director	Name of associated corporation of the Company	Nature of interest	Number of ordinary shares held (Note 1)	Percentage of shareholding in the associated corporation of the Company (Note 2)
Mr. Li Hongbin	Manful Kingdom Limited (Note 3)	Beneficial owner	150 (L)	25%

Notes:

1. The letter "L" denotes the entity/person's long position in the shares.
2. The percentage of shareholding in the associated corporation of the Company was calculated based on the total number of issued shares of Manful Kingdom Limited as at 31 December 2024, being 600 ordinary shares.
3. As at 31 December 2024, Manful Kingdom Limited held 51.02% direct shareholding interest in the Company and was an associated corporation of the Company within the meaning of Part XV of the SFO.

Save as disclosed above, as at 31 December 2024, none of the Directors or chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules.

REPORT OF THE DIRECTORS

SHARE OPTION SCHEME

The share option scheme adopted at the annual general meeting of the Company on 18 May 2012 (the “2012 Share Option Scheme”) expired on 18 May 2022. The share options granted thereunder prior to the expiry date will continue to be valid and exercisable in accordance with the terms of the 2012 Share Option Scheme.

Movements of share options granted under the 2012 Share Option Scheme during the Year are set out below:

Type of participants	Number of share options						Date of grant	Exercise price (HK\$)	Closing price of the Shares immediately before the date of grant (HK\$)	Exercise period (Note 1 to 2)
	Outstanding as at 1 January 2024	Granted during the Year (Note 4)	Exercised during the Year (Note 4)	Lapsed during the Year	Cancelled during the Year (Note 4)	Outstanding as at 31 December 2024				
Employees	50,000	–	–	–	–	50,000	01.04.2019	1.10	1.02	Note 1
	50,000	–	–	–	–	50,000	10.08.2020	0.26	0.26	Note 2
Sub-total:	100,000	–	–	–	–	100,000				
Others (Note 3)	13,233,600	–	–	(13,233,600)	–	–	01.04.2019	1.10	1.02	Note 1
	16,900,000	–	–	(16,900,000)	–	–	10.08.2020	0.26	0.26	Note 2
Sub-total:	30,133,600	–	–	(30,133,600)	–	–				
Total:	30,233,600	–	–	(30,133,600)	–	100,000				

REPORT OF THE DIRECTORS

Notes:

1. The share options granted on 1 April 2019 are exercisable for a period of ten years from the date of grant which are subject to the vesting period as follows:
 - (a) 33.32% of the share options will be vested on, and exercisable from, the date of grant to the expiry of the option period (both days inclusive);
 - (b) a further 33.32% of the share options will be vested on, and exercisable from, the first anniversary of the date of grant to the expiry of the option period (both days inclusive); and
 - (c) the remaining 33.36% of the share options will be vested on, and exercisable from, the second anniversary of the date of grant to the expiry of the option period (both days inclusive).
2. The share options granted on 10 August 2020 are exercisable for a period of ten years from the date of grant which are subject to the vesting period as follows:
 - (a) 33.29% of the share options will be vested on, and exercisable from, the date of grant to the expiry of the option period (both days inclusive);
 - (b) a further 33.29% of the share options will be vested on, and exercisable from, the first anniversary of the date of grant to the expiry of the option period (both days inclusive); and
 - (c) the remaining 33.42% of the share options will be vested on, and exercisable from, the second anniversary of the date of grant to the expiry of the option period (both days inclusive).
3. The category “Others” represents the consultants of the Group. Consultants are individuals who rendered consultancy services in respect of the business development to the Group without receiving any compensation. The Group granted share options to them for recognising their services similar to those rendered by employees of the Group.
4. During the Year, no share options were granted, exercised or cancelled under the 2012 Share Option Scheme.

At the extraordinary general meeting of the Company held on 28 December 2022, the shareholders of the Company approved the adoption of a new share option scheme (the “2022 Share Option Scheme”) under which the Directors may grant share options to eligible persons to subscribe for the Shares, subject to the terms and conditions as stipulated therein. Unless otherwise cancelled or amended, the 2022 Share Option Scheme will remain valid for a period of 10 years from the date of its adoption.

REPORT OF THE DIRECTORS

No share options had been granted under the 2022 Share Option Scheme since its adoption and up to 31 December 2024. As at 1 January 2024 and 31 December 2024, the total number of options available for grant under the scheme mandate and the service provider sublimit of the 2022 Share Option Scheme was 54,840,882.

During the Year, the number of shares that may be issued in respect of options under all schemes of the Company was 30,233,600. During the Year, the weighted average number of ordinary shares in issue was 548,409,000. As such, during the Year, the number of shares that may be issued in respect of options under all schemes of the Company divided by the weighted average number of ordinary shares in issue was approximately 5.51%.

A summary of the principal terms of the 2012 Share Option Scheme and 2022 Share Option Scheme are set out in note 31 to the consolidated financial statements.

INTERESTS IN COMPETING BUSINESS

During the Year, none of the Directors, the controlling shareholder of the Company or their respective close associates (as defined in the GEM Listing Rules) had interest in any business which competes or may compete with the business of the Group and any other conflicts of interest with the Group.

RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

During the Year, the Group did not have any connected transactions or continuing connected transactions which were subject to the reporting requirements under Chapter 20 of the GEM Listing Rules.

Details of the related party transactions undertaken by the Group for the Year are set out in note 33 to the consolidated financial statements of this annual report.

The related party transactions as disclosed in note 33(b) to the consolidated financial statements of this annual report are not regarded as connected transactions under chapter 20 of the GEM Listing Rules.

The Company confirms that the Group has complied with the disclosure requirements in accordance with Chapter 20 of the GEM Listing Rules during the Year.

REPORT OF THE DIRECTORS

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2024, the interests or short positions of every persons (other than the Directors and chief executive of the Company) in the shares (the "Shares") and underlying Shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO and the amount of such interests and short positions were as follows:

Name	Capacity/Nature of interest	Number of Shares held/ interested in (Note 1)	Approximate percentage of total issued Shares (Note 2)
Manful Kingdom Limited	Beneficial owner	279,815,740 (L)	51.02%
Mr. Fu Jiepin (Note 3)	Interest in controlled corporation	279,815,740 (L)	51.02%
Ms. Xia Bing (Note 4)	Interest of spouse	279,815,740 (L)	51.02%
Beyond Power Global Limited	Beneficial owner	48,195,605 (L)	8.79%
Mr. Yeung Hin Ming, Bosco (Note 5)	Interest in controlled corporation	48,195,605 (L)	8.79%

Notes:

1. The letter "L" denotes the entity/person's long position in the Shares.
2. The approximate percentage of total issued Shares was calculated based on the total number of issued Shares as at 31 December 2024, being 548,408,822 Shares.
3. As at 31 December 2024, Manful Kingdom Limited held 279,815,740 Shares as beneficial owner. Mr. Fu Jiepin held 35% direct interest in Manful Kingdom Limited. Therefore, Mr. Fu Jiepin was deemed to be interested in 279,815,740 Shares through his controlled corporation, Manful Kingdom Limited, under the SFO.
4. Ms. Xia Bing is the spouse of Mr. Fu Jiepin. Accordingly, as at 31 December 2024, Ms. Xia Bing was deemed to be interested in the Shares in which Mr. Fu Jiepin was interested under the SFO.
5. As at 31 December 2024, Beyond Power Global Limited held 48,195,605 Shares as beneficial owner. Mr. Yeung Hin Ming, Bosco held 100% direct interests in Beyond Power Global Limited. Therefore, Mr. Yeung Hin Ming, Bosco was deemed to be interested in 48,195,605 Shares through his controlled corporation, Beyond Power Global Limited, under the SFO.

Save as disclosed above, as at 31 December 2024, no other interests or short positions in the Shares or underlying Shares of the Company had been recorded in the register required to be kept under section 336 of the SFO.

REPORT OF THE DIRECTORS

EQUITY-LINKED AGREEMENTS

Other than the 2012 Share Option Scheme and 2022 Share Option Scheme as disclosed in the “Share Options Scheme” section of this annual report, no equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the Year or subsisted at the end of the Year.

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.

MANAGEMENT CONTRACTS

Save for employment contracts, no other contracts concerning the management and/or administration of the whole or any substantial part of the business of the Company were entered into or subsisted at any time during the Year.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the percentage of the Shares which are in the hands of the public (as defined in the GEM Listing Rules) exceeds 25% of the Company’s total number of issued Shares during the Year and up to the date of this annual report.

CORPORATE GOVERNANCE

Information on the Company’s corporate governance practices is set out in the Corporate Governance Report on pages 18 to 36 of this annual report.

EMOLUMENT POLICY

The employees of the Group are selected, remunerated and promoted on the basis of their merit, qualifications and competence.

The Board has the general power of determining the Directors’ remuneration, subject to the authorisation of the shareholders of the Company at the annual general meeting each year. The remuneration of the Directors is subject to review by the Remuneration Committee, and their remuneration is determined with reference to the Directors’ qualifications, experience, duties, responsibilities and performance and results of the Company. Particulars of the emoluments of Directors on a named basis for the Year are set out in note 10 to the consolidated financial statements.

REPORT OF THE DIRECTORS

The Company has adopted the 2022 Share Option Scheme as an incentive to Directors, employees and consultants. Details of the 2022 Share Option Scheme are set out in note 31 to the consolidated financial statements.

AUDIT COMMITTEE

The Company has an 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, made up of three independent non-executive Directors, met two times during the Year. At the meetings, the Audit Committee reviewed the accounting principles and practices adopted by the Group, the interim and the annual reports of the Group and discussed with the management of the Company the auditing, risk management, internal controls and financial reporting matters.

CHARITABLE CONTRIBUTIONS

During the Year, no charitable and other donations have been made by the Group.

AUDITORS

ZHONGHUI ANDA CPA Limited resigned as the auditors of the Company with effect from 1 December 2022 and Moore CPA Limited (formerly known as Moore Stephens CPA Limited), following the resignation of ZHONGHUI ANDA CPA Limited, was appointed with effect from 1 December 2022 as new auditors of the Company by the Directors to fill the casual vacancy and has been re-appointed as auditors of the Company at the annual general meeting of the Company on 10 May 2024. Save for the above, there has been no other change of auditors in the past three years.

The consolidated financial statements of the Group for the Year have been audited by Moore CPA Limited, who will retire and, being eligible, for re-appointment at the forthcoming AGM of the Company. A resolution for the re-appointment of Moore CPA Limited as auditors of the Company is to be proposed at the forthcoming AGM.

On behalf of the Board

Li Hongbin
Chairman

Hong Kong, 28 March 2025

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT

Crypto Flow Technology Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) is pleased to present the Environmental, Social and Governance report (the “ESG Report”) of the Group in accordance with the requirements of the Environmental, Social and Governance Reporting Guide (the “Guide”; which has been upgraded to the Environment, Social and Governance Reporting Code since 1 January 2025), Appendix C2 of the Rules Governing the Listing of Securities on GEM (the “GEM Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). This environmental, social and governance report (the “ESG Report”) covers the overall performance of the Group in ESG aspects during the period from 1 January 2024 to 31 December 2024 (the “Reporting Period” or the “Year”).

The Group highly values the importance of making appropriate disclosure of corporate information to all investors and shareholders of the Company and believes that high level of transparency is the key to building confidence with investors. Therefore, in this ESG Report, it highlighted the sustainable achievements in the following areas to give stakeholders a better understanding of what the Group has done to protect the environment and promote social harmony during the Reporting Period:

ESG Aspects	Issues
Environmental	<ul style="list-style-type: none">• Emissions• Use of Resources• The Environment and Natural Resources• Climate change
Social	
Employment and Labour Practices	<ul style="list-style-type: none">• Employment• Health and Safety• Development and Training• Labour Standards
Operating Practices	<ul style="list-style-type: none">• Supply Chain Management• Labour Standards• Product Responsibility• Anti-corruption
Community	<ul style="list-style-type: none">• Community Investment

For details on corporate governance, please refer to the “Corporate Governance Report” as set out on pages 18 to 36 of the 2024 Annual Report of the Company.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG GOVERNANCE STRUCTURE

Board's oversight of ESG issues

The Board of Directors of the Company (the "Board") is committed to maintaining a sustainable development of its business as well as supporting the long-term sustainability of the environment and communities where the Group operates and continually enhances investment value to stakeholders through proper and effective internal control systems and ESG risk management measures throughout its operations. The Board considers ESG-related risks and opportunities as part of the Group's overall strategic formulation, and the significant ESG impact caused by daily operations and businesses. The Board maintains oversight of and approves the identification and assessment of ESG issues and confirms that to the best of its knowledge, this ESG Report addresses material topics related to the operations of the Group and fairly presents its ESG performance and impacts.

The Board has delegated the Group's management to supervise ESG-related issues and work of the Group. The Group's management is responsible for monitoring and reviewing the compliance with local laws and regulations with regards to ESG-related issues. The management is also responsible for establishment of sustainability strategies, policies and measures to implement sustainability initiatives, provide sustainability reporting and prepare the ESG Report.

Board's ESG management approach and strategy for evaluation, prioritization and management of material ESG-related issues

In order to better understand the opinions and expectations of different stakeholders on the ESG issues, materiality assessment is conducted annually. The Group ensures various platforms and channels of communication are used to reach, listen and respond to its key stakeholders. Through communication with the stakeholders, the Group is able to understand their expectations and concerns. The feedback obtained allow the Group to make more informed decisions, and to better access and manage the impacts of the business decisions.

The Group has evaluated the materiality for each of the ESG aspects through the following steps:

- (i) identification of ESG issues by the Group;
- (ii) key ESG areas prioritisation with stakeholder engagement; and
- (iii) validation and determining material ESG issues based on the results of communication with the stakeholders.

