Yuxing InfoTech Investment Holdings Limited
裕興科技投資控股有限公司*

(Incorporated in Bermuda with limited liability)
Stock Code: 8005

2024
ANNUAL REPORT

* for identification purposes only

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

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

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

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

Dear Shareholders,

On behalf of the board of directors (the "Board") of the Company, I am pleased to present the annual report of the Group for the financial year ended 31 December 2024 ("FY2024").

Throughout FY2024, we have seen the full scale of the artificial intelligence ("AI") opportunity dawned on businesses and governments alike, with a greater appreciation for how incremental investments can drive near-term growth and impact. The future emphasis on AI continues to drive the development of the internet data centre ("IDC") globally. We made demonstratable progress on maintaining the IDC business in a safe and sustainable manner, prioritising efficient operating costs and maintaining capital discipline, as evidenced by the financial performance of the year. We proactively considered the potential adverse impact of rising protectionism and committed to closely monitoring political developments in the United States ("US"), which remain a key factor in the business's strategic move.

Following rounds of government stimulus measures implemented by the Chinese government, the domestic economic recovery stabilised in FY2024. Industrial real estate, being integral to China's economic ascent, is in flux with new clusters emerging. The leasing business demonstrates a positive return on tangible equity and healthy capital return. We will continue to limit the risk of asset devaluation and demonstrate good cost discipline to generate income-to-cost jaws.

The investing business delivered a strong performance, underpinned by the appreciation of investment portfolios in securities and digital assets. The digital assets presented strong recognition by the US government, boosting the historical high in all-time. Regulatory clarity promises to unlock institutional capital, legitimising the asset class. The legislative moves underscore a growing trend, while regulatory clarity is undoubtedly beneficial. Considering the macroeconomic challenges, portfolio and thematic reviews were conducted on our unlisted equity investments, including closer monitoring of business performances, industrial impact and regulatory changes. We will continue to assess our investment prudently to demonstrate resilience amid the economic uncertainties.

High-tech advancement boosts the sustainability of the IDC business; however, it also have changed customer preferences and trends in the information home appliance ("IHA") business year by year. Other than the competition with the key market players, the traditional set-top box ("STB") market faces challenges in its competitive environment from the demand for streaming services. We have focused on transforming structural inefficiencies and implementing cost initiatives to achieve financial benefits and business sustainability throughout the year. Developing new product streams remains a key focus in the coming year.

BUSINESS OUTLOOK AND PROSPECTS

AI demand will continue to gain momentum. The data centre industry stands on the brink of a transformative era driven by the relentless advancement of AI. This technological revolution is not merely evolving the digital infrastructure landscape but is fundamentally redefining it. Looking ahead, emerging data centre markets are anticipated to provide strategic locations and scalable solutions. Green data centres powered by renewable energy are becoming the norm, with policies encouraging digitalisation and investment incentives propelling growth in these regions.

CHAIRMAN'S STATEMENT

The global economy faces heightened uncertainty, creating risks and opportunities to grow. We have committed to effective risk management amid complex geopolitical and macroeconomic challenges across our business segments and diversifying our business into the next chapter of growth with unwavering intent.

On behalf of the Board, I would like to take this opportunity to express my heartfelt gratitude to our shareholders, customers, and business partners for their continued support for the development of the Group. I would also like to express my deepest gratitude to our colleagues for their unremitting efforts in the past, as well as their trust in the Group. Our Group will begin with the end in mind to continue creating long-term value for our stakeholders.

Li Qiang
Chairman

Hong Kong, 25 March 2025

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Li Qiang *(Chairman)*
Mr. Cong Yu *(Chief Executive Officer)*
Mr. Chen Biao
Mr. Shi Guangrong
Mr. Zhu Jiang

Independent Non-Executive Directors

Ms. Shen Yan
Ms. Dong Hairong
Ms. Huo Qiwei

COMPANY SECRETARY

Dr. Liu Wei, Solicitor

COMPLIANCE OFFICER

Mr. Shi Guangrong

AUTHORISED REPRESENTATIVES

Mr. Cong Yu
Mr. Shi Guangrong

AUDIT COMMITTEE

Ms. Shen Yan *(Chairlady)*
Ms. Dong Hairong
Ms. Huo Qiwei

REMUNERATION COMMITTEE

Ms. Shen Yan *(Chairlady)*
Mr. Cong Yu
Mr. Chen Biao
Ms. Dong Hairong
Ms. Huo Qiwei

NOMINATION COMMITTEE

Ms. Shen Yan *(Chairlady)*
Mr. Cong Yu
Mr. Shi Guangrong
Ms. Dong Hairong
Ms. Huo Qiwei

AUDITOR

Forvis Mazars CPA Limited
Certified Public Accountants

LEGAL ADVISOR

Jingtian & Gongcheng LLP
Suites 3203-3207, 32/F, Edinburgh Tower
The Landmark, 15 Queen's Road Central, Central, Hong Kong

PRINCIPAL BANKERS

Bank of China
East West Bank
Hang Seng Bank
Industrial and Commercial Bank of China
Shanghai Commercial Bank
UBS AG

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11, Bermuda

PLACES OF BUSINESS

Hong Kong
Unit 5-6, 9/F, Enterprise Square Three
No. 39 Wang Chiu Road, Kowloon Bay
Kowloon

The PRC
Unit 3310, Block A1, Building 9
No. 3609 Baishi Road, Nanshan District
District 2, Shenzhenwan Science and Technology Ecological Garden
Shenzhen

10th Floor, Block B, Tiancheng Technology Building
No. 2, Xinfeng Street, De Shen Men Wai, Xicheng District
Beijing

Yuxing Industrial Park
Yanjiang Road East
Torch Hi-Tech Industrial Development Zone
Zhongshan

United States
6580 Via Del Oro,
San Jose, CA 95119 USA

SHARE REGISTRARS AND TRANSFER OFFICES

Principal
Conyers Corporate Services (Bermuda) Limited
Clarendon House, 2 Church Street
Hamilton HM 11, Bermuda

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

STOCK CODE

8005

WEBSITE ADDRESS

www.yuxing.com.cn

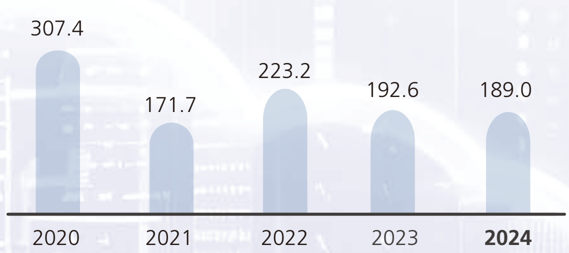
FINANCIAL HIGHLIGHTS

FINANCIAL HIGHLIGHTS

	2024	2023
	HK$'000	HK$'000
Revenue	**189,035**	192,569
Profitability		
Loss from operations	**(56,675)**	(131,005)
Loss attributable to owners of the Company	**(61,970)**	(113,654)
Net worth		
Total equity attributable to owners of the Company	**1,639,012**	1,705,704
	HK$	HK$
Per share		
Loss per share – Basic	**(0.02)**	(0.05)
Net assets attributable to owners of the Company per share	**0.66**	0.69

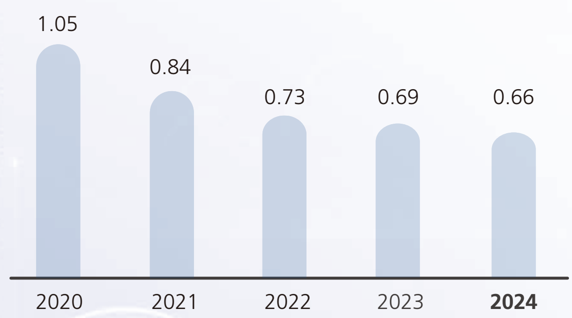
REVENUE

HK$ million



NET ASSETS ATTRIBUTABLE TO OWNERS OF THE COMPANY PER SHARE

HK$



GROUP FINANCIAL SUMMARY

CONSOLIDATED RESULTS

For the year ended 31 December

	2024	2023	2022	2021	2020
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**189,035**	192,569	223,237	171,682	307,378
(Loss)/Profit before tax	**(58,060)**	(131,924)	(262,063)	(169,010)	27,230
Income tax (expenses)/credit	**(3,956)**	14,664	(29,002)	(4,051)	(5,808)
(Loss)/Profit for the year	**(62,016)**	(117,260)	(291,065)	(173,061)	21,422
Non-controlling interests	**46**	3,606	947	566	492
(Loss)/Profit attributable to owners of the Company	**(61,970)**	(113,654)	(290,118)	(172,495)	21,914

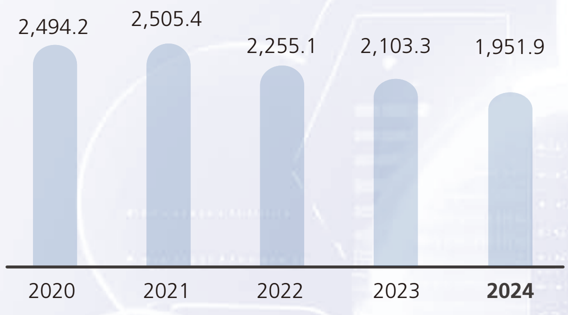
CONSOLIDATED ASSETS AND LIABILITIES

As at 31 December

	2024	2023	2022	2021	2020
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	**1,951,910**	2,103,286	2,255,055	2,505,444	2,494,242
Total liabilities	**(316,491)**	(402,408)	(429,118)	(415,227)	(321,878)
Non-controlling interests	**3,593**	4,826	1,222	6,057	1,315
Total equity attributable to owners of the Company	**1,639,012**	1,705,704	1,827,159	2,096,274	2,173,679

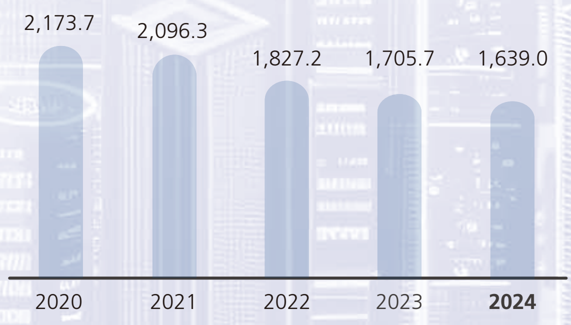
TOTAL ASSETS

HK$ million



TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY

HK$ million



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OUTLOOK AND PROSPECTS

The Group is principally engaged in the businesses of IHA, IDC, investing and leasing.

IHA Business

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

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

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

IDC Business

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

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

On 29 May 2023, the Group conditionally agreed to dispose of the IDC situated in the US to Prime Data Centers, LLC (the "Purchaser"), an independent third party of the Group, at a consideration of US$110.0 million (equivalent to HK$858.0 million) (the "Disposal of US-IDC"). During FY2024, the disposal of US-IDC was extended, and the lease was continued to the Purchaser. As at the date of this report, the Disposal of US-IDC has not been completed. The completion of the Disposal of US-IDC is subject to the construction plan with the Purchaser's ultimate leases. The US-IDC has been leased to the Purchaser at a fixed monthly rate, and such lease will automatically expire when the Disposal of US-IDC is completed or terminated. The transaction is expected to be completed during the course of 2025.

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

MANAGEMENT DISCUSSION AND ANALYSIS

Investing Business

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

During the year under review, the Group recorded a net fair value gain on financial assets (excluding contingent consideration receivable) at fair value through profit or loss of HK$38.3 million (FY2023: HK$54.2 million), representing a decrease of 29.4% as compared with FY2023. The gain mainly resulted from the fair value gains of HK$32.5 million from the Group's certain investments in private equity companies, which respectively engaged in global aircraft leasing and pharmaceutical research and development. A notable surge in travel demand following the three years of pandemic-related restrictions resulted in a robust revaluation gain. With the rebound of Hang Seng Index in 2024, the fair value of listed securities was increased by 44.7% or HK$8.1 million as compared with FY2023.

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

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

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

Leasing Business

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Operating Results

Revenue and Gross Profits

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

Other Revenue and Net Income

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

Changes in Fair Value of Investment Properties

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

Distribution and selling expenses

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

General and Administrative Expenses

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

Other Operating Expenses

The other operating expenses mainly comprised of the miscellaneous costs, amortisation of intangible assets (being the hash-rate capacity of mining machines acquired for cryptocurrencies mining but not allocated to cost of cryptocurrencies), the depreciation of property, plant and equipment (being the cryptocurrency mining machines acquired for cryptocurrencies mining not allocated to cost of cryptocurrencies) and property related tax and land use tax from leasing activities.

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

Loss Allowance on Loans Receivable/Trade and Other Receivables

During the FY2024, the Group had the following loss allowances on loans receivable and trade and other receivables associated with its debt instruments carried at amortised cost which are assessed based on the estimation of the lifetime or 12-month expected credit losses ("ECL").

(a) Loss Allowance on Loans Receivable

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

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

(b) Loss Allowance on Trade and Other Receivables

The provision is based on the historical settlement experience, assessment of aging analysis, taking into account forward-looking information of the debtors together with the ECL assessment. The loss allowance on trade and other receivables amounted to HK$12.5 million (FY2023: HK$41.7 million) was caused by the increase of credit risk of the debtors.

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

Finance Costs

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

MANAGEMENT DISCUSSION AND ANALYSIS

Loss for the Year

As a result of the foregoing, the Group's loss attributable to the owner of the Company for the year narrowed down to HK$62.0 million (FY2023: HK$113.7 million), representing a significant decrease of 45.5% or HK$51.7 million as compared to the last fiscal year. Excluding the provision for loss allowance made in accordance with the HKFRS 9 that applied to financial assets (including trade and other receivables and loans receivable), the Group's loss attributable to owners of the Company was HK$28.6 million (FY2023: HK$16.8 million) for FY2024.

Liquidity and Financial Resources

As at 31 December 2024, the Group had net current assets of HK$1,164.8 million. The Group had cash and bank balances of HK$34.8 million and pledged bank deposits of HK$0.2 million, respectively. The financial resources were funded mainly by the working capital from the operations.

The current ratio, as calculated by dividing current assets by current liabilities, was 5.3 times (2023: 4.4 times) as at 31 December 2024. The gearing ratio, as measured by total liabilities divided by total equity, was 19.4% (2023: 23.7%) as at 31 December 2024. The Group adopts a prudent approach in cash management. Apart from certain debts including lease liabilities, bank loans and other loan, the Group did not have any material outstanding debts as at 31 December 2024. Payment to settle trade and other payables represented a significant part of the cash outflow of the Group. Taking into account the light debt leverage, the Group is able to generate cash and meet upcoming cash requirements. Hence, the Group has adequate liquidity and financial resources to meet its working capital requirements in the next twelve months from the year end date and remained at a stable and healthy level.

Capital Commitment

The Group had no other capital commitment as at 31 December 2024 and 2023.