Taking these steps enhances the understanding of the degree of importance of the Group's stakeholders to each material ESG issue and enables the Group to plan the sustainable development direction more comprehensively in the future.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Review by the Board on progress made against ESG-related goals and targets.

The progress of implementation and the performance of the ESG-related goals and targets is being closely reviewed by Board from time to time. In 2022, the Group has set clear reduction targets for each KPI, aiming to achieve a 5% reduction in KPIs by 2027 compared to 2022. Based on the business development of Group, we will constantly monitor fluctuations in each of its KPI to ensure that progress does not fall short of expectations and review the reasonableness of the target periodically. For the sustainable development, effective communication about the goals and targets with key stakeholders such as employees, customers and suppliers are essential, we will modify our reduction targets promptly to fulfill our business needs and stakeholder's expectations.

REPORTING PRINCIPLES

This ESG Report is based on the following four reporting principles:

Materiality: This ESG report disclosed: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement. For detail process to identify and the criteria for the selection of material ESG factors, please refer to section "Materiality Assessment".

Quantitative: ESG data are presented numerically to enable comparability against our previous year's performance, market standards and our peers. Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed. For the methodologies, assumptions, calculation tools used, and source of conversion factors used, please refer to "Environmental" section.

Balance: This report strives to achieve objective, fair and truthful disclosure and reflection of the Group's achievements and practices in the environment and social dimensions in 2024, and also the dilemmas encountered and improvement measures with a sense of responsibility.

Consistency: The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison. In 2024, the scope of the ESG report has been expanded to encompass the newly established US data centre, alongside the Hong Kong office and data centre previously covered in 2023.

REPORTING BOUNDARIES

The Company is an investment holding company. Its subsidiaries are principally engaged in (i) the big data centre services providing storage, electricity and related services (the "Big Data Centre Services"), and (ii) money lending business in Hong Kong (the "Money Lending Business").

In 2024, the scope has been expanded to include the newly operational data centre in the USA as well as the existing data centre in Hong Kong. Both USA and Hong Kong data centre provide comprehensive services, including premises, hardware support, power supply, ancillary supervision and management services to the customers.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

STAKEHOLDER ENGAGEMENT

The Group recognises the ESG Report as an important measure to showcase its efforts in sustainable development. In realising sustainable development, the Group is devoted to striking a balance between the interests of various stakeholders, such as government and regulatory authorities, investors and shareholders, suppliers, customers, employees, work partners as well as the community. The Company is searching for every opportunity to understand and engage its stakeholders to ensure improvement can be implemented to its products and services. The Group strongly believes its stakeholders play a crucial role in sustaining the success of its business.

The existing communication mechanism with stakeholders of the Group is set forth as below:

Stakeholders	Probable Points of Concern	Communication and Response
The Stock Exchange	<ul style="list-style-type: none">• Compliance with GEM Listing Rules• Timely and accurate announcements	<ul style="list-style-type: none">• Meetings, training, workshops and programs• Website updates and announcements
Government	<ul style="list-style-type: none">• Compliance with laws and regulations• Preventing tax evasion	<ul style="list-style-type: none">• Interaction and visits and compliance operation• Tax returns and other information
Suppliers	<ul style="list-style-type: none">• Payment schedule• Business ethics and credibility• Supply stability	<ul style="list-style-type: none">• Fulfilment of payment obligation• Performing contracts in accordance with the law• Site investigation
Investors and shareholders	<ul style="list-style-type: none">• Corporate governance• Business strategies• Performance and investment returns	<ul style="list-style-type: none">• Optimising internal control and risk management• Organising and participating in seminars, interviews and shareholders' meetings• Issuance of financial reports or operation reports for investors and analysts
Media and Public	<ul style="list-style-type: none">• Corporate governance• Environmental protection• Human rights	<ul style="list-style-type: none">• Issuance of newsletters on the Company's website• Using environmental protection and energy saving equipment• Providing equal employment opportunities

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

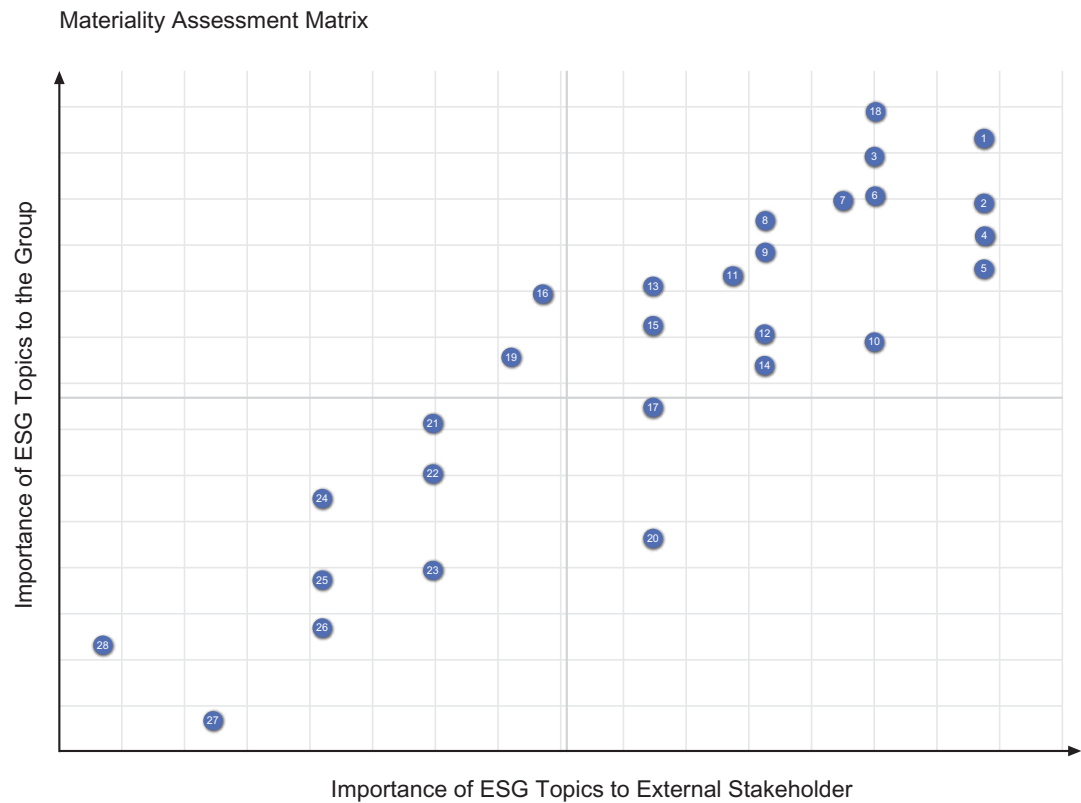
Stakeholders	Probable Points of Concern	Communication and Response
Customers	<ul style="list-style-type: none"> • Service quality, service delivery schedule, reasonable prices and service value • Customer information security 	<ul style="list-style-type: none"> • Quality products and services • Personal data protection
Employees	<ul style="list-style-type: none"> • Rights and benefits of employees • Training and development • Compensation, work hours, and working environment • Occupational health and safety 	<ul style="list-style-type: none"> • Conducting union activities • Training, interviews with employees and internal memos • Setting up employee suggestion boxes • Conducting regular occupational health and safety training to increase staff awareness
Community	<ul style="list-style-type: none"> • Community environment • Employment opportunities • Community development, and social welfare 	<ul style="list-style-type: none"> • Developing community activities • Providing employment opportunities • Employee voluntary activities and community welfare subsidies and donations

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

MATERIALITY ASSESSMENT

In the Year, the Company undertook its annual materiality assessment exercise, which included conducting interviews and/or surveys with internal and external stakeholders to identify the most significant operating, environmental and social impacts towards its business.

The Group's materiality matrix of ESG issues in 2024:



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Item	ESG Topic	Item	ESG Topic
1	Product health and safety	15	Non-hazardous waste production
2	Energy use (e.g. electricity, gas, fuel)	16	Anti-corruption policies and whistle-blowing procedure
3	Selection and monitoring of suppliers	17	Occupational health and safety
4	Product and service labelling	18	Environmentally preferable products and services
5	Environmental risks (e.g. pollution) and social risks (e.g. monopoly) of the suppliers	19	Employee remuneration, benefits and rights (e.g. working hours, rest periods, working conditions)
6	Number of concluded legal cases regarding corrupt practices, e.g. bribery, extortion, fraud and money laundering	20	Marketing communications (e.g. advertisement)
7	Observing and protecting intellectual property rights	21	Anti-corruption training provided to directors and staff
8	Preventing child and forced labour	22	Cultivation of local employment
9	Customer information and privacy	23	Greenhouse gas emissions
10	Employee development and training	24	Mitigation measures to protect environment and natural resources
11	Air emissions	25	Water use
12	Customer satisfaction	26	Community support (e.g. donation, volunteering)
13	Hazardous waste production	27	Use of materials (e.g. paper, packaging, raw materials)
14	Diversity and equal opportunity of employees	28	Climate change

The top issues that stakeholders are the most concerned are positioned in the above ESG topic table in descending order. In 2024, the key ESG areas of focus on were (i) product health and safety, (ii) energy use (e.g. electricity, gas, fuel), and (iii) selection and monitoring of suppliers.

ENVIRONMENTAL

The Group understands that greenhouse gases, sewage, solid wastes and other pollutants generated in its daily operation cause damage to the environment, and it is the responsibility of all corporations to ensure that emission of pollutants and consumption of resources are minimised and carbon footprints are reduced. We will continue to strengthen our management of nature related risk and opportunities and develop our business in an eco-friendly manner and target to minimise the emissions and reduce the usage of natural resources during our business operations.

In 2022, the Group had set climate related targets to reduce air emissions, greenhouse gas (GHG) emissions, non-hazardous waste, energy and water consumption on a per square meter floor area by 5% over five years. Most of our reduction target had been surpassing our set goals except for increase in electricity consumption due to the establishment of a new data centre in the United States. In future, we will continue to monitor our climate related targets and analysis our ESG performance and consider implementing further measures and controls based on our analysis result.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

A1 Emissions

Our big data centre and office in Hong Kong have a total gross floor area of 1,291 square metres (2023: 1,291 square metres), while the newly constructed big data centre in the USA has a total gross floor area of 9,307.68 square metres. As an operator of these big data centre, the Group provides customers with storage places, hardware support, power supply, ancillary supervision and management services.

Electricity consumed by the big data centre and office and fuels consumed by motor vehicle are the main sources of nitrogen oxides ("NO_x"), sulphur oxides ("SO_x") and particulate matter ("PM") and greenhouse gas ("GHG") emissions.

The Group recognises that use of electricity contributes to the emission of air pollutants and GHG. Since the operation of big data centre requires consumption of enormous amount of energy and electricity, the Group has taken conscious efforts to select and review the suitability of the operating location to ensure the sufficient power supply. In addition, energy efficient fans and wet curtain paper in the data centre act as cooling facilities to keep the centre at an ideal temperature in order to prevent the data processors and network technology equipment from overheating.

The Group had reduced the usage of motor vehicles. During the Reporting Period, the vehicles were strictly used for transporting management team members, guests and customers and for business activities. The vehicle is running on unleaded automotive fuel, which was, in comparison to other fuels, cleaner and emits less pollutant into the air. The vehicles were under regular maintenance checks to enhance fuel consumption efficiency, road safety and keep the emission at a minimum level.

For air conditioning in office, the Group encourages its employees to set the air conditioners at the most comfortable temperature and switch them off when it is not necessary so as to reduce emission of GHGs. The Group has also put notices at eye-catching areas in the office to remind the employees about energy saving in the course of business. Air conditioners installed at the office are centrally controlled by the office building and are automatically switched off from 8 pm until 8 am of the following day.

The key environmental performance indicators of the Group's air emissions and GHG emissions in 2024 are shown in the tables below:

Air emissions from use of vehicle

Air emissions ¹	Unit	2024	2023	Percentage (%) of Changes
NO _x	kg	0.13	2.77	-95.31%
PM	kg	0.01	0.20	-95.00%
SO _x	kg	0.0018	0.06	-97.00%

Notes:

1. The emission factor and calculation methodology were referenced to "How to Prepare an ESG Report? – Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

GHG emissions from operation

GHG emissions ¹	Unit	2024	2023	Percentage (%) of Changes
Direct emissions (Scope 1)	tCO _{2e}	0.32	10.86	-97.05%
Indirect emissions (Scope 2) ²	tCO _{2e}	18,669.12	84.54	+21,983.18%
Other indirect emissions (Scope 3)	tCO _{2e}	5.99	8.34	-28.18%
Total GHG emissions ²	tCO _{2e}	18,675.43	107.47	+17,277.34%
GHG emission intensity ³	tCO _{2e} /number of data processors	4.95	1.45	+241.38%

Notes:

1. The emission factors used to calculate the GHG emission are sourced from: Hong Kong Electric Sustainability Report 2023, American Electric Power's 2024 Edison Electric Institute Investor ESG Report and the Reporting Guidance on Environmental KPIs published by the Stock Exchange.
2. In 2024, we expanded our business operations to the United States of America with the establishment of a new data centre. The centre required continuous power to maintain uninterrupted services for our client, leading to significant increase of electricity consumption as well as the indirect emission (Scope 2).
3. To enhance the presentation, the intensity calculation has been updated and changed to tCO_{2e}/number of data processors.

The GHG emission intensity has significantly increased by 241.38% compared to 2023, primarily due to the substantial rise in electricity consumption following the operation of a new data centre in the USA. In future, the Group will continue to monitor the GHG emissions and identify possible measures to minimize the GHG emissions.

Hazardous waste is seldom generated in the operations of the office and big data centre while hazardous waste has been generated during 2024 due to replacement of electrical equipment. Non-hazardous waste is mainly produced from the operations of the Group comprised of general office consumables and obsolete electronic equipment and parts.