Contingent Liabilities

The Group had no contingent liabilities as at 31 December 2024 (2023: Nil).

Treasury Policies

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

Credit Policies

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

(a) Credit risk assessment: The Group would perform credit risk assessment before extending or granting the loans by (i) reviewing the financial reports and statements showing the net asset value of the potential or existing borrowers and other relevant financial information; (ii) performing an assessment on the financial condition of the potential or existing guarantors, such as the type and value of assets owned by the potential or existing guarantors; and (iii) reviewing the financial positions of the existing borrowers on an annual basis.

(b) Security/Collateral assessment: The Group would assess and decide the necessity and the value of security/collateral for granting or extending of each loan, whether to an individual or enterprise, on a case-by-case basis considering the factors including but not limited to the repayment history, results of public search towards the potential or existing borrower, the value and location of the assets owned by the potential or existing borrowers.

(c) Loan collection/Recovery: The Group would issue overdue payment reminder to the borrower, instruct its legal advisers to issue demand letter for overdue loans, negotiate with the borrower for the repayment or settlement of the loan and/or commence legal action against the borrower. In respect of the loans not yet overdue, the Group will closely monitor for any adverse news which may trigger a default in payment.

Among the one loan extension during the year, assessment on the credit risk of the borrower have been performed including but not limited to the re-assessment of financial position of the borrower.

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

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

The loan extension granted to the borrower, Beijing Aihuan was subject to certain conditions to be fulfilled, details of which were set out in the Company's announcement dated 16 December 2021. None of the terms under the conditions was completed and the loan extension became ineffective. On 10 February 2022, the Group had issued a demand letter to the borrower and the guarantors demanding repayment of the outstanding loans principal and accrued interest. On 14 February 2022, the borrower proposed a new repayment schedule of the outstanding loans and accrued interest thereon. Subsequently, the Group continually issued another two demand letters to Beijing Aihuan and a partial repayment was received during the FY2022. During the FY2023 and FY2024, the Group had sent demand letters to Beijing Aihuan for demanding the outstanding loan principal and accrued interest and filed a lawsuit for the repayment of the overdue balance. As at the date of this report, neither the repayment of loan principal nor interest was received.

Loan granted to High Sharp Electronic Limited ("High Sharp")

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

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

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

Loan granted to an independent third party

The loan extension granted to an independent third party was expired on 10 September 2023. During the FY2023 and FY2024, demand letters were sent to the independent third party borrower for demanding the outstanding loan principal and accrued interest. Neither the repayment of the outstanding balance nor interest was received. Subsequent to the FY2023, the Group had filed a lawsuit for the repayment of the overdue balance. As at the date of this report, neither the repayment of loan principal nor interest was received.

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

* English name for identification purpose only

MANAGEMENT DISCUSSION AND ANALYSIS

Charges on Group Assets

Details of charges on the Group assets are set out in note 35 to the consolidated financial statements.

Capital Structure

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

Significant Investments/Material Acquisitions and Disposals

Acquisitions and Disposals of Cryptocurrencies

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

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

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

Future Plans for Material Investment and Capital Assets

There is no other plan for material investments or capital assets as at 31 December 2024.

Segment Information

An analysis of the Group's performance for the year by business and geographical segments is set out in note 8 to the consolidated financial statements.

Exposure to Fluctuations in Exchange Rates

Most of the trading transactions of the Group were denominated in Renminbi ("RMB") and the United States dollars ("USD"). The assets of the Group mainly denominated in RMB and the remaining portions were denominated in USD and Hong Kong dollars ("HKD"). The exchange rates for USD to HKD have been relatively stable for the year. Therefore, the Group is only exposed to foreign exchange risk arising from RMB exposures, primarily concerning the HKD and USD. During the year under review, the Group recorded net exchange losses of HK$0.2 million (FY2023: HK$2.0 million). As at 31 December 2024, the Group had not used any forward contracts, currency borrowings or other means to hedge its foreign currency exposure. However, the Group will constantly monitor and manage its exposure to foreign exchange risk.

Human Resources and Relations with the Employees

As at 31 December 2024, the Group had over 70 (2023: over 100) full-time employees, of which 22 (2023: 22) were based in Hong Kong and the rest were in the PRC and the US. Staff costs of the Group amounted to HK$59.4 million (FY2023: HK$57.5 million) for FY2024. The employees of the Company's subsidiaries are employed and promoted based on their suitability for the positions offered. The salary benefit levels of the Group's employees are in line with the market rates. Employees are rewarded on a performance-related basis within the general framework of the Group's remuneration system which is reviewed annually. In addition to basic salaries, staff benefits also include medical schemes and various insurance schemes.

Key Risks and Uncertainties

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

(i) The revenue of the Group is difficult to predict and may be volatile in any given reporting period owing to the tightened supply of microchips as the raw materials of the distributed products of the IHA business;

(ii) Rapid changes in production innovation and features may increase competition and render the Group's current technologies or cause the Group of losing market share and narrower profit margins from intensification of competition;

(iii) Customers preferences and trends from the increasing demands for streaming services, on-demand content, and smart-home integration may have a material adverse impact to the set-top box market or our business, financial condition and results of the operations;

(iv) The impact of protectionism and unilateralism have affected the stability of the global landscape, with increasing sources of turbulence and risk points. The Group may be exposed to restrictions, sanctions or other legal or regulatory measures in different jurisdictions. The increasingly stringent regulatory environment and policies such as licence issuance, may bring risks and challenges to the Group's business development and revenue growth;

(v) The investments of the Group in countries and regions across the world might at present or in future be affected by changes in local, national or international political, social, legal, tax, regulatory and environmental requirements from time to time. In addition, new government policies or measures, if introducing changes in fiscal, tax, regulatory, environmental or other aspects that may affect competitiveness, could result in an additional or unforeseen increase in operating expenses and capital expenditures, produce risks to the overall return on investments of the Group, and delay or impede its business operations and hence adversely affect revenues and profits;

(vi) The value of digital assets held by the Group may be subject to volatile market prices, impairment and unique risks of loss such as cyberattacks, human errors or computer malfunctions; and

(vii) The Group may face regulatory challenges to or limitations on the Group's digital asset investment.

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

Environmental Policies and Performance

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

Compliance with Laws and Regulations

The Company has been listed on the GEM of the Stock Exchange since 2000. The operations of the Group are mainly carried out by the Company's subsidiaries in the PRC, Hong Kong and the US. As such, the Group's operations shall comply with relevant laws and regulations in the PRC, Hong Kong and the US accordingly. During the year, the Group has complied with all applicable laws and regulations in the PRC, Hong Kong and the US in all material respects. The Group shall continue to keep itself updated with the requirements of the relevant laws and regulations in the PRC, Hong Kong and the US and adhere to them to ensure compliance.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Li Qiang, aged 56, graduated with a master's degree in business administration from Nanyang Technological University, Singapore. Mr. Li is the chairman and the legal representative of Trunkbow Asia Pacific (Shandong) Co., Ltd.. Mr. Li had been the president of Beijing Daily Technologies Co., Ltd.* (北京德利迅達科技有限公司) since March 2011 and a director of Trunkbow International Holdings Ltd., the shares of which were delisted from The NASDAQ (National Association of Securities Dealers Automated Quotation) Stock Market in 2014. Mr. Li was appointed to the board of directors as an executive Director and the co-chairman on 10 June 2016 and re-designated as the Chairman on 8 March 2017.

Mr. Cong Yu, aged 55, graduated from The People's Liberation Army (Navy) Command College* (中國人民解放軍陸軍指揮學院) majoring in National Defense Mobilization and National Defense Education and obtained a professional undergraduate degree. He has extensive experience in business development and investment projects. He is an executive director of Tibetan Crane Private Equity Fund Management (Shenzhen) Co., Ltd. (formerly known as Heijinghe Fund Management Co., Ltd.* (黑頸鶴私募股權基金管理(深圳)有限公司(前稱(黑頸鶴基金管理有限公司)), a director of Shenzhen Shenjian Pharmaceutical Technology Limited* (深圳深見醫藥科技有限公司) and an executive director of Amrtan Ocean Chinese Medicine Industry Group (Shenzhen) Co. Ltd.* (甘露海中醫產業集團(深圳)有限公司). He is a director of certain subsidiaries of the Company. Mr. Cong was appointed to the Board as an executive Director on 21 January 2021 and appointed as the Chief Executive Officer of the Company on 22 March 2021. He is currently a member of each of the nomination committee and the remuneration committee of the board of directors of the Company.

Mr. Chen Biao, aged 57, graduated from the Department of Mechanical Engineering of Information Engineering University* (信息工程大學). He has extensive experience in business development and management in China and Europe. Mr. Chen joined the Group in December 2019 as the position of deputy general manager of Yuxin Asset Management Company Limited, an indirect non wholly-owned subsidiary of the Company. He was the business consultant for China Machinery Industry International Cooperation Co., Ltd. on acquisition and merger projects in Europe since 2014. Mr. Chen was an executive director of Global Token Limited, the shares of which were delisted from the Stock Exchange in 2021. He is a director of certain subsidiaries of the Company. Mr. Chen was appointed to the Board as an executive Director on 21 January 2021 and appointed as the vice president of the Group in 2021. He is currently a member of the remuneration committee of the board of directors of the Company.

Mr. Shi Guangrong, aged 64, graduated with a bachelor's degree in engineering from Department of Industrial Automation of Beijing University of Technology. He has been with the Group since 1996, responsible primarily for marketing and investment management functions of the Group. Mr. Shi is currently the compliance officer of the Group, possessing over 17 years of regulatory and compliance experience. He was a non-executive director of Global Token Limited, the shares of which were delisted from the Stock Exchange in 2021. He is also a director of certain subsidiaries of the Company. Mr. Shi was appointed to the Board as an executive Director on 7 October 1999. He is currently also a member of the nomination committee of the board of directors of the Company.

Mr. Zhu Jiang, aged 67, graduated from Beijing University of Technology majoring in mechatronic engineering. He has over 28 years of research experience in computer engineering, extensive experience in digital-to-analog circuits and high-level assembly language programming and over 17 years of management experience. He is also a director and the legal representative of certain subsidiaries of the Company. Mr. Zhu was appointed to the Board as an executive Director on 24 July 2013.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Shen Yan, aged 61, holds a bachelor's degree in accounting and has over 29 years of accounting experience and 26 years of auditing experience. Ms. Shen worked with Beijing Zhonggongxin Certified Public Accountants* (北京中公信會計師事務所), where she presided over audit works for local and internationally renowned enterprises in manufacturing, professional affairs and services and has accumulated solid experience in corporate finance management and auditing. Ms. Shen has successively held key positions in numerous corporations in the PRC and possesses good expertise in financial accounting, budgetary control and financial management. She also took part in the research, editing and publication of books on financial management subjects. Ms. Shen had also been a staff of Beijing University of Technology. Currently, Ms. Shen is the financial controller of a PRC firm. Ms. Shen was appointed to the Board as an independent non-executive Director on 12 January 2005. She is currently the chairlady of each of the audit committee, the nomination committee and the remuneration committee of the board of directors of the Company.

Ms. Dong Hairong, aged 50, is a Chair professor and PhD student tutor at Beijing Jiaotong University. Ms. Dong graduated from Peking University with a doctorate degree in Science. Ms. Dong was appointed to the Board as an independent non-executive Director on 6 June 2018. She is currently a member of each of the audit committee, the nomination committee and the remuneration committee of the board of directors of the Company.

Ms. Huo Qiwei, aged 53, is currently the chief financial officer of Beijing Zhongjin Guorong Culture Media Co., Ltd. She possesses over 17 years of experience in corporate finance, accounting, and audit consulting. Ms. Huo possesses the professional qualifications of certified public accountant, certified tax agent and senior accountant in the PRC. Ms. Huo graduated from the Chinese University of Hong Kong with a master's degree in professional accountancy and from Henan University of Science and Technology majoring in accountancy. Ms. Huo was appointed to the Board as an independent non-executive Director on 5 September 2019. She is currently a member of each of the audit committee, the nomination committee and the remuneration committee of the board of directors of the Company.

COMPANY SECRETARY

Dr. Liu Wei, aged 67, has PRC lawyer qualification and is a solicitor qualified to practice law in Hong Kong and in England. He graduated from the Northwest University of China, the Chinese University of Political Science and Law and the University of Cambridge with a bachelor's degree in Chinese literature, a master's degree in law, a Ph.D. in Law respectively. He also completed his Common Professional Examination (CPE) with Manchester University in England, as well as a Postgraduate Certificate in Laws (PCLL) with the University of Hong Kong. Dr. Liu has extensive experience in corporate finance and corporate governance of listed companies and is a partner of Jingtian & Gongcheng LLP. Dr. Liu is the company secretary of the Company (the "Company Secretary") since 3 July 2007.

* The English translation of certain Chinese entities which are marked with "*" is for identification purpose only under the section headed "Biographical Details of Directors and Senior Management" of this annual report.

DIRECTORS' REPORT

The Board is pleased to present their report together with the audited consolidated financial statements of the Group for the year ended 31 December 2024.

BUSINESS REVIEW

The business review of the Group's business and financial performance for the year ended 31 December 2024 are set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" of this annual report.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the Company's principal subsidiaries are set out in note 40 to the consolidated financial statements.

SEGMENT INFORMATION

Analysis of the performance by the Group for the year ended 31 December 2024 by business and geographical segments is set out in note 8 to the consolidated financial statements.

CHARITABLE DONATIONS

During the year ended 31 December 2024, the Group made a charitable donation of HK$55,000 (2023: HK$10,000).

SHARE CAPITAL

Details of the movements in the share capital of the Company during the year ended 31 December 2024 are set out in note 31 to the consolidated financial statements.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2024 are set out in the consolidated statement of comprehensive income on page 73 of this annual report.

The Board does not recommend the payment of a final dividend for the year ended 31 December 2024 (2023: Nil).

DIVIDEND POLICY

The declaration, form, frequency and amount of any dividend payout of the Company must be in accordance with relevant laws, rules and regulations and subject to the bye-laws of the Company (the "Bye-laws"). Subject to compliance with applicable laws, rules, regulations and the Bye-laws, in deciding whether to propose any dividend payout, the Board will take into account the Group's financial results, the earnings and distributable reserves, the operations and liquidity requirements, the debt ratio and possible effects on the credit lines, and the development plans of the Company.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and assets and liabilities of the Group for the last five financial years is set out on page 4 of this annual report.

PRINCIPAL RISKS

The Directors have acknowledged that the Group is exposed to certain risks that could impact on the Group. The Group monitors the risks on an ongoing basis. The principal risks faced by the Group are set out in the sub-section headed "Key Risks and Uncertainties" of this annual report.