Environmental Indicators ¹	Unit	2024	2023	Percentage (%) of Changes
Non-hazardous wastes produced in total	Kg	1,000	1,000	–
Intensity of non-hazardous wastes produced per square meter of floor area	Kg/M ²	0.05	0.77	-93.51%
Hazardous wastes produced in total	Kg	1,000	–	N/A
Intensity of hazardous wastes produced per square meter of floor area	Kg/M ²	0.10	–	N/A

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Notes:

1. Non-hazardous wastes and hazardous wastes are produced from the Hong Kong operations. There is no waste data available for US data centres.

The Group will continue to focus on the possible impact of energy emissions and production on the environment to minimize energy consumption.

Solid waste of the Group is mainly produced in the daily business operation, including defective or obsolete electric cords and cables and processor unit cooling fans, daily paper consumption and office paper waste. All domestic waste is collected and disposed of by the property management office of the office buildings on a regular basis.

The Group is committed to reducing the waste volume. The Group encourages its employees to recycle stationery and reduce waste with the aim of preventing waste production at the initial stage. Moreover, the Group has adopted a digital operation method to centralise all documents and regularly educates its employees about environmental protection. For example, the employees are encouraged to go paper less as much as possible by limiting printouts, communicating via e-mail as opposed to fax, encouraging employees to print double-sided, reuse paper printed single-sided and set up recycling bins to minimise the disposal of wastes in order to save and reduce the use of paper and other natural resources.

The Group has established appropriate measures for the disposal of computers and related products such as printers and toner cartridges. In case it is necessary to dispose of an item, the Group encourages its employees to collect and classify the waste before disposing so as to reduce the negative impact on the environment.

During the Reporting Period, the Group complied with laws and regulations relating to environmental protection and pollutant emissions during its course of operation, including but not limited to, Air Pollution Control Ordinance (Cap.311), Waste Disposal Ordinance (Cap.354) in Hong Kong, Clean Air Act (United States of America) and Resource Conservation and Recovery Act (United States of America). The Group was not aware of any material non-compliance with the relevant laws and regulations that have a significant impact relating to air and GHG emissions, discharges into water and land, generation of hazardous and non-hazardous waste. In addition, there was no fine or non-monetary sanction for non-compliance with relevant laws and regulations that had been reported in the Year.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

A2 Use of Resources

The Group acknowledges that its business activities have impact on the environment. The Group strives to achieve efficient utilization of resources and attaches great importance to employees' environmental awareness, and thus has put forth a number of initiatives with the goal of "green office", educating employees about how to fully utilise resources and save energy. The Group aims at maximising the efficiency of its resources in commercial aspect while eliminating waste and contributing to the society in social aspect.

The Group also embraces its responsibility in environmental protection throughout the course of daily business operation and office administration. Apart from adhering to the principle of recycling and reducing use, the Group is committed to creating green office to minimise the impact on the environment.

The Group has introduced green office and operation practices to reduce the energy consumption and enhance the efficiency of use of resources. A summary of the practices is shown as below:

- Installing environmental protection and energy-saving equipment such as evaporative cooling pads in big data centre in order to reduce the electricity consumption;
- Adopting double-sided printing and promoting use of recycled paper;
- Widespread adoption of multi-function photocopiers (with printing, scanning and fax functions);
- Switching off unused lights and electric appliances to reduce energy consumption;
- Keeping the room temperature at a comfortable level and switching off the air conditioners when not necessary;
- Requiring employees to turn their computers and other devices to the sleep mode or switch them off when leaving the office; and
- Conducting regular maintenance for office equipment (such as air conditioners, computers, lights, refrigerators and paper shredders) to ensure normal operation.

The Group has installed energy-efficient fans and wet curtain paper in the data centre as cooling facilities to maintain the data centre at an ideal temperature. Wet curtain paper utilises natural water aiming to achieve energy saving.

Daily water consumption by employees in the office during business hours is very limited. The majority of our water usage comes from water supplies while we did not face any issue in sourcing water. The domestic sewage of the Group does not include hazardous wastewater and is directly discharged to the municipal sewer pipeline. As the Group operates in office premises of which both of the water supply and discharge are solely controlled by the building management of the office premises, it is considered that provision of water withdrawal and discharge data or sub-meter for individual occupant not feasible. However, in order to build the awareness on water conservation, the Group promotes water saving practices in the workplace. It encourages employees to use resources properly in order to save water resource.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The major use of resources of the Group is electricity consumption for office and big data centre. During the Reporting Period, the Group continued to adopt a series of initiatives for efficient energy use and energy conservation. Details of such measures are listed as follows:

Energy saving measures	Details of measures
Installation of evaporation cooling pad	The Group has installed wet curtain paper in the big data centre as cooling facilities to maintain the centre at an ideal temperature to reduce energy consumption.
Water conservation	The evaporative cooling pad installed in big data centre using same natural water which can reduce electricity consumption for processing water.

The below table shows the key environmental performance indicators regarding the Group's use of resources during the Year are shown in the table below:

Environmental Indicators	Unit	2024	2023	Percentage (%) of Changes
Electricity consumption ¹	KWh	91,237,821	124,325	+73,286.54%
Petrol consumption	KWh	1,173	4,083	-71.27%
Energy consumption in total ^{1 & 2}	KWh	91,238,994	128,408	+70,953.98%
Water consumption in total ³	Cubic metre ("M ³ ")	N/A	0.45	N/A
Energy consumption intensity ¹	KWh/number of data processors	24,201.32	1,680.60	+1,340.04%
Water consumption intensity	M ³ /M ²	N/A	Less than 0.01	N/A

Notes:

1. The significant increase of the electricity consumption from data centres was primarily due to the operation of a new data centre in the USA.
2. The conversion factors used to calculate the units to KWh are sourced from the Energy Statistics Manual issued by the International Energy Agency.
3. There is no water consumption data available for Hong Kong and US data centres.

There were no packaging materials being used in the Group's business operation.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

A3 The Environment and Natural Resources

The Group aims to conserve natural resources and is concerned with the environmental impact of its activities. As an ongoing commitment to good corporate citizenship, the Group recognises the responsibility in minimizing the negative environmental impact of its business operations and its investment portfolio, in order to achieve a sustainable development for generating long-term values to its stakeholders and community as a whole.

The Group encourages all employees to participate in different kinds of recycling activities and minimize the use of natural resources. The Group regularly assesses the environmental risks of its business, review the environmental practices and adopt preventive measures as necessary to reduce the risks, and ensure the compliance with relevant laws and regulations.

A4 Climate Change

As awareness over climate change continues to grow and is one of the most discussed topics among companies. The Group is no exception, having increasing concerns over the potential impact from climate change on the Group's business and operation. The Group regularly reviews global and local government policies, regulatory updates and market trends to identify potential climate-related risks which may have impact on the Group's business operation.

In accordance with the reporting framework developed by the Task Force on Climate-related Financial Disclosures, there are two major categories of climate-related risks, physical and transition risks. The Group will immediately develop a response plan such as changing the business strategy and modifying the development plan in order to reduce the negative impacts of such climate-related risks.

Physical risks: The Group may face the impacts brought by the increased severity of extreme weather events (e.g. hurricanes, heavy rainfall and flooding) and chronic events (e.g. sea-level rise and heatwave). This is likely to threaten the Group's operation and influence its financial performance. To be more specific, more frequent natural catastrophes cause damage to facilities, resulting in increased maintenance costs, or projects must be delayed, resulting in decreased production capacity, and so on. These factors affect the Group's stability both directly and indirectly. In this regard, we will formulate disaster measures, including providing escape drills training to employees, adopting special work arrangements when necessary and applying highly efficient equipment.

Transition risks: We understand that stricter laws and regulations on climate change will be implemented, and stakeholders will put forward increasing demands for the enterprises on climate change. Failure to adhere to laws and regulations or meet stakeholders' expectations may jeopardize our reputation, lose customers, and even lose our competitive edge. In response, we will monitor updates on environmental policies regarding climate change to avoid unnecessary increments in cost and expense due to violations of environmental policies in relation to climate change.

The Group will continuously incorporate sustainable practices in its business operations and prepare and maintain sufficient resources for managing identified climate-related risks and studying the potential remediation measures.

During the Reporting Period, there is no climate-related risk, including physical and transitional risks, which have significant impact to the Group.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

B. SOCIAL

EMPLOYMENT AND LABOUR PRACTICES

B1 Employment

Human Resources Practices

Employees are regarded as the greatest and valuable assets and core competitive advantage of the Company and also provide driving force for the continuous innovation of the Company. The Group strives to attract and retain talent. The Group has developed a written human resources policy and staff manual to govern the recruitment, promotion, discipline, working hours, leaves and other benefits of its employees, in accordance with the relevant laws and regulations.

The Group offers competitive remuneration packages to its employees, with discretionary bonuses issued based on individual performance and its business performance. A wide range of benefits including comprehensive medical and life insurance and retirement schemes are also provided to employees.

Equal Opportunity

The Company respects cultural and individual diversity. It believes that no one should be treated less favourably on his/her personal characteristics (i.e. gender, pregnancy, marital status, disability, family status, race, etc.). Opportunities for employment, training and career development are equally opened to all qualified employees.

Employee Structure

As of 31 December 2024, the Group had a total of 36 employees (As of 31 December 2023: 18 employees) and all of them are full-time employees. The distribution of workforce classified by different categories is as follows:

	2024	2023	Percentage (%) of Changes
Total Workforce	36	18	+100.00%
Gender			
Male	25	12	+108.33%
Female	11	6	+83.33%
Age Group			
Under 30 years old	2	1	+100.00%
30-50 years old	28	12	+133.33%
Over 50 years old	6	5	+20.00%
Geographical Region			
Hong Kong	29	18	61.11%
United States of America	7	–	N/A

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group's employee turnover rate during the Reporting Period is stated as follows:

	2024	2023	Percentage (%) of Changes
Turnover rate by gender			
Male	–	8%	-100.00%
Female	–	17%	-100.00%
Turnover rate by age			
Under 30 years old	–	100%	-100.00%
30-50 years old	–	8%	-100.00%
Over 50 years old		–	–
Turnover rate by geographical region			
Hong Kong	–	11%	-100.00%
United States of America	–	–	–

During the Reporting Period, the Group has strictly complied with all applicable laws and regulations of labour practices, including but not limited to:

Hong Kong

- (i) Employment Ordinance (Cap.57),
- (ii) Minimum Wage Ordinance (Cap.608),

United States of America

- (iii) Title VII of the Civil Rights Act; and
- (iv) Fair Labor Standards Act

In addition, there was no report of heavy fines or sanctions as the result of non-compliance with relevant laws and regulations.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

B2 Health and Safety

The Group is committed to providing and maintaining a safe, healthy, and hygienic workplace for all employees. To foster and maintain a good, comfortable and healthy working environment, the Group has implemented a series of policies:

- Provide tailored-made safety training to the staff in carrying out the electrical works and machines;
- Provide and ensure the use of appropriate tools and personal protective equipment such as safety helmets to enable them to perform their task safely;
- Post safety procedures/signs and operation instructions in the office and data centre site;
- Exercise adequate monitoring and effective supervision to ensure that the safety precautionary measures are strictly implemented;
- Maintain obstruction-free emergency exits in the workplace;
- Provide sufficient light at the workplace;
- Provide a workplace with moderate temperature; and
- Conduct regular safety inspection and training of fire prevention.
- Hold weekly safety meetings.

In order to manage environmental and social risks of the operation at data centre sites, the Group has implemented Safety Policy & Procedures (《安全制度及流程》) and Electricity Safety Department Management System (《電力安監部管理制度》) covering the areas including (i) operation and working safely; (ii) safe electrical work practices; (iii) reporting incidents that have led or may led to damage or injury; and (iv) health and safety education and training policies.

The Company installed protective screens on monitors to reduce eye damage that may be caused by computer screens. Employees also constantly remind each other to maintain appropriate viewing distance between their eyes and computer screens, maintain good posture when working and do stretching exercises during rest breaks.

The Group has installed closed-circuit televisions (the “CCTV”) at the big data centres. All these security systems and CCTV are controlled by the security team working at the big data centre sites.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group strictly regulates the operation of its business to ensure compliance with local laws and regulations relating to health and safety during the course of operation. During the Reporting Period, no serious work injury incidents and none of work-related fatalities occurred in the Group. The Group was not aware of any material non-compliance with the relevant laws and regulations including but not limited to Occupational Safety and Health Ordinance of Hong Kong (Cap.509) and Occupational Safety and Health Act (United States of America) that have a significant impact on the Group relating to providing a safe working environment and protecting employees from occupational hazards of the Group in the Year.

No non-compliance with law that resulted in significant fines or sanctions had been reported in 2024.

There were no work-related fatalities reported for the three years ended 31 December 2022, 2023, and 2024. During the Reporting Period, no lost days due to work injury were noted.

B3 Development and Training

The Group acknowledges the importance of training for the development of its employees as well as the Group. To help nurture professional talents and to promote overall efficiency, increase the morale and loyalty of the employees, the Group encourages and supports its employees in personal and professional training, through sponsoring training programmes, seminars, workshops and conferences, as well as reimbursement for external training courses to enhance their competencies in performing their jobs effectively and efficiently. The Group believes this is a mutually beneficial practice for achieving both personal and corporate goals as a whole.