SHARE OPTIONS

Details of the Company's share option scheme adopted by the Shareholders on 14 January 2015 (the "Share Option Scheme") and the movement in the Company's share options held by the Directors during the year ended 31 December 2024 are set out in note 36 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Bye-laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year.

RESERVES

Movements in reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity on page 76 of this annual report and notes 32 and 34(a) to the consolidated financial statements respectively.

INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the investment properties and property, plant and equipment of the Group during the year ended 31 December 2024 are set out in notes 17 and 18 to the consolidated financial statements respectively.

PROPERTIES

Particulars of properties held by the Group as at 31 December 2024 are set out on page 166 of this annual report.

DIRECTORS

The Directors during the year and up to the date of this annual report are as follows:

Executive Directors

Mr. Li Qiang *(Chairman)*
Mr. Cong Yu *(Chief Executive Officer)*
Mr. Chen Biao
Mr. Shi Guangrong
Mr. Zhu Jiang
Mr. Gao Fei (resigned on 30 August 2024)

Independent Non-Executive Directors

Ms. Shen Yan
Ms. Dong Hairong
Ms. Huo Qiwei

DIRECTORS' REPORT

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of Directors and senior management of the Group are set out on pages 14 and 15 of this annual report.

DIRECTORS' SERVICE CONTRACTS AND APPOINTMENT LETTERS

Each of the executive Directors has entered into a service agreement with the Company for a term of three years which are automatically renewed for successive terms of one year each upon expiry of the then current term and shall be terminated by either party giving to the other not less than six months' notice in writing.

Each of the independent non-executive Directors has entered into a letter of appointment with the Company for a term of two years.

Save as disclosed above, none of the Directors proposed for re-election at the forthcoming annual general meeting ("AGM") has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

DIRECTOR'S INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in the paragraph of this Directors' Report headed "Connected Transaction, Continuing Connected Transactions and Related Party Transactions", 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 a connected entity of the Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year under review.

DIRECTOR'S EMOLUMENTS AND INDIVIDUALS WITH HIGHEST EMOLUMENTS

Details of the Directors' emoluments and the five highest paid individuals of the Group during the year are set out in notes 11 and 12 to the consolidated financial statements respectively.

EMOLUMENT POLICY

The Directors are paid fees in line with market practice. The Group adopted the following main principles in determining the remuneration of the Directors and other employees:

- No individual should determine his or her own remuneration;
- Remuneration should be broadly aligned with companies with whom the Group competes for human resources;
- Remuneration should reflect performance and responsibility with a view to motivating and retaining high performing individuals and enhancing the value of the Company to its Shareholders; and
- Share options grants to the senior management or staff as incentives for their contribution to the growth and development of the Group in the intermediate to longer time frame.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2024, the interests or short positions of the Directors and chief executive of the Company in the Shares, underlying shares and/or debentures of the Company and/or any of its associated corporations (within the meanings of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as required to be notified to the Company and the Stock Exchange pursuant to rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

(1) Long positions in the shares of the Company

Name of Directors	Nature of interests	Number of ordinary Shares	Capacity	Approximate percentage of the total issued share capital of the Company
Mr. Li Qiang	Personal	4,604,000	Beneficial owner	0.19%
Mr. Cong Yu	Personal	741,379,800	Interest of a controlled corporation	29.80%
Mr. Shi Guangrong	Personal	22,660,000	Beneficial owner	0.91%
Mr. Zhu Jiang	Personal	7,926,756	Beneficial owner	0.32%
Ms. Shen Yan	Personal	324,000	Beneficial owner	0.01%

(2) Long positions in the underlying shares of the Company

None of the Directors or chief executive of the Company has held any share options as at 31 December 2024.

As at 31 December 2024, save as disclosed above, none of the Directors or chief executive of the Company had any interests or short positions in any Shares, underlying shares and/or debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as required to be notified to the Company and the Stock Exchange pursuant to rules 5.46 to 5.67 of the GEM Listing Rules.

Save as disclosed above, at no time during the year was the Company or any of its subsidiaries a party to any arrangement which enables the Directors to acquire benefits by means of the acquisition of Shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

Based on the information provided to the Company in notices filed, as at 31 December 2024, the entities and/or persons or corporations who had any interests or short positions in the Shares and/or underlying shares of the Company which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO or had otherwise notified to the Company were as follows:

Long positions in the shares and underlying shares of the Company

Name of Shareholders	Nature of interests	Number of ordinary Shares	Capacity	Approximate percentage of the total issued share capital of the Company
Unicorn Resources Inc. ("Unicorn") *(Note 1)*	Corporate	741,379,800	Beneficial owner	29.80%
Cong Yu Company Limited *(Note 1)*	Corporate	741,379,800	Interest of a controlled corporation	29.80%
Mr. Cong Yu *(Note 1)*	Personal	741,379,800	Interest of a controlled corporation	29.80%
Mr. Zhu Weisha *(Note 2)*	Personal	741,379,800	Interest of a controlled corporation	29.80%
		19,000,000	Beneficial owner	0.76%
Honbridge Holdings Limited (Stock Code: 8137) *(Note 3)*	Corporate	351,867,200	Beneficial owner	14.14%
Hong Bridge Capital Limited *(Note 3)*	Corporate	351,867,200	Interest of a controlled corporation	14.14%
Geely Group Limited *(Note 3)*	Corporate	351,867,200	Interest of a controlled corporation	14.14%
Mr. Li Shu Fu *(Note 3)*	Personal	351,867,200	Interest of a controlled corporation	14.14%

Notes:

1. Unicorn is the beneficial owner of 741,379,800 Shares. Cong Yu Company Limited holds 55% interest in Unicorn and it is deemed to be interested in the 741,379,800 Shares held by Unicorn. Mr. Cong Yu holds 100% interest in Cong Yu Company Limited (which holds 55% interest in Unicorn) and he is therefore deemed to be interested in the 741,379,800 Shares held by Unicorn.

2. Mr. Zhu Weisha holds 45% interest in Unicorn and he is deemed to be interested in the 741,379,800 Shares held by Unicorn. The remaining interest in 19,000,000 Shares is beneficially owned by Mr. Zhu Weisha, representing 19,000,000 underlying shares in respect of the share options granted by the Company on 30 August 2019.

3. Honbridge Holdings Limited is the beneficial owner of 351,867,200 Shares. 41.25% interest in Honbridge Holdings Limited are held by Hong Bridge Capital Limited, which in turn 68.86% held by Geely Group Limited (which 100% held by Mr. Li Shu Fu). By virtue of the provisions of Part XV of the SFO, each of Hong Bridge Capital Limited, Geely Group Limited and Mr. Li Shu Fu was deemed to be interested in the Shares of the Company in which Honbridge Holdings Limited was interested.

4. Based on a total of 2,487,704,800 issued Shares of the Company as at 31 December 2024.

Save as disclosed above, as at 31 December 2024, the Directors are not aware of any persons or corporations who had any interests or short positions in the Shares and/or underlying shares of the Company which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

PERMITTED INDEMNITY PROVISION

Pursuant to the Company's Bye-laws, the Directors shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which any of them shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duties in their offices.

Such permitted indemnity provision has been in force throughout the year and is still in force. In addition, the Company has arranged appropriate directors' and officers' liability insurance coverage for the directors and officers of the Group.

MANAGEMENT CONTRACTS

No contract concerning the management or administration of the whole or any substantial part of the business of the Company was entered into or existed during the year.

MAJOR SUPPLIERS AND CUSTOMERS

The Group has developed close and long-term cooperation relationships with major suppliers and customers. During the year, stable and good relationships between the Group and its major suppliers and customers have been maintained. The Group values the feedback from customers through daily communication, and address customers' concern in a timely manner. As to the suppliers, the Group assurance their performance for delivering quality sustainable products and services through supplier approval process and by spot checks on the delivered products. During the year ended 31 December 2024, there is no circumstance of any event between the Group and its customers which will have a significant impact on the Group's business and on which the Group's success depends. The percentages of purchases and sales for the year ended 31 December 2024 attributable to the Group's major suppliers and customers are as follows:

Purchases

–	the largest supplier	59.9%
–	five largest suppliers combined	91.9%

Sales

–	the largest customer	43.9%
–	five largest customers combined	93.4%

None of the Directors, their close associates or any Shareholder (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had any interest in the major suppliers and major customers noted above.

CONNECTED TRANSACTION, CONTINUING CONNECTED TRANSACTIONS AND RELATED PARTY TRANSACTIONS

Transactions Contemplated under the Subscription Agreement

On 29 November 2024, Full Profit Enterprises Limited (a directly wholly-owned subsidiary of the Company) ("Full Profit") and Profound View Group ("Profound View") entered into a subscription agreement (the "Subscription Agreement") in relation to the subscription of 2.3% of the enlarged share capital of the Profound View by Full Profit at a consideration of HK$18.0 million (the "Subscription"). Full Profit held aggregate 10.71% of the enlarged share capital of the Profound View following the completion of the Subscription. The details of the Subscription are set out in the Company's announcement 29 November 2024. The Subscription has been completed as at 31 December 2024.

As at the date of Subscription Agreement, Profound View is held as to (i) 39.02% by Tibetan Crane Company Limited, which is in turn held as to 64.68% by Mr. Cong Yu, an executive Director, the chief executive officer of the Company and a substantial Shareholder; and (ii) 1.87% by Cong Yu Company Limited, which is in turn wholly-owned by Mr. Cong Yu. Accordingly, Profound View is an associate of Mr. Cong Yu and thus a connected person of the Company under Chapter 20 of the GEM Listing Rules. The Subscription is subject to the reporting and announcement requirements but it is exempted from the independent shareholders' approval requirement under the Listing Rules. Mr. Cong Yu is deemed to have a material interest in the transactions contemplated under the Subscription Agreement. Accordingly, he has abstained from voting on the board resolutions in connection with the Subscription.

Non-exempt Continuing Connected Transactions Subject to Reporting, Announcement and Annual Review Requirements

Lease Agreement with Chengdu Wuhou Ganluhai Tibetan Hospital Co., Ltd.(成都武侯甘露海藏醫院有限公司) ("Chengdu Ganluhai")*

On 24 July 2023, Meishan E-rich Shengda Medical Service Co., Ltd.* (眉山裕睿盛達醫藥服務有限公司) ("Meishan E-rich"), an indirect wholly-owned subsidiary of the Company (as landlord), entered into a lease agreement (the "Lease Agreement") with Chengdu Ganluhai (as tenant) in respect of the leasing of the factory situated at No. a, b, c, d, Building B6, Yaoxing Tianfu Pioneering Park, South Section of Bencao Avenue, Dongpo District, Meishan City, Sichuan Province, with a term of three years commencing from 1 August 2023 to 31 July 2026 at a monthly rent of RMB367,589 (tax inclusive) for 1st term year, RMB378,616 (tax inclusive) for 2nd term year and RMB389,971 (tax inclusive) for 3rd term year (the "Continuing Connected Transactions"). The details of the Lease Agreement are set out in the Company's announcement dated 24 July 2023.

Chengdu Ganluhai is indirectly owned as to 43.29% by Mr. Cong Yu, a substantial Shareholder, the chief executive officer of the Company and an executive Director, and as to 8.79% by Ms. Feng Yaping, the spouse of Mr. Cong Yu. Accordingly, Chengdu Ganluhai is a connected person of the Company and the transactions contemplated under the Lease Agreement constitutes continuing connected transactions for the Company under Chapter 20 of the GEM Listing Rules.

The following sets forth the annual caps for the Continuing Connected Transactions contemplated under the Lease Agreement:

	For the years ended 31 December			
	2023	**2024**	**2025**	**2026**
	HK$'000	HK$'000	HK$'000	HK$'000
Lease Agreement with Chengdu Ganluhai	2,169	5,269	5,428	3,221

Confirmations from the Independent Non-Executive Directors and Auditors

Pursuant to rule 20.53 of the GEM Listing Rules, the Continuing Connected Transactions had been reviewed by the independent non-executive Directors and confirmed that the Continuing Connected Transactions had been entered into:

(a) in the ordinary and usual course of business of the Group;

(b) either on normal commercial terms or on terms no less favorable to the Group than terms available to or from (as the case may be) independent third parties;

(c) in accordance with the relevant agreements governing such transactions on terms that are fair and reasonable and in the interests of the Shareholders as a whole; and

(d) within the respective cap amounts as disclosed in the previous announcements in which the relevant Continuing Connected Transactions were disclosed.

* English names for identification purpose only

The Company's auditor was engaged to report on the Company's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised), "*Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*" and with reference to Practice Note 740, "*Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules*" issued by the Hong Kong Institute of Certified Public Accountants.

The auditor has confirmed in a letter to the Board in respect of the disclosed continuing connected transactions that nothing has come to their attention that (i) causes them to believe that the disclosed continuing connected transactions has not been approved by the Company's board of directors; (ii) were not entered into in all material respects in accordance with the relevant agreements governing such transactions; and (iii) had exceeded the caps disclosed in the announcement of the Company dated 24 July 2023.

Confirmations from the Company

The Company has conducted a review of its continuing connected transactions and confirmed that all such transactions had complied with the disclosure requirements in accordance with Chapter 20 of the GEM Listing Rules.

Related Party Transactions

Details of significant related party transactions undertaken in the normal course of business of the Group for the year ended 31 December 2024 are provided under note 38 to the consolidated financial statements. None of these related party transactions constitutes a connected transaction as defined under the Listing Rules that is required to be disclosed, except for those described above in the paragraphs headed "Transactions Contemplated under the Subscription Agreement" and "Non-exempt Continuing Connected Transactions Subject to Reporting, Announcement and Annual Review Requirements", in respect of which the disclosure requirements in accordance with Chapter 20 of the GEM Listing Rules have been complied with.

COMPETING INTERESTS

None of the Directors or the controlling Shareholders and their respective associates (as defined in the GEM Listing Rules) has an interest in a business which competed or might compete with the business of the Group or has any other conflict of interest with the Group for the year ended 31 December 2024.

AUDIT COMMITTEE

The Board has established an audit committee (the "Audit Committee"). It currently comprises three independent non-executive Directors, namely Ms. Shen Yan (Chairlady), Ms. Dong Hairong and Ms. Huo Qiwei. None of the members of the Audit Committee is a former partner of the auditor of the Company. The principal duties of the Audit Committee are to assist the Board in reviewing the financial information, overseeing the Company's financial reporting system, risk management, internal control systems and relationship with the external auditor, and arrangements to enable employees of the Company to raise concerns under the protection of confidentiality about possible improprieties in financial reporting, internal control or other matters of the Company. During the year under review, the Audit Committee held four meetings for the purposes of reviewing the interim and annual financial results and reports and significant issues on the financial reporting and compliance procedures, internal control and risk management systems, and the other matters in accordance with the Audit Committee's written terms of reference. The Group's audited annual results for the year ended 31 December 2024 have been reviewed by the Audit Committee.