During the Reporting Period, the percentage of employees trained and the average training hours completed per employee are as follows:

	2024	2023	Percentage (%) of Changes
Percentage of employees trained¹	78%	83%	-6.02%
Percentage of employees trained by gender²			
Male	86%	73%	+17.81%
Female	14%	27%	-48.15%
Percentage of employees trained by employee category²			
Senior management	21%	20%	+5.00%
Middle management	29%	27%	+7.41%
General staff	50%	73%	-31.51%

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

	2024	2023	Percentage (%) of Changes
Average training hours completed per employee³	6.39 hours	9.44 hours	-32.31%
Average training hours completed per employee by gender⁴			
Male	7.60 hours	10.00 hours	-24.00%
Female	3.64 hours	8.33 hours	-56.30%
Average training hours completed per employee by employee category²			
Senior management	15.56 hours	45.00 hours	-65.42%
Middle management	4.00 hours	9.00 hours	-55.56%
General staff	2.94 hours	3.18 hours	-7.55%

Notes:

1. Percentage of employees trained is calculated by dividing the number of employees who took part in training by the number of employees.
2. Percentage of employees trained by category is calculated based on the number of employees trained in each category during the period divided by the number of employees who took part in training.
3. Average training hours per employee is calculated by dividing the total number of training hours by the number of employees.
4. Average training hours by categories is calculated by dividing the total number of training hours for such category by the number of employees in the corresponding category.

B4 Labour Standards

The Group strictly abides by the labour laws in Hong Kong and the United States of America, to combat against illegal employment of child labour, underage workers and forced labour, the human resources department is responsible for recruitment requires the job applicants to provide valid identity documents prior to confirmation of employment, to ensure that all applicants are lawfully employable. The human resources department is responsible for monitoring and ensuring the compliance of the relevant laws and regulations including those that prohibit child labour and forced labour. Any labour-related issues will be handled with diligently and appropriate actions will be taken seriously, such as termination of employment contract.

During the Reporting Period, the Group was not aware of any material non-compliance with the relevant laws and regulations including but not limited to (i) Employment Ordinance (Hong Kong); (ii) the Employment of Children Regulations (Hong Kong), (iii) Fair Labor Standards Act (United States of America) and Trafficking Victims Protection Act (United States of America) that prevent employment of child or forced labour by the Group. In addition, there was no fine or non-monetary sanction for non-compliance with relevant laws and regulations had been reported in the Year.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

OPERATING PRACTICES

B5 Supply Chain Management

The Group attaches importance to integrity and has the same requirements for suppliers and partners. The Group will only choose reputable suppliers and partners with good business records, satisfactory products and services quality, and will not simply consider the cost. The Group strictly monitors the procurement process to ensure that there are no interests transfer or corruption of any kind.

In addition, the Group hopes that suppliers and business partners have similar practices in respect of environmental protection, employment, operating practice and other aspects with us. If the Group identifies any violation of the relevant environmental protection, employment and other laws, it will immediately suspend the cooperation with such suppliers and business partners. The Group will also evaluate the products and services provided by the supplier, check whether the supplier has fulfilled the product liability, report the relevant information to the relevant departments and management, and replace the supplier if necessary.

The Group has signed agreements with its electricity supplier which is in stringent compliance with contractual requirements and applicable laws and Regulations on Supply and Use of Electric Power. In order to ensure full-load operation of the big data centre, the Group maintains regular communication with utility service providers in respect of resources allocation and application for increase or decrease in utility supply.

During the Reporting Period, the Group was not aware that key supplier had any significant actual and potential negative impact on business ethics, environmental protection, human rights and labour practices, nor any of them had any non-compliance incident in respect of human rights issues.

During 2024, the number of suppliers of the Group by geographical region is as follows:

Region	2024	2023	Percentage (%) of Changes
Hong Kong	1	1	–
United States of America	1	–	–
Total	2	1	+100%

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

B6 Product Responsibility

The Group is principally engaged in the (i) provision of storage, electricity and related services and (ii) money lending business in Hong Kong. The provision of storage, electricity and related services covering a full range from monitoring the average utilisation rate and working status of data processors to supervising the overall safety, security and quality of both physical environment and internet connection in the big data centre. The Group adheres to the highest standards of business ethics, while policies to assure that products and services responsibility are securely in place. These ethics underpin how the Group conducts business with its customers. Each customer is provided with a monthly report on operation results of its data processors. In the event of any unusual condition reported on the data processors, the relevant customer will receive an immediate notification and follow-up inspection and maintenance services upon request. The Group's comprehensive management software for the operation of big data centres enables its customers to remotely monitor their data processors and obtain real-time information on the average computing capacity and utilization and operating time of their data processors.

The safety and quality of the products and services are the Group's primary strategic objective. The Group consistently reassesses the relevance of, and continually refines, its standards throughout the entire services and supply chain.

The Group is committed to protecting the privacy and confidentiality of the personal data of its business partners. All confidential data related to the Group's business, financial and customer information are securely protected and only used for internal purpose or purposes consistent with those identified in the contracts. In addition, confidentiality agreements must be signed between the Group and its business partners to protect customers' data and privacy.

The Group recognises the importance of intellectual property protection, therefore it is dedicated to protecting and enforcing the Group's own intellectual property rights as well as the intellectual property rights of third party. The Group will ensure terms in relation to intellectual property rights are included in the cooperation agreements between the Group and its business partners.

The Group strictly abides by the legal and regulatory provisions, including Personal Data (Privacy) Ordinance (Hong Kong) and relevant Privacy Regulations in United States of America, and attaches great importance to the privacy of personal data to resolutely maintain and protect personal information. Only personal information needed for the business are collected and used subject to purposes mentioned in the course of collection unless with agreement from customers. The Group will not transfer or disclose any personal data to any entities other than the members of the Group without the consent, unless otherwise required by the laws or notification is given to customers in advance.

During the Reporting Period, there were no recalls of products due to safety and health reasons and no complaints related to product and service were received.

During the Reporting Period, the Group was not aware of any material non-compliance of laws and regulations that have a significant impact relating to the quality, health and safety and privacy matters relating to products and services provided. No significant fines had been reported in the Year.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

B7 Anti-corruption

The Group aims to maintain the highest standards of openness, uprightness and accountability and all its staff are expected to observe the highest standards of ethical, personal and professional conduct. The Group does not tolerate corruption, bribery, extortion, money-laundering and other fraudulent activities in connection with any of its business operations.

In addition to the code of conduct on anti-bribery and anti-corruption, the Group has implemented a whistleblowing policy for encouraging the reporting of suspected business irregularities. Ongoing review of the effectiveness of the internal control systems is conducted on a regular basis in preventing the occurrence of corruption activities.

The Group is not aware of any material non-compliance with the Prevention of Bribery Ordinance of Hong Kong, Foreign Corrupt Practices Act of United States of America and other applicable laws and regulations that has a significant impact relating to bribery, extortion, fraud and money laundering in the Year. In addition, there was no report of heavy fines or sanctions as the result of non-compliance with relevant laws and regulations.

The Group provides anti-corruption education and training (through webcast and circulation of e-training materials) to its directors and staff on a regular basis to raise their awareness towards ethical and corruption issues. In 2024, 7 directors and 33 employees of the Group had attended anti-corruption training sections with a total of 43 training hours.

B8 Community Investment

As a corporate citizen, the Group promotes social contributions throughout its staff to the local communities in which it operates. The Group places great emphasis on cultivating social responsibility awareness among its staff and encouraging them to better serve our community at work and during their personal time. The Group will try to maximise its social investments as possible in order to create a more favourable environment for the community and the business. Employees are encouraged to participate in various charitable events and community service.

INDEPENDENT AUDITOR'S REPORT



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大華馬施雲
會計師事務所有限公司

TO THE SHAREHOLDERS OF CRYPTO FLOW TECHNOLOGY LIMITED

(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Crypto Flow Technology Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 78 to 157, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSAs”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Impairment assessment of loan and interest receivables</p> <p>We identified the impairment assessment of loan and interest receivables as a key audit matter due to the significance of the balance to the Group's consolidated financial position and the involvement of significant management judgment in evaluating the expected credit loss ("ECL") of loan and interest receivables at the end of the reporting period.</p> <p>As detailed in Note 4 to the consolidated financial statements, in making the assessment, the loan and interest receivables from borrowers are assessed by the management of the Group based on the financial background, financial condition, collaterals and the historical settlement records, including the past due dates and default rates, of the borrowers and reasonable and supportable forward-looking information that is available without undue cost or effort. The borrowers are assigned a risk grading under internal credit ratings to calculate the ECL, taking into consideration of the estimates of expected cash shortfalls. At every reporting date, the financial background, financial condition, collaterals and historical settlement records are reassessed and changes in the forward-looking information are considered.</p> <p>The management further assesses the amount of expected cash shortfall at default through assessing the potential loss as a result of the risk on credit-impaired loan receivables to which the Group is exposed and recovery actions the Group has taken. In assessing the amount of expected cash shortfall, the Group takes into account the amount and timing of cash flows that are expected from foreclosure on the collaterals less the costs of selling the collaterals.</p>	<p>Our procedures in relation to management's impairment assessment of loan and interest receivables included:</p> <ul style="list-style-type: none"> – Understanding and evaluating the Group's key controls on the related credit control and loan monitoring process and how the management estimates the credit loss allowance for loan and interest receivables and performs loan monitoring process; – Evaluating the reasonableness and appropriateness of the management's assessment of the internal credit rating of the loan and interest receivables by reference to past due status, past collection history, financial background and financial condition of the borrowers; – Evaluating the reasonableness and appropriateness of the management's basis and judgment in determining credit loss allowance on loan receivables at 31 December 2024, including the identification of credit-impaired loan and interest receivables, the estimated loss rate applied to the borrowers, and the estimated cash flows from the realisation of collaterals pledged to the Group, with the assistance of our internal valuation specialists; and – Evaluating the competence, capabilities and objectivity of the external valuation specialists appointed by management of the Group.

INDEPENDENT AUDITOR'S REPORT

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment of loan and interest receivables	
The gross carrying amount of the loan and interest receivables are HK\$23,297,000 in aggregate and the impairment allowance on loan and interest receivables are HK\$2,442,000 in aggregate as at 31 December 2024 as set out in Note 21 to the consolidated financial statements.	
Impairment assessment on trade receivables	
<p>We identified the impairment loss on trade receivables as a key audit matter due to its significance to the consolidated financial statements and the significant degree of management judgment involved in recognising impairment loss on trade receivables.</p> <p>The Group recognises a loss allowance for ECL on trade receivables. The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default which involves key estimates from the management of the Group.</p> <p>The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. The gross carrying amount of trade receivables amounted to HK\$10,298,000 and the reversal of loss allowance amounted to HK\$377,000 are recognised as at 31 December 2024 as set out in Note 22 to the consolidated financial statements.</p> <p>Referring to Note 4 to the consolidated financial statements, the Group estimates the ECL individually.</p>	<p>Our procedures in relation to assessing the impairment loss on trade receivables included:</p> <ul style="list-style-type: none"> • Understanding and evaluating key controls on how the management of the Group estimates the loss allowance for trade receivables; • Assessing whether items were correctly categorised in the trade receivables ageing report by comparing individual items therein with sales invoices and other relevant underlying documentation, on a sample basis; • Evaluating the reasonableness and appropriateness of valuation methodology and parameters in the credit loss allowance assessment; and • Challenging the management of the Group's basis and judgment in determining loss allowance on trade receivables as at 31 December 2024, including their identification of credit-impaired trade receivables and the basis of estimated loss rates applied for each debtor, with the assistance of our internal valuation specialists.

INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all the information in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors of the Company determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Company.
- Conclude on the appropriateness of the Company directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Moore CPA Limited

Certified Public Accountants

Registered Public Interest Entity Auditor

Kong Shao Fung

Practising Certificate Number: P07996

Hong Kong, 28 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
CONTINUING OPERATIONS			
REVENUE	6	58,109	25,187
Cost of sales and services rendered		(46,552)	(9,436)
Gross profit		11,557	15,751
Other income and gains	8(A)	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	8(B)	6,552	(11,782)
Loss on disposal of property, plant and equipment		–	(583)
Finance costs	9	(695)	(569)
Share of results of associates		(138)	(993)
LOSS BEFORE TAX		(13,081)	(26,831)
Income tax credit (expense)	11	32	(319)
LOSS FOR THE YEAR FROM CONTINUING OPERATIONS	12	(13,049)	(27,150)
DISCONTINUED OPERATIONS			
Loss for the year from discontinued operations	13	–	(3,398)
LOSS FOR THE YEAR		(13,049)	(30,548)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Notes	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
		–	3,465
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		–	3,465
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR		(13,049)	(27,083)
LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY:			
– from continuing operations		(13,049)	(27,150)
– from discontinued operations		–	(3,398)
		(13,049)	(30,548)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		(13,049)	(27,083)
TOTAL COMPREHENSIVE EXPENSE ATTRIBUTABLE TO OWNERS OF THE COMPANY:			
– from continuing operations		(13,049)	(27,083)
– from discontinued operations		–	–
		(13,049)	(27,083)
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (HK cents)	15		
– Basic and diluted (from continuing and discontinued operations)		(2.38)	(5.57)
– Basic and diluted (from continuing operations)		(2.38)	(4.95)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	16	17,001	20,174
Right-of-use assets	17	9,783	5,481
Loan receivables	21	–	2,898
Investments in associates	19	47	185
Deferred tax assets	28	1,840	1,101
Refundable deposit	23	6,766	–
TOTAL NON-CURRENT ASSETS		35,437	29,839
CURRENT ASSETS			
Loan and interest receivables	21	20,855	23,848
Trade receivables	22	7,555	9,916
Prepayments, deposits and other receivables	23	3,481	3,288
Cash and cash equivalents	24	2,091	3,251
TOTAL CURRENT ASSETS		33,982	40,303
CURRENT LIABILITIES			
Trade payables	25	3,934	3,026
Accruals and other payables	26	13,100	6,851
Lease liabilities	27	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	27	3,756	3,468
Deferred tax liabilities	28	1,770	1,063
		5,526	4,531
NET ASSETS		36,829	49,878

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
EQUITY			
Equity attributable to owners of the Company			
Share capital	29	54,841	54,841
Reserves	30	(18,012)	(4,963)
TOTAL EQUITY		36,829	49,878

The consolidated financial statements on pages 78 to 157 were approved and authorised for issue by the board of directors on 28 March 2025 and are signed on its behalf by:

Approved by:

Li Hongbin
Director

Huang Yibin
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Attributable to owners of the Company								
	Issued capital	Share premium	Share-based payment reserve	Other reserve*	Exchange reserve	Accumulated losses	Sub-Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2023	54,841	422,533	11,044	(24,221)	23,532	(410,535)	77,194	(233)	76,961
Loss for the year	–	–	–	–	–	(30,548)	(30,548)	–	(30,548)
Other comprehensive income for the year	–	–	–	–	3,465	–	3,465	–	3,465
Total comprehensive income (loss) for the year	–	–	–	–	3,465	(30,548)	(27,083)	–	(27,083)
Transfer on disposal of subsidiaries (note)	–	–	–	–	(26,997)	26,764	(233)	233	–
At 31 December 2023	54,841	422,533	11,044	(24,221)	–	(414,319)	49,878	–	49,878
At 1 January 2024	54,841	422,533	11,044	(24,221)	–	(414,319)	49,878	–	49,878
Lapse of share options (Note 31)	–	–	(11,007)	–	–	11,007	–	–	–
Loss and total comprehensive expense for the year	–	–	–	–	–	(13,049)	(13,049)	–	(13,049)
At 31 December 2024	54,841	422,533	37	(24,221)	–	(416,361)	36,829	–	36,829

* Other reserve represents the difference between the adjustment to non-controlling interests and the consideration paid arising in equity transactions.