PUBLIC FLOAT

As at the date of this report, the Company has maintained the prescribed public float required under the GEM Listing Rules, based on the information that is publicly available to the Company and within the knowledge of the Directors.

CORPORATE GOVERNANCE

A report on the Company's principal corporate governance principles and practices are set out in the section headed "Corporate Governance Report" of this annual report.

AUDITOR

The consolidated financial statements of the Company for the year ended 31 December 2024 have been audited by Forvis Mazars CPA Limited, Certified Public Accountants, who will retire and, being eligible, offer itself for re-appointment.

A resolution for the re-appointment of Forvis Mazars CPA Limited as the auditor of the Company will be proposed at the forthcoming AGM of the Company.

On behalf of the Board
Yuxing InfoTech Investment Holdings Limited
Cong Yu
Executive Director and Chief Executive Officer

Hong Kong, 25 March 2025

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE

The Company is committed to achieving high standards of corporate governance. The Directors believe that sound and reasonable corporate governance practices are essential for the continuing growth of the Group and for safeguarding and maximising Shareholders' interests.

During the year ended 31 December 2024, the Company has applied the principles and complied with the applicable code provisions of the Corporate Governance Code (the "CG Code") as set out in Part 2 of Appendix C1 to the GEM Listing Rules, except in relation to CG Code provisions F.2.2, as more particularly described below.

CG Code provision F.2.2

Pursuant to CG Code provision F.2.2, the Chairman of the Board should attend the AGM and invite the chairman of the audit, remuneration and nomination committees to attend and be available to answer questions at the AGM. Mr. Chen Biao, an executive Director, has been performing the above duties in lieu of Mr. Li Qiang, the Chairman of the Board, who had other pre-arranged business commitments on the day of the AGM.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the required standard of dealings as set out in rules 5.48 to 5.67 (the "Required Standard of Dealings") of the GEM Listing Rules as the code of conduct regarding securities transactions by the Directors. Upon specific enquiries of all Directors, each of them confirmed that they have complied with the required standards set out in the Required Standard of Dealings for the year ended 31 December 2024 in relation to their securities dealings, if any.

BOARD OF DIRECTORS

Board composition

The Board is responsible for managing the Company on behalf of the Shareholders. The Board is of the view that it is the Directors' responsibility to create value for the Shareholders and safeguard the best interests of the Company and the Shareholders as a whole by discharging its duties in a dedicated, diligent and prudent manner on the principle of good faith.

The primary functions of the Board include:

- deciding on the overall strategies, overseeing operational and financial performance and formulating appropriate policies to manage risk exposure associated with realising the strategies and goals of the Group;

- monitoring and reviewing the Group's corporate governance practices on compliance with legal and regulatory requirements, and renewing the Company's compliance with the CG Code;

- being held accountable for the internal control system of the Group and responsible for reviewing its effectiveness;

- being ultimately responsible for preparing financial accounts and discussing the performance, financial conditions and prospects of the Group in a balanced, clear and comprehensible manner. These responsibilities are applicable to interim and annual reports of the Company, other price sensitive announcements published according to the GEM Listing Rules and disclosure of other financial information, reports submitted to regulatory bodies and information discloseable under statutory requirements;

- executive Directors, who oversee the overall business of the Group, are responsible for the daily management of the Group, the Board is responsible for affairs involving the overall policies, finance and Shareholders of the Company, namely financial statements, dividend policy, significant changes to accounting policies, annual operating budgets, material contracts, major financing arrangements, principal investment and risk management strategy. Implementation and execution of such decisions is delegated to the management; and

- regularly reviewing its own functions and the powers conferred upon executive Directors to ensure appropriate arrangements are in place.

The Board has overall responsibility for the leadership, strategic direction, control and performance of the Group and for promoting the success of the Group by directing and supervising its affairs. The Board delegates the day-to-day management, administration and operation of the Group to management. The delegated functions are reviewed by the Board periodically to ensure that they accommodate the needs of the Group.

The management is well informed of its powers and duties with clear guidelines and instructions, in particular regarding situations under which reporting to the Board is necessary and matters that require the approval of the Board before any decisions or commitments can be made on behalf of the Company.

The Board currently comprises eight Directors, with five executive Directors, namely, Mr. Li Qiang (Chairman), Mr. Cong Yu (Chief Executive Officer), Mr. Chen Biao, Mr. Shi Guangrong and Mr. Zhu Jiang and three independent non-executive Directors, namely, Ms. Shen Yan, Ms. Dong Hairong and Ms. Huo Qiwei. The biographies of the Directors are set out in the section "Biographical Details of Directors and Senior Management" on pages 14 to 15 of this annual report. The Directors, with relevant and sufficient experience and qualifications, have given sufficient time and attention to the affairs of the Group and have exercised due care and fiduciary duties in relation to the significant issues of overall business planning, management and strategic development of the Group.

Pursuant to code provisions B.1.4 of the CG Code, the Board has established mechanism(s) to ensure independent views and input are available to the Board, in particular, (i) independent non-executive directors are encouraged to actively participate in the Board meetings; (ii) the number of independent non-executive directors must comply with the requirement under the Listing Rules; and (iii) the independent non-executive directors shall devote sufficient time to discharge their duties as a director. Furthermore, the Board may access external independent professional advice to assist their performance of duties at the expense of the Company. The Board will review the implementation and effectiveness of such mechanism(s) on an annual basis.

To the knowledge of the Directors, the Board members have no material financial, business, family or other relevant relationships with each other.

Independent Non-Executive Directors

During the year ended 31 December 2024, the Board at all times complied with the requirement of the GEM Listing Rules of having at least three independent non-executive Directors sit on the Board (more than one-third of the Board members) and at least one of them having appropriate professional accounting or related financial management expertise. All the independent non-executive Directors are appointed for a two-year term, and subject to rotation and re-election pursuant to the Bye-laws. Details of their appointment are referred to the section "Directors' Service Contracts and Appointment Letters" on page 18 of this annual report. The Company has received from each of the independent non-executive Directors an annual confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules on the Stock Exchange and considers all the independent non-executive Directors to be independent.

CORPORATE GOVERNANCE REPORT

Board practice and conduct of meetings

The full Board meets at least four times a year, at quarterly intervals, to review the financial performance, results of each period, material investments and other matters of the Group that require the resolution of the Board. Simultaneous communication methods may be used to improve attendance when individual Director cannot attend the meeting in person.

The attendance records of each Director and each member of the Board committees in 2024 are as follows:

	Number of meetings attended/eligible to attend				
Executive Directors	**Board**	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**	**General Meeting**
Mr. Li Qiang *(Chairman)*	4/4	N/A	N/A	N/A	1/1
Mr. Cong Yu	4/4	N/A	1/1	1/1	1/1
Mr. Chen Biao	4/4	N/A	1/1	N/A	1/1
Mr. Gao Fei (resigned on 30 August 2024)	2/3	N/A	N/A	N/A	1/1
Mr. Shi Guangrong	4/4	N/A	N/A	1/1	1/1
Mr. Zhu Jiang	4/4	N/A	N/A	N/A	1/1
Independent Non-Executive Directors					
Ms. Shen Yan	4/4	4/4	1/1	1/1	1/1
Ms. Dong Hairong	3/4	1/4	0/1	0/1	0/1
Ms. Huo Qiwei	4/4	4/4	1/1	1/1	1/1

Information of material issues, due notice of meetings and minutes of every meeting have been sent to all Directors for their information, comment and review.