Note: The accumulated exchange differences of HK\$26,997,000 under the exchange reserve, arose from translation of the disposed subsidiaries in previous years to presentation currency of the Company when the functional currency of the Company was RMB, has been reclassified to accumulated losses and non-controlling interests following the disposal of the discontinued operations during the year ended 31 December 2023.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	2024 HK\$'000	2023 HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax from continuing operations and discontinued operations	(13,081)	(30,229)
Adjustments for:		
Loss on disposal of discontinued operations	–	3,398
Depreciation of property, plant and equipment	4,805	2,954
Depreciation of right-of-use assets	6,939	3,883
Share of results of associates	137	993
(Reversal of) provision for impairment loss under expected credit losses on trade receivables, net	(377)	3,023
(Reversal of) provision for impairment loss under expected credit losses on loan and interest receivables, net	(6,212)	8,654
Provision for impairment loss under expected credit losses on other receivables, net	37	105
Interest income from money lending business	(2,100)	(3,150)
Finance costs	695	569
Loss on disposal of property, plant and equipment	–	583
Gain on early termination of lease	–	(14)
Operating cash flows before working capital changes	(9,157)	(9,231)
Decrease (increase) in trade receivables	2,738	(9,434)
(Increase) decrease in prepayments, deposits and other receivables	(6,995)	520
Increase in trade payables	908	2,550
Increase (decrease) increase in accruals and other payables	6,249	(1,176)
Cash used in operating activities	(6,257)	(16,771)
Income tax paid	–	–
Net cash flows used in operating activities	(6,257)	(16,771)
INVESTING ACTIVITIES		
Interest received	4,350	3,000
Repayment from a loan receivable	9,853	–
Advance of a loan receivable	–	(3,000)
Purchase of property, plant and equipment	(1,632)	(20,511)
Capital contribution to an associate	–	(1,178)
Proceeds from disposal of discontinued operations	–	12,187
Proceeds from disposal of property, plant and equipment	–	37
Net cash flows generated from (used in) investing activities	12,571	(9,465)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	2024 HK\$'000	2023 HK\$'000
FINANCING ACTIVITIES		
Repayment of lease liabilities	(6,779)	(4,252)
Interest paid	(695)	(596)
Net cash flows used in financing activities	(7,474)	(4,848)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,160)	(31,084)
Cash and cash equivalents at beginning of year	3,251	34,335
Cash and cash equivalents at end of year	2,091	3,251
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	2,091	3,251

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 and principal place of business in Hong Kong of the Company are disclosed in the corporate information section of the annual report.

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 35% 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. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

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

3.1 Basis of preparation of consolidated financial statements

These 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 Loan A (as defined in note 21) 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 (as defined in Note 35) of approximately HK\$33,228,000, the partial repayment of Loan A 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.

3.2 Material accounting policy information

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.2 Material accounting policy information *(continued)*

Discontinued operation

A discontinued operation is a component of the Group (i.e. the operations and cash flows of which can be clearly distinguished from the rest of the Group) that either has been disposed of, or is classified as held for sale, and which represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the component meets the criteria to be classified as held for sale in accordance with HKFRS 5, if earlier. It also occurs when the component is abandoned. When an operation is classified as discontinued, a single amount is presented in the consolidated statement of profit or loss, which comprises:

- The post-tax profit or loss of the discontinued operation; and
- The post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group constituting the discontinued operation.

Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances.

The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group applies HKFRS 9, including the impairment requirements, to long-term interests in an associate to which the equity method is not applied and which form part of the net investment in the investee. Furthermore, in applying HKFRS 9 to long-term interests, the Group does not take into account adjustments to their carrying amount required by HKAS 28 (i.e. adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with HKAS 28).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.2 Material accounting policy information *(continued)*

Leases

The Group as a lessee

The Group applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Refundable rental deposits

Refundable rental deposits paid are accounted for under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.2 Material accounting policy information *(continued)*

Leases (continued)

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Amounts due from lessees under finance leases are recognised as receivables at commencement date at amounts equal to net investments in the leases, measured using the interest rate implicit in the respective leases. Interest income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.2 Material accounting policy information *(continued)*

The Group as a lessor (continued)

Classification and measurement of leases *(continued)*

Rental income which are derived from the Group's ordinary course of business are presented as revenue.

Allocation of consideration to components of a contract

When a contract includes both leases and non-lease components, the Group applies HKFRS 15 to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

Refundable rental deposits

Refundable rental deposits received are accounted for under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Employee benefits

Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For LSP obligation, the Group accounts for the employer MPF contributions expected to be offset as a deemed employee contribution towards the LSP obligation in terms of HKAS 19.93(a) and it is measured on a net basis. The estimated amount of future benefit is determined after deducting the negative service cost arising from the accrued benefits derived from the Group's MPF contributions that have been vested with employees, which are deemed to be contributions from the relevant employees.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.2 Material accounting policy information *(continued)*

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit/(loss) before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.2 Material accounting policy information *(continued)*

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes. Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.2 Material accounting policy information *(continued)*

Impairment on property, plant and equipment and right-of-use assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment and right-of-use assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment and right-of-use assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount under another standard, in which case the impairment loss is treated as a revaluation decrease under that standard.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.2 Material accounting policy information *(continued)*

Impairment on property, plant and equipment and right-of-use assets other than goodwill (continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include:

- (a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and
- (b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.2 Material accounting policy information *(continued)*

Financial instruments (continued)

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.2 Material accounting policy information *(continued)*

Financial assets (continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade receivables, loan and interest receivables and other receivables) which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of default occurring since initial recognition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.2 Material accounting policy information *(continued)*

Financial assets (continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 *(continued)*

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.2 Material accounting policy information *(continued)*

Financial assets (continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 *(continued)*

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.2 Material accounting policy information *(continued)*

Financial assets (continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 (continued)

(iv) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for trade receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.2 Material accounting policy information *(continued)*

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

4. KEY ESTIMATES

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) *Provision of ECL on loan and interest receivables*

Management regularly reviews the impairment assessment and evaluates the ECL of the loan and interest receivables. Appropriate impairment allowance is recognised in profit or loss.

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the one as at the date of initial recognition. In making this assessment, the loan receivable from borrower are assessed individually by the management of the Group, based on the financial background, financial condition and the historical settlement records, including past due dates and default rates, of the borrower and reasonable and supportable forward-looking information (such as macroeconomic factors including Gross Domestic Product ("GDP") growth and unemployment rate with adjustment on different scenarios of economic environment prospect) that is available without undue cost or effort.

Each borrower is assigned a risk grading under internal credit ratings to calculate the ECL, taking into consideration of the estimates of expected cash shortfalls which are driven by estimates of possibility of default and the amount and timing of cash flows that are expected from foreclosure on the collaterals (if any) less the costs of selling the collaterals. At every reporting date, the financial background, financial condition and the historical settlement records are reassessed and changes in the forward-looking information are considered.

The management further assesses the amount of exposure of default through assessing the potential loss as a result of the risk on credit-impaired loan and interest receivables to which the Group is exposed and recovery actions the Group has taken. In assessing the amount of exposure of default, the Group takes into account the timing of expected cash flows from foreclosure on the collaterals less the costs of selling the collaterals.

(b) *Provision of ECL for trade receivables*

Trade receivables are assessed for ECL individually. The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables are disclosed in Note 5.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

5. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to trade receivables, bank balances, other receivables and loan and interest receivables. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets, except that the credit risks associated with loan and interest receivables is mitigated because they are secured over properties.

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade Receivables	Financial assets other than trade receivables
Low risk	The counterparty has a low risk of default and does not have any past due amounts	Lifetime ECL – not credit-impaired	12m ECL
Medium risk	Debtor frequently settles after due dates	Lifetime ECL – not credit-impaired	12m ECL
High risk	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating that the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

5. FINANCIAL RISK MANAGEMENT (continued)

(a) Credit risk and impairment assessment (continued)

					2024 Gross carrying amounts HK\$'000	2023 Gross carrying amounts HK\$'000
	Notes	External credit rating	Internal credit rating	12m or lifetime ECL		
Financial assets at amortised cost						
Loan and interest receivables	21	N/A	Medium risk High risk	12m ECL Lifetime ECL – not credit impaired	3,150 –	3,150 32,250
			Loss	Lifetime ECL – credit impaired	20,147	–
Trade receivables	22	N/A	(note (i))	Lifetime ECL (simplified approach)	10,298	13,036
Other receivables	23	N/A	High risk	Lifetime ECL – not credit impaired	409	250
Electricity and other deposits	23	N/A	(note (ii))	12m ECL	9,348	2,705
Cash and cash equivalents including bank balances	24	BBB- to AA (2023: BBB- to AA)	N/A	12m ECL	2,091	3,251

Notes: (i) The Group has applied the simplified approach in HKFRS 9 to measure the loss allowance for trade receivables on lifetime ECL basis.

(ii) For the purpose of internal credit assessment, the Group assesses whether credit risk has increased significantly since initial recognition based on the financial background, financial condition and historical settlement records of the counterparties, and both the quantitative and qualitative information including reasonable and supportive forward-looking information available without undue cost or effort.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

5. FINANCIAL RISK MANAGEMENT *(continued)*

(a) Credit risk and impairment assessment *(continued)*

The following table shows the movement in lifetime ECL that has been recognised for trade receivables under the simplified approach.

	Lifetime ECL (not credit-impaired) HK\$'000
As at 1 January 2023	97
– allowance for credit losses (note (i))	3,120
– reversal of allowance for credit losses (note (ii))	(97)
As at 31 December 2023	3,120
– allowance for credit losses (note (i))	2,743
– reversal of allowance for credit losses (note (ii))	(3,120)
As at 31 December 2024	2,743

Notes:

- (i) The allowance for credit losses of HK\$2,743,000 (2023: HK\$3,120,000) was recognised under lifetime ECL (not credit-impaired) based on the financial background, financial condition and historical settlement records of the counterparties, and both the quantitative and qualitative information including reasonable and supportive forward-looking information available without undue cost or effort. As at 31 December 2024 and 2023, trade receivables were not considered as credit-impaired based on the assessment.
- (ii) The reversal of allowance for credit losses of HK\$3,120,000 (2023: HK\$97,000) was attributed to the settlement of trade receivables with carrying amount of HK\$13,036,000 (2023: HK\$5,850,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

5. FINANCIAL RISK MANAGEMENT (continued)

(a) Credit risk and impairment assessment (continued)

The following table shows the movement in lifetime ECL that has been recognised for other receivables.

	Lifetime ECL (not credit-impaired) HK\$'000
As at 1 January 2023	–
– allowance for credit losses (note (i))	105
As at 31 December 2023	105
– allowance for credit losses (note (i))	142
– reversal of allowance for credit losses (note (ii))	(105)
As at 31 December 2024	142

Notes:

- (i) The allowance for credit losses of HK\$142,000 (2023: HK\$105,000) was recognised under lifetime ECL (not credit-impaired) as the credit risk has increased significantly since initial recognition based on the financial background, financial condition and historical settlement records of the counterparties, and both the quantitative and qualitative information including reasonable and supportive forward-looking information available without undue cost or effort.
- (ii) The reversal of allowance for credit losses of HK\$105,000 was attributed to the settlement of other receivables with carrying amount of HK\$250,000.

Trade receivables

The Group has concentration of credit risk as 100% (2023: 100%) of the Group's trade receivables are due from the Group's two customers (2023: two customers). In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals.

In addition, the Group performs impairment assessment under ECL model on trade receivables with significant balances and credit-impaired individually. Details of the quantitative disclosures are set out in this note and Note 22.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

5. FINANCIAL RISK MANAGEMENT *(continued)*

(a) Credit risk and impairment assessment *(continued)*

Loan and interest receivables

The Group also has concentration of credit risk as 86% (2023: 91%) of the Group's loan and interest receivables is a loan granted to an independent third party which is secured by a collateral of a property in PRC.

The management estimates the estimated loss rates of loan and interest receivables based on historical credit loss experience of the debtors as well as the fair value (less cost of disposal) of the collateral pledged by the borrower of the loan and interest receivables. Details has been disclosed in Note 21.

Bank balances

Credit risk on bank balances is limited because the counterparties are reputable banks with high credit ratings assigned by international credit agencies. There has been no history of default in relation to these banks. The Group performs impairment assessment on the bank balances under 12m ECL model. The management of the Group considers the risk of default is low based on the average loss rate by reference to credit ratings assigned by international credit-rating agencies. The Group assessed that the ECL for bank balances were insignificant.

Other receivables

The management of the Group conducts periodic individual assessment on the recoverability of other receivables based on financial background, financial condition, historical settlement records, past experience, and also available reasonable and supportive forward-looking information.

Electricity and other deposits

For electricity and other deposits, the management assessed individually on the recoverability of electricity and other deposits based on the financial background, financial condition and historical settlement records of the service providers, and also quantitative and qualitative information including reasonable and supportive forward-looking information. The management believed that there was no significant increase in credit risk of electricity and other deposits of HK\$9,348,000 (2023: HK\$2,705,000) since initial recognition and the Group performed the impairment assessment based on 12m ECL. For the years ended 31 December 2024 and 2023, the Group assessed the ECL for these deposits as insignificant and thus no loss allowance was recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

5. FINANCIAL RISK MANAGEMENT (continued)

(b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting its financial obligations as and when they fall due. In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the remaining contractual maturity of the Group for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

	Weighted average interest rate %	On demand or less than 1 month HK\$'000	Within 3 months HK\$'000	3 months to 1 year HK\$'000	1 to 5 years HK\$'000	Total undiscounted cash flow HK\$'000	Carrying amount HK\$'000
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At 31 December 2024

Trade payables	Nil	3,934	-	-	-	3,934	3,934
Other payables	Nil	7,013	-	-	-	7,013	7,013
Lease Liabilities	6.90	761	1,521	4,584	3,994	10,860	10,150
		11,708	1,521	4,584	3,994	21,807	21,097

	Weighted average interest rate %	On demand or less than 1 month HK\$'000	Within 3 months HK\$'000	3 months to 1 year HK\$'000	1 to 5 years HK\$'000	Total undiscounted cash flow HK\$'000	Carrying amount HK\$'000
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At 31 December 2023

Trade payables	Nil	2,971	55	-	-	3,026	3,026
Other payables	Nil	5,276	-	-	-	5,276	5,276
Lease Liabilities	7.54	412	824	1,307	3,899	6,442	5,688
		8,659	879	1,307	3,899	14,744	13,990

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

5. FINANCIAL RISK MANAGEMENT *(continued)*

(c) Categories of financial instruments

	2024 HK\$'000	2023 HK\$'000
<u>Financial assets at amortised cost:</u>		
Loan and interest receivables	20,855	26,746
Trade receivables	7,555	9,916
Deposits and other receivables	9,615	2,850
Cash and cash equivalents	2,091	3,251
Total	40,116	42,763
 <i>Financial liabilities:</i>		
<u>Financial liabilities at amortised cost:</u>		
Trade payables	3,934	3,026
Other payables	7,013	5,276
Lease Liabilities	10,150	5,688
Total	21,097	13,990

(d) Fair value

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

6. REVENUE

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

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

7. 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				(11,079)
Group's loss before tax from continuing operations				(13,081)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

7. OPERATING SEGMENT INFORMATION (continued)

Segment revenues and results (continued)

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			(10,532)
Group's loss before tax from continuing operations			(26,831)

The accounting policies of the operating segments are the same as the Group's material accounting policy information described in Note 3. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

7. OPERATING SEGMENT INFORMATION (continued)

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

7. OPERATING SEGMENT INFORMATION (continued)

Other segment information (continued)

For the year ended 31 December 2023

Continuing operations

	Big Data Centre Services HK\$'000	Money Lending Business HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
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)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

7. OPERATING SEGMENT INFORMATION (continued)

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.

	2024		2023	
	Revenue from continuing operations HK\$'000	Non-current assets HK\$'000	Revenue from continuing operations HK\$'000	Non-current assets HK\$'000
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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

8. OTHER INCOME AND GAINS/PROVISION OF EXPECTED CREDIT LOSSES

(A) Other income and gains

	2024 HK\$'000	2023 HK\$'000
Continuing operations		
Net gain on early termination of lease	–	14
Others	2	73
Sale of electricity (note)	861	–
	863	87

Note: The Big Data Centre in USA has extra electricity capacity after the electricity has been consumed by its customer's data machines, accordingly the Big Data Centre in USA has sales of electricity, which is recognised at a point of time when the electricity is supplied to the local grid company.

(B) (Reversal of) provision for impairment loss under expected credit losses, net

	2024 HK\$'000	2023 HK\$'000
Continuing operations		
(Reversal of) provision for impairment loss under expected credit losses, net:		
– Trade receivables	(377)	3,023
– Loan and interest receivables	(6,212)	8,654
– Other receivables	37	105
	(6,552)	11,782

9. FINANCE COSTS

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

10. DIRECTORS', CHIEF EXECUTIVE'S AND FIVE HIGHEST PAID INDIVIDUAL EMOLUMENTS

(a) DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

Directors' and chief executive's remuneration for the year, disclosed pursuant to the applicable GEM Rules, and section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2024 HK\$'000	2023 HK\$'000
Fees	900	900
Other emoluments		
Salaries, allowances and benefits in kind	1,766	1,038
Bonus	–	40
Pension scheme contributions	65	47
	2,731	2,025

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

10. DIRECTORS', CHIEF EXECUTIVE'S AND FIVE HIGHEST PAID INDIVIDUAL EMOLUMENTS (continued)

(a) DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (continued)

The emoluments of each director and the chief executive, on a named basis, are set out below:

For the year ended 31 December 2024						
	Fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Bonus [#] HK\$'000	Pension scheme contributions HK\$'000	Equity- settled share based payment expense HK\$'000	Total emoluments HK\$'000
<i>Independent non-executive directors:</i>						
Mr. Chu, Howard Ho Hwa	100	–	–	–	–	100
Mr. Tong, I Tony	100	–	–	–	–	100
Mr. Sun Yuqiang	100	–	–	–	–	100
	300	–	–	–	–	300
<i>Executive directors:</i>						
Mr. Li Hongbin	200	576	–	18	–	794
Ms. Xiong Jiayan	200	540	–	18	–	758
Mr. Huang Yibin ¹	200	314	–	15	–	529
	600	1,430	–	51	–	2,081
<i>Chief executive officer:</i>						
Mr. Sheng Ling ¹	–	336	–	14	–	350
	–	336	–	14	–	350
	900	1,766	–	65	–	2,731

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

10. DIRECTORS', CHIEF EXECUTIVE'S AND FIVE HIGHEST PAID INDIVIDUAL EMOLUMENTS (continued)

(a) DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (continued)

	For the year ended 31 December 2023					
	Fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Bonus# HK\$'000	Pension scheme contributions HK\$'000	Equity- settled share based payment expense HK\$'000	Total emoluments HK\$'000
<i>Independent non-executive directors:</i>						
Mr. Chu, Howard Ho Hwa	100	–	–	–	–	100
Mr. Tong, I Tony	100	–	–	–	–	100
Mr. Sun Yuqiang	100	–	–	–	–	100
	300	–	–	–	–	300
<i>Executive directors:</i>						
Mr. Li Hongbin	200	288	–	14	–	502
Ms. Xiong Jiayan	200	270	–	15	–	485
	400	558	–	29	–	987
<i>Chief executive and executive director:</i>						
Mr. Huang Yibin	200	480	40	18	–	738
	200	480	40	18	–	738
	900	1,038	40	47	–	2,025

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

10. DIRECTORS', CHIEF EXECUTIVE'S AND FIVE HIGHEST PAID INDIVIDUAL EMOLUMENTS *(continued)*

(a) DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS *(continued)*

There were no other emoluments payable to the independent non-executive directors during the year (2023: Nil).

The executive directors' and chief executive officer's emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group. The independent non-executive directors' emoluments shown above were mainly for their services as directors of the Company. During the year, no emoluments were paid by the Group to any directors as an inducement to join, or upon joining the Group or as compensation for loss of office. No directors waived any emoluments for both years.

The bonus is approved by the Remuneration Committee, having regard to the individual's contribution to the Group.

Notes:

1. Mr. Huang Yibin has resigned as chief executive officer of the Group on 26 August 2024 and retained his executive director position.
Mr. Sheng Ling has appointed as chief executive officer of the Group on 26 August 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

10. DIRECTORS', CHIEF EXECUTIVE'S AND FIVE HIGHEST PAID INDIVIDUAL EMOLUMENTS *(continued)*

(b) FIVE HIGHEST PAID INDIVIDUAL EMOLUMENTS

The five highest paid employees of the Group during the year included two directors (2023: two directors), details of whose remuneration are included in Note 10(a) above. Details of the remuneration for the year of the remaining three (2023: three) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2024 HK\$'000	2023 HK\$'000
Salaries, allowances and benefits in kind	1,860	1,860
Bonus	–	110
Pension scheme contributions	54	54
	1,914	2,024

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2024	2023
Nil – HK\$1,000,000	3	3

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

11. INCOME TAX EXPENSE

	2024 HK\$'000	2023 HK\$'000
Current tax		
Hong Kong	–	357
Deferred tax (Note 28)		
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.

The tax charge for the year can be reconciled to the loss before taxation from continuing operations per the consolidated statement of profit or loss and other comprehensive income as follows:

	2024 HK\$'000	2023 HK\$'000
Loss before tax	(13,081)	(26,831)
Tax at the income tax rate of 16.5% (2023: 16.5%)	(2,158)	(4,427)
Tax effect of income not taxable for tax purpose	(1,531)	(494)
Tax effect of expenses not deductible for tax purpose	583	3,035
Tax effect of tax losses not recognised	3,155	2,624
Utilisation tax losses previously not recognised	(68)	–
Effect of different tax rates of subsidiaries operating in other jurisdictions	(13)	(419)
Income tax (credit) expense	(32)	319

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

12. LOSS FOR THE YEAR

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

	2024 HK\$'000	2023 HK\$'000
Continuing operations		
Auditors' remuneration	888	908
Cost of sales and services rendered (note (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
	17,035	8,331
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 (note (ii))	8,602	–

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

13. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

13. DISCONTINUED OPERATIONS (continued)

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

	HK\$'000
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	24,813
Assets disposed of	54,581
Trade payables	876
Accruals and other payables	16,705
Liabilities disposed of	17,581
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	3,398
	40,398
Total consideration	37,000
Loss on disposal	(3,398)
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	(24,813)
	12,187

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

13. DISCONTINUED OPERATIONS (continued)

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

14. DIVIDEND

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

15. 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 HK\$'000	2023 HK\$'000
<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
Loss for the purposes of calculating basic and diluted loss per share from continuing operations	(13,049)	(27,150)
	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	548,409	548,409

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

15. LOSS PER SHARE (continued)

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	(13,049)	(30,548)

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK\$'000	Machinery and equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
As at 31 December 2024				
<i>COST:</i>				
At 1 January 2024	11,455	19,876	–	31,331
Additions	64	1,140	428	1,632
At 31 December 2024	11,519	21,016	428	32,963
<i>ACCUMULATED DEPRECIATION AND IMPAIRMENT:</i>				
At 1 January 2024	9,186	1,971	–	11,157
Provided during the year	527	4,221	57	4,805
At 31 December 2024	9,713	6,192	57	15,962
<i>CARRYING AMOUNT:</i>				
At 31 December 2024	1,806	14,824	371	17,001

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

16. PROPERTY, PLANT AND EQUIPMENT (continued)

	Construction in progress HK\$'000	Leasehold improvements HK\$'000	Machinery and equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
As at 31 December 2023					
<i>COST:</i>					
At 1 January 2023	–	9,145	1,675	1,866	12,686
Additions	20,511	–	–	–	20,511
Disposal	–	–	–	(1,866)	(1,866)
Transfer	(20,511)	2,310	18,201	–	–
At 31 December 2023	–	11,455	19,876	–	31,331
<i>ACCUMULATED DEPRECIATION AND IMPAIRMENT:</i>					
At 1 January 2023	–	7,119	1,227	853	9,199
Provided during the year	–	2,067	744	143	2,954
Disposal	–	–	–	(996)	(996)
At 31 December 2023	–	9,186	1,971	–	11,157
<i>CARRYING AMOUNT:</i>					
At 31 December 2023	–	2,269	17,905	–	20,174

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

16. PROPERTY, PLANT AND EQUIPMENT *(continued)*

The cost of the above items of property, plant and equipment, after taking into account the residual values, are depreciated on a straight-line basis at the following rates per annum:

Leasehold improvement	Over the shorter of the term of lease, or 20%
Machinery and equipment	20% – 33.33%
Motor vehicles	10% – 20%

17. RIGHT-OF-USE ASSETS

Disclosures of lease-related items:

	2024 HK\$'000	2023 HK\$'000
At 31 December:		
Carrying amount of right-of-use assets		
– Land and buildings	9,783	5,481
	2024 HK\$'000	2023 HK\$'000
Year ended 31 December:		
Depreciation charge of right-of-use assets		
– Land and buildings	6,939	3,883
Lease interests	695	569
Total cash outflow for leases	7,474	4,848
Additions to right-of-use assets	11,241	7,000

The Group leases various land and buildings in the USA and Hong Kong. Lease agreements for leases of land and buildings are typically made for fixed periods of 1 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable. The lease agreements do not impose any covenants and the leased assets may not be used as security for borrowing purposes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

18. PRINCIPAL SUBSIDIARIES

Particulars of the subsidiaries at the end of the reporting period are as follows:

Company name	Place of incorporation/ registration	Registered /issued share capital	Percentage of equity interests attributable to the Company		Principal activities
			2024	2023	
Directly held:					
Rising Move International Limited	BVI	US\$100	100%	100%	Investment holding
Interactive Lab Limited	BVI	US\$100	100%	100%	Investment holding
Indirectly held:					
Precious Success Holdings Limited ("Precious Success")	BVI	US\$200	51%	51%	Investment holding
PAL Development Limited	Hong Kong	HK\$250,000,000	51%	51%	Investment holding
Rise Accord Holdings Limited	BVI	US\$100	100%	100%	Investment holding
Hong Kong Interactive Lab Limited	Hong Kong	HK\$1	100%	100%	Provision of Big Data Centre Services and development of Web3.0 platform
Virtual Asset Ratings Limited	BVI	US\$50,000	100%	100%	Exploring cutting-edge technologies and applications
Your Choice Investment Inc.	Delaware	US\$200,000	100%	100%	Provision of Big Data Centre Services

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

19. INVESTMENTS IN ASSOCIATES

	2024 HK\$'000	2023 HK\$'000
Unlisted investments		
Share of net assets	47	185
	47	185

Particulars of the associates at the end of the reporting period are as follows:

Company name	Place of incorporation/ registration	Percentage of equity interests attributable to the Company		Principal activities
		2024	2023	
ChariLot Company Limited ("ChariLot")	Hong Kong	40%	40%	Inactive
Cyberflow Digital Inc. ("Cyberflow") (note 1)	USA	30%	30%	Development of Web3.0 mobile application

Note:

- During the year ended 31 December 2023, the Group invested in 30% equity interest in Cyberflow through subscription of shares at a cash consideration of USD 150,000 (equivalent to HKD1,178,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

19. INVESTMENTS IN ASSOCIATES (continued)

The following table shows information of associates that are material to the Group. These associates are accounted for in the consolidated financial statements using the equity method. The summarised financial information presented is based on the HKFRS financial statements of the associates.

Name	Cyberflow 2024	2023
Principal place of business/country of incorporation	USA	
Principal activities	Development of Web3.0 mobile-application	
% of ownership interest/voting rights held by the Group	30%/30%	30%/30%
	HK\$'000	HK\$'000
At 31 December:		
Current assets	157	615
Net assets	157	615
Group's share of net assets	47	185
Group's share of carrying amount of interest	47	185
Year ended 31 December:		
Revenue	–	–
Loss for the year	(460)	(3,246)
Total comprehensive loss for the year	(460)	(3,246)

The Group has discontinued the recognition of its share of losses of the associate ChariLot because of the share of losses of the associate exceeded the Group's interest in the associate and the Group has no obligation to take up further losses. The amounts of the Group's unrecognised share of losses of the associate for the year and cumulatively, are as follows:

	2024 HK\$'000	2023 HK\$'000
Unrecognised share of losses of an associate for the year	(6)	(6)
Accumulated unrecognised share of losses of an associate	(314)	(308)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

20. INVESTMENT IN A JOINT VENTURE

	2024 HK\$'000	2023 HK\$'000
Cost of unlisted investment in a joint venture	15,560	15,560
Share of post-acquisition losses	(15,560)	(15,560)
	—	—

Particulars of the Group's joint venture is as follows:

Company name	Place of incorporation and operation	Class of shares held	Proportion of ownership interest held by the Group		Proportion of voting rights held by the Group		Principal activities
			2024	2023	2024	2023	
PALTECH Company Limited	Hong Kong	Ordinary	60%	60%	60%	60%	Inactive

The following table illustrates the financial information of the Group's joint venture that is not individually material:

	2024 HK\$'000	2023 HK\$'000
Cumulative unrecognised share of total comprehensive loss of joint venture	(228)	(222)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

21. LOAN AND INTEREST RECEIVABLES

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

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..

One of the loan receivables represented a loan ("Loan A") that was granted in April 2020 to an independent third party, Brighten Topper Limited ("Brighten Topper"), in the principal amount of HK\$30,000,000 at the interest rate of 10% per annum for a term of two years. Loan A was guaranteed by Ms. Li Xue ("Ms. Li"), a director and sole beneficial owner of Brighten Topper and was secured by a property in PRC held by Ms. Li and any rights and interests derived thereof. In April 2022, the Company has extended Loan A for another term of two years with the same term, considering Brighten Topper had paid the interest on time and the property in the PRC has been secured in favour of the Group.

During the year ended 31 December 2024, loan principal of HK\$9,853,000 and accrued interest of HK\$4,050,000 of Loan A has been repaid. At 31 December 2024, the outstanding loan principal amount of HK\$20,147,000 has been past due and the directors of the Company considered Loan A as credit-impaired. Subsequent to 31 December 2024 and up to the date of this consolidated financial statements, the Group further received HK\$3,808,000 as repayment of loan principal amount.

In July 2023, loan receivable of principal amount of HK\$3,000,000 ("Loan B") has been granted to an independent third party, Victoria Yachting Management Co Limited ("Victoria Yachting") at the interest rate of 10% per annum for a term of two years. The Loan B was guaranteed by the director and sole beneficial owner of Victoria Yachting. If the Guarantor failed to perform the guaranteed obligations in a timely manner, the guarantor shall use its best effort to procure Victoria Yachting to transfer the vessel named "Victoria Yachting" to the Group for the purpose of repaying all or part of the loan and/or guaranteed obligations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

21. LOAN AND INTEREST RECEIVABLES *(continued)*

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk perceived at the date of initial recognition. In making this assessment, the loan receivables from borrowers are assessed individually by the management of the Group, based on the financial background, financial condition and historical settlement records, including past due dates and probability of default, of each borrower and reasonable and supportable forward-looking information that is available without undue cost or effort.

Each borrower is assigned a risk grading under internal credit ratings to calculate the ECL, taking into consideration the estimates of expected cash shortfalls which are driven by estimates of possibility of default and the expected loss given default including taking into account the amount and timing of cash flows that are expected from foreclosure on the collaterals (if any) less the costs of selling the collaterals. At every reporting date, the financial background, financial condition and historical settlement records of each borrower are reassessed and changes in the forward-looking information are considered.

At 31 December 2024, included in the Group's loan and interest receivables were debtors with aggregate gross carrying amount of HK\$23,297,000 (2023: HK\$35,400,000). The Group has engaged an independent third party qualified valuer, Norton Appraisals Holding Limited to perform the ECL calculation on the following basis:

- (i) for Loan A with gross carrying amount of HK\$20,147,000 (2023: HK\$32,250,000), direct comparison approach, adjusted for differences in nature, location and conditions of the property and the reference properties adopted for comparison, was used to determine the fair value less cost of disposal of the property pledged by the borrower. In estimating the fair value of the property, the highest and best use of the property is its current use. Cumulative ECL of HK\$2,166,000 (2023: HK\$8,547,000) was provided after considering the adjustments to reflect loss given default based on the fair value less cost of disposal of the pledged property and costs of realizing the pledge;
- (ii) Loan B with gross carrying amount of HK\$3,150,000 (2023: HK\$3,150,000) was guaranteed by the director and sole beneficial owner of Victoria Yachting and cumulative ECL of HK\$276,000 (2023: HK\$107,000) was provided based on the ECL assessment performed.

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.

The Group is not permitted to sell or repledge the collaterals in the absence of default by the borrowers. There had not been any significant changes in the quality of the collateral held for the loan and interest receivables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

21. LOAN AND INTEREST RECEIVABLES (continued)

The movement of impairment allowance on loan and interest receivables for the year is as follows:

	12m ECL HK\$'000	Lifetime ECL (not credit- impaired) HK\$'000	Lifetime ECL (credit- impaired) HK\$'000	Total HK\$'000
At 1 January 2023	–	–	–	–
Changes due to loan and interest receivables recognised at 1 January 2023:				
– Impairment allowance recognised (note (i))	–	8,547	–	8,547
– New loan granted during the year (note (ii))	107	–	–	107
At 31 December 2023	107	8,547	–	8,654
Changes due to loan and interest receivables recognised at 1 January 2024:				
– Impairment allowance recognised (note (i))	169	–	–	169
– Reversal of impairment allowance (note (i))	–	–	(6,381)	(6,381)
– Transferred to lifetime ECL (credit-impaired) (note (i))	–	(8,547)	8,547	–
At 31 December 2024	276	–	2,166	2,442

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

21. LOAN AND INTEREST RECEIVABLES (continued)

Notes:

- (i) The impairment loss of HK\$8,547,000 for the year ended 31 December 2023 was related to Loan A with gross carrying amount of HK\$32,250,000 assessed under lifetime ECL (not credit-impaired) after considering the adjustment to reflect loss given default based on the fair value less cost of disposal of the pledged property. When assessing the impairment of Loan A, the risk of default exposure is mitigated by securing legal title to pledged properties in the event of default. The Group will acquire legal ownership and conduct auctions to recover the loan and interest receivables.

Reversal of impairment allowance of HK\$6,381,000 on Loan A of loan and interest receivables was recognised in profit or loss for the year ended 31 December 2024 after considering the repayment of total loan principal of HK\$9,853,000 and accrued interest of HK\$4,050,000. The adjustment to reflect loss given default based on the fair value less cost of disposal of the pledged property.

Impairment allowance of HK\$8,547,000 was transferred from lifetime ECL (not credit-impaired) to lifetime ECL (credit-impaired) during the year ended 31 December 2024 for Loan A with carrying amount of HK\$17,981,000 as Loan A has been past due.

- (ii) The impairment loss of HK\$169,000 (2023: HK\$107,000) was related to Loan B with gross carrying amount of HK\$3,150,000 (2023: HK\$3,150,000) assessed under 12m ECL after considering the financial information and financial condition of the borrower.

22. TRADE RECEIVABLES

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

22. TRADE RECEIVABLES (continued)

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 HK\$'000
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	1,153	1,199
	7,555	9,916

Reconciliation of allowance for credit losses for trade receivables:

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

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.

Details of impairment assessment of trade receivables are set out in Note 5.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

23. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2024 HK\$'000	2023 HK\$'000
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
	10,247	3,288
Analysis of prepayments, deposits and other receivables		
Non-current portion	6,766	–
Current portion	3,481	3,288
	10,247	3,288

Details of impairment assessment of other receivables are set out in Note 5.

24. CASH AND CASH EQUIVALENTS

	2024 HK\$'000	2023 HK\$'000
Cash and cash equivalents	2,091	3,251
Cash and cash equivalents denominated in:		
HK\$	943	1,488
USD	1,147	1,762
RMB	1	1
	2,091	3,251

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

25. TRADE PAYABLES

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

	2024 HK\$'000	2023 HK\$'000
Within 30 days	3,934	3,026

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

26. ACCRUALS AND OTHER PAYABLES

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

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

27. LEASE LIABILITIES

	Lease payments		Present value of lease payments	
	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000
Within one year	6,866	2,543	6,394	2,220
Within a period of more than one year but not exceeding two years	2,637	1,551	2,473	1,334
Within a period of more than two years but not exceeding five years	1,357	2,348	1,283	2,134
	10,860	6,442		
Less: Future finance charges	(710)	(754)		
Present value of lease liabilities	10,150	5,688	10,150	5,688
Less: Amount due for settlement within 12 months (shown under current liabilities)			(6,394)	(2,220)
Amount due for settlement after 12 months			3,756	3,468

At 31 December 2024, the average effective incremental borrowing rate was 6.90% (2023: 7.54%). Interest rates are fixed at the contract dates and thus expose the Group to fair value interest rate risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

28. DEFERRED TAX ASSETS/LIABILITIES

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2024 HK\$'000	2023 HK\$'000
Deferred tax assets	1,840	1,101
Deferred tax liabilities	(1,770)	(1,063)
	70	38

	Right-of-use assets HK\$'000	Lease liabilities HK\$'000	Total HK\$'000
As at 1 January 2023	–	–	–
Recognised upon initial recognition of leases	(1,338)	1,338	–
Credited/(charged) to profit or loss	275	(237)	38
As 31 December 2023	(1,063)	1,101	38
Recognised upon initial recognition of leases	(1,917)	1,917	–
Credited/(charged) to profit or loss	1,210	(1,178)	32
As 31 December 2024	(1,770)	1,840	70

At 31 December 2024, the Group had unused tax losses of HK\$327,833,000 (2023: HK\$309,035,000) available to offset against future taxable profits, which may be carried forward indefinitely. No deferred tax asset has been recognised in respect of unused tax losses due to the unpredictability of future profit streams.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

29. 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

30. RESERVES

(a) Group

The amounts of the Group's reserves and movements therein are presented in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity.

(b) Company

	Share premium HK\$'000	Share-based payment reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 January 2023	422,533	11,044	(437,990)	(4,413)
Loss for the year	–	–	(24,659)	(24,659)
At 31 December 2023 and 1 January 2024	422,533	11,044	(462,649)	(29,072)
Lapse of share options (Note 31)	–	(11,007)	11,007	–
Loss for the year	–	–	(12,231)	(12,231)
At 31 December 2024	422,533	37	(463,873)	(41,303)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

30. RESERVES *(continued)*

(c) Nature and purpose of reserves

(i) *Share premium account*

Under the Companies Law of the Cayman Islands, the funds in the share premium account of the Company are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

(ii) *Share-based payment reserve*

The share-based payment reserve represents the fair value of the actual or estimated number of unexercised share options granted to employees and consultants of the Group recognised in accordance with the accounting policy adopted for equity-settled share-based payments in Note 3 to the consolidated financial statements.

(iii) *Exchange reserve*

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations for consolidation purpose. The reserve is dealt with in accordance with the accounting policy information set out in Note 3 to the consolidated financial statements.

31. SHARE-BASED PAYMENTS

The 2012 Share Option Scheme

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations and to encourage the participants to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole.

The share option scheme which was adopted by the shareholders of the Company on 20 April 2002 expired on 20 April 2012 (the "Old Share Option Scheme"). Following the expiry of the Old Share Option Scheme, the shareholders of the Company adopted a new share option scheme on 18 May 2012 (the "2012 Share Option Scheme"). Under the 2012 Share Option Scheme, the directors of the Company may, at their discretion, grant to any participants share options to subscribe for the Company's shares, subject to the terms and conditions stipulated therein. Notwithstanding the expiry of the Old Share Option Scheme, the share options which had been granted during the life of the Old Share Option Scheme shall continue to be valid and exercisable in accordance with their terms of issue.

On 17 August 2017, the board of directors resolved that (i) the cancellation of an aggregate of 3,408,599 share options granted but not exercised under the Old Share Option Scheme; and (ii) the cancellation of an aggregate of 113,042,871 share options granted but not exercised under the 2012 Share Option Scheme, subject to the written consent of the option holders to cancel their respective share options ("Resolution").

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

31. SHARE-BASED PAYMENTS *(continued)*

The following is a summary of the principal terms of the 2012 Share Option Scheme:

(a) Purpose of the schemes

The purpose of the 2012 Share Option Scheme is to provide incentives and rewards to eligible participants for their contribution to the Group and to attract, retain and motivate high-caliber eligible participants to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole.

(b) Participants of the schemes

The participants of the 2012 Share Option Scheme shall be (1) any full time or part time employees of the Group (including any executive or non-executive directors of the Company or any of its subsidiaries) and (2) any suppliers, consultants, agents and advisers.

(c) Total number of shares available for issue under the schemes

The total number of shares which may be issued upon exercise of all share options to be granted under the 2012 Share Option Scheme and any other schemes of the Company must not in aggregate exceed 10% of the shares in issue on the respective dates of approval of each of the schemes. The 10% limit may be refreshed with the approval by ordinary resolution of the Company's shareholders.

The maximum number of shares which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the 2012 Share Option Scheme and any other schemes of the Company must not exceed 30% of the shares in issue from time to time.

(d) Maximum entitlement of each participant under the schemes

The total number of shares issued and to be issued upon exercise of the share options granted or to be granted to each participant (including exercised, cancelled and outstanding options) in any twelve-month period must not exceed 1% of the shares in issue unless the same is approved by the Company's shareholders in general meeting.

In addition, for any grant of share options to a substantial shareholder and/or an independent non-executive director of the Company or any of their respective associates, and where the total number of the shares issued and to be issued upon exercise of all options granted or to be granted to such person in any twelve-month period exceed 0.1% of the shares in issue and with an aggregate value in excess of HK\$5 million, then the proposed grant is also subject to the approval of the Company's shareholders in general meetings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

31. SHARE-BASED PAYMENTS *(continued)*

(e) The period within which the shares must be taken up under an option

The period during which an option may be exercised is determined by the board of directors at its absolute discretion, save that such period shall not be longer than 10 years from the date of grant.

(f) The minimum period for which an option must be held before it can be exercised

As determined by the board of directors upon the grant of an option.

(g) The amount payable on acceptance of an option and the period within which payments shall be made

Under the 2012 Share Option Scheme, the acceptance of an offer of the grant of the share options must be made within 28 days from the date of grant and HK\$1.00 is payable on acceptance of the grant of options.

(h) The basis of determining the exercise price

The exercise price is determined by the board of directors which shall be at least the highest of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date when an option is offered; (ii) a price being the average of the closing prices of the shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date on which an option is offered; and (iii) the nominal value of the share.

(i) The remaining life of the scheme

The 2012 Share Option Scheme shall be valid and effective for a period of ten years from the date of adoption until 17 May 2022. The share options granted thereunder prior to the expiry date will continue to be valid and exercisable in accordance with the terms of the 2012 Share Option Scheme.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

31. SHARE-BASED PAYMENTS (continued)

Movements of the share options under the 2012 Share Option Scheme during the year ended 31 December 2024 and 2023 are set out below:

Category of participants	Outstanding at 1 January 2023	Reclassified during the year	Outstanding at 31 December 2023 and 1 January 2024	Lapsed during year	Outstanding at 31 December 2024	Date of grant of share options	Exercise price of share options HK\$
Director ¹	466,800	(466,800)	–	–	–	01.04.2019	1.10
Director ²	3,100,000	(3,100,000)	–	–	–	10.08.2020	0.26
Sub-total:	3,566,800	(3,566,800)	–	–	–		
Employees ¹	50,000	–	50,000	–	50,000	01.04.2019	1.10
Employees ²	50,000	–	50,000	–	50,000	10.08.2020	0.26
Sub-total:	100,000	–	100,000	–	100,000		
Others ^{1,3,4}	12,766,800	466,800	13,233,600	(13,233,600)	–	01.04.2019	1.10
Others ^{1,2,4}	13,800,000	3,100,000	16,900,000	(16,900,000)	–	10.08.2020	0.26
Sub-total:	26,566,800	3,566,800	30,133,600	(30,133,600)	–		
Total:	30,233,600	–	30,233,600	(30,133,600)	100,000		
Weighted average exercise price (HK\$)	0.63		0.63	0.63	0.68		
Share options exercisable	30,233,600		30,233,600		100,000		

The fair values of share options granted in 2019 and 2020 were calculated using the Binomial Tree model.

- 1 The share options granted on 1 April 2019 are divided into 3 tranches exercisable from 1 April 2019, 1 April 2020 and 1 April 2021 respectively to 31 March 2029.
- 2 The share options granted on 10 August 2020 are divided into 3 tranche exercisable from 10 August 2020, 10 August 2021 and 10 August 2022 respectively to 9 August 2030.
- 3 The category "Others" represents consultants of the Group and include resigned employees/directors of the Group who entered into consultancy agreements with the Group upon leaving the Group. The consultants rendered consultancy services in respect of the business development to the Group without receiving any cash compensation.
- 4 In accordance with the consultancy agreements, upon the end of the consultancy agreement period, all the unexercised share options automatically lapsed during the year ended 31 December 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

31. SHARE-BASED PAYMENTS *(continued)*

The New Share Option Scheme

Following the expiration of the 2012 Share Option Scheme in May 2022, the Company does not have a share option scheme in place. Accordingly, a new share option scheme (the “New Share Option Scheme”) has been approved by the shareholders of the Company through an extraordinary general meeting on 28 December 2022.

The following is a summary of the principal terms of the New Share Option Scheme:

(a) Purpose of the New Share Option Scheme

The purpose of the New Share Option Scheme is to recognise and acknowledge the contributions the eligible participants have had or may have made to our Group, and will provide the eligible participants an opportunity to have a personal stake in the Company with the view to achieve the following objectives: (a) motivate the eligible participants to optimise their performance efficiency for the benefit of the Group; and (b) attract and retain or otherwise maintain on-going business relationship with the eligible participants whose contributions are or will be beneficial to the long-term growth of the Group.

(b) Eligible participants of the New Share Option Scheme

The eligible participants of the New Share Option Scheme (the “Eligible Participants”) shall be:

- (i) directors and employees of the Group (including persons who are granted options as an inducement to enter into employment contracts with the Company or any of its subsidiaries and part-time employees of the Company) (“Employee Participants”);
- (ii) directors and employees of the holding companies, fellow subsidiaries or associated companies of the Company; and
- (iii) any consultant, independent contractor or advisor who provides advisory services, consultancy services and/or other professional services to the Company on areas relating to its provision of data analysis and storage services in Hong Kong (the “Service Providers”).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

31. SHARE-BASED PAYMENTS *(continued)*

The New Share Option Scheme *(continued)*

- (c) *Total number of Shares available for issue under the New Share Option Scheme together with the percentage of the issued Shares that it represents as at the date of this annual report*

The total number of shares in the Company (the “Shares”) which may be issued upon exercise of all share options to be granted under the New Share Option Scheme and any other schemes of the Company must not in aggregate exceed 54,840,882 Shares, representing 10% of the Shares in issue as at the adoption date of the New Share Option Scheme (the “Adoption Date”) and as at the date of this annual report.

The Service Provider sublimit (“Service Providers Sublimit”) of the New Share Option Scheme will be 5,484,088 Shares, representing 1% of the total number of Shares in issue as at the Adoption Date and as at the date of this annual report.

- (d) *Maximum entitlement of each Eligible Participant under the New Share Option Scheme*

The maximum number of Shares in respect of which options may be granted under this Scheme (the “Options”) to any Eligible Participant, shall not, when aggregated with: (a) any Shares issued upon exercise of Options or options under the other schemes which have been granted to that Eligible Participant; (b) any Shares which would be issued upon the exercise of outstanding Options or options under the other schemes granted to that Eligible Participant; and (c) any cancelled Shares which were the subject of Options or options under the other schemes which had been granted to and accepted by that Eligible Participant, in any 12-month period up to the date to which an Option is offered in writing to an Eligible Participant (the “Offer Date”), exceed 1% of the number of Shares in issue on the Offer Date.

- (e) *The period within which an Option may be exercised under the New Share Option Scheme*

The period during which an Option may be exercised is determined by the Board at its absolute discretion, save that such period shall not be longer than 10 years from the date which an Option is deemed to be granted and accepted.

- (f) *The vesting period of Options granted under the New Share Option Scheme*

The vesting period of Options shall be not less than 12 months (save where applicable under the GEM Listing Rules when the Remuneration Committee has approved the offer for the grant of an Option to a specifically identified participant who is an Employee Participant of the Company or any of its subsidiary with a shorter vesting period, and has clearly explained the reason for so doing in the grant announcement published by the Company as required under the GEM Listing Rules).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

31. SHARE-BASED PAYMENTS *(continued)*

The New Share Option Scheme *(continued)*

- (g) *The amount payable on acceptance of an Option and the period within which payments shall be made*

Under the New Share Option Scheme, the acceptance of an offer of the grant of an Option must be made within 30 days from the date of which the Option is offered and HK\$1.00 is payable on acceptance of an offer of the grant of Options.

- (h) *The basis of determining the exercise price of Options granted*

The exercise price is determined by the Board which shall not be less than the higher of: (a) the closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange on the Offer Date; and (b) the average closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange for the five business days immediately preceding the Offer Date.

- (i) *The remaining life of the New Share Option Scheme*

The New Share Option Scheme shall be valid and effective for a period of ten years from the Adoption Date until 28 December 2032.

No share options has been granted under the New Share Option Scheme as of 31 December 2024 and 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

32. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

The following table shows the Group's changes in liabilities arising from financing activities during the year:

	Lease liabilities HK\$'000
At 1 January 2023	3,393
Change in cash flows	(4,848)
Non-cash changes	
– additions	7,000
– termination of lease	(426)
– interest charges	569
At 31 December 2023 and 1 January 2024	5,688
Change in cash flows	(7,474)
Non-cash changes	
– additions	11,241
– interest charges	695
At 31 December 2024	10,150

33. RELATED PARTY TRANSACTIONS

(a) During the year ended 31 December 2024, except as disclosed below, the Group has no related party transaction (2023: Nil).

(b) **Compensation of key management personnel of the Group:**

	2024 HK\$'000	2023 HK\$'000
Fees, salaries, allowances, bonus and benefits in kind	2,666	1,978
Pension scheme contributions	65	47
	2,731	2,025

Further details of directors' and chief executive's emoluments are included in Note 10 to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

34. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2024 HK\$'000	2023 HK\$'000
NON-CURRENT ASSETS		
Property, plant and equipment	391	42
Investments in subsidiaries	2	2
Amount due from a subsidiary	13,778	13,778
Right-of-use assets	–	751
Deferred tax assets	–	131
	14,171	14,704
CURRENT ASSETS		
Prepayments, deposits, trade and other receivables	1,655	8,746
Amounts due from subsidiaries	25,095	28,782
Cash and cash equivalents	483	545
	27,233	38,073
CURRENT LIABILITIES		
Accruals and other payables	3,818	2,530
Lease liabilities	–	796
Amount due to subsidiaries	24,048	23,558
	27,866	26,884
NET CURRENT (LIABILITIES) ASSETS	(633)	11,189
TOTAL ASSETS LESS CURRENT LIABILITIES	13,538	25,893
NON-CURRENT LIABILITIES		
Deferred tax liabilities	–	124
NET ASSETS	13,538	25,769
EQUITY		
Share capital	54,841	54,841
Deficit (Note 30(b))	(41,303)	(29,072)
TOTAL EQUITY	13,538	25,769

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

35. EVENT AFTER THE REPORTING PERIOD

Subsequent to 31 December 2024, the Company has entered into a placing agreement with Lego Securities Limited (the "Placing Agent") pursuant to which the Company conditionally agreed to place, through the Placing Agent on a best-effort basis, a maximum of 109,681,764 placing shares at a price of HK\$0.305 per share to not less than six placees, who and whose ultimate beneficial owner(s) (where applicable) shall be independent third party(ies) of the Company (the "Placing"). The Placing was completed on 6 March 2025 and a total of 109,681,764 shares satisfied in cash of HK\$33,228,410 has been placed. Details of the Placing are set out in the Company's announcement dated 21 February 2025, 28 February 2025 and 6 March 2025.

36. APPROVAL OF FINANCIAL STATEMENTS

These consolidated financial statements were approved and authorised for issue by the board of directors of the Company on 28 March 2025.

FIVE-YEAR FINANCIAL SUMMARY

The following is a summary of the audited results and of the assets and liabilities of the Group for the five years ended 31 December 2024.

	Year ended 31 December				
	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000
RESULTS					
Revenue	58,109	25,187	29,550	180,721	382,955
Loss for the year	(13,049)	(30,548)	(56,894)	(292,336)	(43,255)
Attributable to:					
Owners of the Company	(13,049)	(30,548)	(56,893)	(286,686)	(46,767)
Non-controlling interests	–	–	(1)	(5,650)	3,512
	(13,049)	(30,548)	(56,894)	(292,336)	(43,255)
At 31 December					
	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000
ASSETS AND LIABILITIES					
Total assets	69,419	70,142	109,716	165,520	454,539
Total liabilities	(32,590)	(20,264)	(32,755)	(28,519)	(44,829)
Non-controlling interests	–	–	233	232	(91,044)
Total equity attributable to owners of the Company	36,829	49,878	77,194	137,233	318,666