Appointment and Re-election of Directors

Each of the executive Directors has entered into a service agreement with the Company for a term of three years which are automatically renewed for successive terms of one year each upon expiry of the then current term and shall be terminated by either party giving to the other not less than six months' notice in writing.

Each of the independent non-executive Directors, has entered into a letter of appointment with the Company for a term of two years.

The Company has established formal, considered and transparent procedures for the appointment of new Directors. The procedures and process of appointment, re-election and removal of Directors are laid down in the Bye-laws. Pursuant to Article 87 of the Bye-laws, at each AGM one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election. Pursuant to Article 86(2) of the Bye-laws, the Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or, subject to authorization by the Shareholders in general meetings, as an addition to the existing Board but so that the number of Directors so appointed shall not exceed any maximum number determined from time to time by the Shareholders in general meetings. Any Director so appointed by the Board shall hold office only until the next following AGM of the Company and shall then be eligible for re-election at that meeting.

In compliance with the code provision B.2.3 of the CG Code, the further appointment of independent non-executive Directors who have served more than 9 years should be subject to a separate resolution to be approved by Shareholders and the papers to Shareholders accompanying that resolution should include the reasons why the Board believes the relevant Director is still independent and should be re-elected.

Directors' Training

Each newly appointed Director shall receive induction on the first occasion of his/her appointment, so as to ensure that he/she has appropriate understanding of the business and operation of the Group and that he/she is aware of his/her responsibilities and obligations under the GEM Listing Rules and relevant regulatory requirements.

During the year ended 31 December 2024, all existing Directors were provided with updates on the latest developments and changes in the GEM Listing Rules and other relevant legal and regulatory requirements from time to time to develop and refresh the Directors' duties and responsibilities. In addition, briefings and updates on the latest development regarding the Listing Rules and other applicable regulatory requirements are provided to the Board during Board meetings to ensure compliance and enhance their awareness of good corporate governance practices. All the directors have also participated in continuous professional development training arranged by the legal advisor of the Group during the year.

Board Diversity Policy

The Board has adopted a board diversity policy which sets out the approach to achieve diversity on the Board.

The Company recognises and embraces the benefits of diversity of Board members. It endeavours to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. All Board appointments will continue to be made on a merit basis with due regard for the benefits of diversity of the Board members. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, experience (professional or otherwise), skills, knowledge and length of service. The ultimate decision will be made upon the merits and contribution that the selected candidates will bring to the Board.

Pursuant to the amended Rule 17.104 of the GEM Listing Rules, the Stock Exchange will not regard a single gender board of directors as achieving member diversity. As at the date of this report, the Board consists of three female directors and six male directors, which is in compliance with the requirement of appointing at least a director of a different gender under the GEM Listing Rules and achieved the current measurable targets set by the Company. The Nomination Committee will continue to monitor and actively consider different aspects of diversity in the boardroom, pay attention to develop a pipeline of potential successors to the Board to achieve gender diversity and recommend further actions or plan to the Board when necessary. Similar considerations shall also be in place to assess the candidacy of the senior management team from time to time. The Company is determined to maintain gender diversity and equality in terms of the whole workforce, and to procure the senior management team to achieve gender equality in terms of the gender ratio.

The Company values gender diversity across all levels of the Group. The following table sets out the gender ratio in the workforce of the Group, including the Board and senior management as at the date of this annual report:

	Female		Male	
	Gender ratios	Number of employees	Gender ratios	Number of employees
Board	4%	3	7%	5
Senior Management	1%	1	–	–
Other employees	40%	28	48%	34
Overall workforce	45%	32	55%	39

The Board had targeted to achieve and had achieved at least 5.6% (4) of female Directors, 1.4% (1) of female senior management and 35.2% (25) of female employees of the Group and considers that the above current gender diversity is satisfactory.

Chairman and Chief Executive Officer

Pursuant to the code provision C.2.1 of the CG Code, the roles of the chairman and the chief executive officer should be separate and should not be performed by the same individual. During the year ended 31 December 2024, the positions of chairman and chief executive officer of the Company are held by different persons. Mr. Li Qiang acted as the Chairman and Mr. Cong Yu acted as the Chief Executive Officer of the Company.

BOARD COMMITTEES

The Board has established three committees, namely audit committee (the "Audit Committee"), remuneration committee (the "Remuneration Committee") and nomination committee (the "Nomination Committee"), each overseeing and being responsible for affairs in different aspects of the Company. All Board committees of the Company are established with defined written terms of reference.

The written terms of reference for each Board committee are in compliance with the GEM Listing Rules and they are posted on the respective websites of the Stock Exchange and the Company.

Audit Committee

The Board has established the Audit Committee. It currently comprises three independent non-executive Directors, namely Ms. Shen Yan (Chairlady), Ms. Dong Hairong and Ms. Huo Qiwei. None of the members of the Audit Committee is a former partner of the auditor of the Company.

The principal duties of the Audit Committee are to assist the Board in reviewing the financial information, overseeing the Company's financial reporting system, risk management, internal control systems and relationship with external auditor, and arrangements to enable employees of the Company to raise concerns under the protection of confidentiality about possible improprieties in financial reporting, internal control or other matters of the Company.

Appropriate policies and controls have been designed and established to ensure that assets are safeguarded against improper use or disposal, relevant laws, regulations and rules are adhered to and complied with, reliable financial and accounting records are maintained in accordance with relevant accounting standards and regulatory reporting requirements, and key risks that may impact on the Group's performance are appropriately identified and managed. The systems and internal controls can only provide reasonable and not absolute assurance against material misstatement or loss, as they are designed to manage, rather than eliminate the risk of failure to achieve business objectives.

During the year ended 31 December 2024, the Audit Committee held four meetings for the purposes of reviewing the interim and annual financial results and reports and significant issues on the financial reporting and compliance procedures, internal control and risk management systems, and the other matters in accordance with the Audit Committee's written terms of reference. The Group's audited annual results for the year ended 31 December 2024 have been reviewed by the Audit Committee.

Remuneration Committee

The Board has established the Remuneration Committee. It currently comprises two executive Directors and three independent non-executive Directors, namely Ms. Shen Yan (Chairlady), Mr. Cong Yu, Mr. Chen Biao, Ms. Dong Hairong and Ms. Huo Qiwei. The primary functions of the Remuneration Committee include reviewing and making recommendations to the Board on the remuneration packages of individual executive Directors and senior management, the remuneration policy and structure for all Directors and senior management and approval on the terms of executive Directors' service contracts; and establishing a formal and transparent procedure for developing remuneration policy and to ensure that no Director or any of his/her associates is involved in deciding his/her own remuneration.

During the year ended 31 December 2024, the Remuneration Committee held one meeting to review and make recommendation to the Board on the remuneration packages of the Directors and other related matters in accordance with the Remuneration Committee's written terms of reference.

Pursuant to code provision E.1.5 of the CG Code, the remuneration of the member(s) of the senior management by band for the year ended 31 December 2024 is set out below:

Remuneration band	**Number of individual**
HK$1,000,000 to HK$2,000,000	1

Further particulars regarding Directors' emoluments are set out in note 11 to the consolidated financial statements.

Nomination Committee

The Board has established the Nomination Committee. It currently comprises two executive Directors and three independent non-executive Directors, namely Ms. Shen Yan (Chairlady), Mr. Cong Yu, Mr. Shi Guangrong, Ms. Dong Hairong and Ms. Huo Qiwei. The primary functions of the Nomination Committee include reviewing the Board's structure, size and composition of the Board, identifying individuals suitably qualified to become Board members, making recommendations to the Board on the appointment and succession planning of Directors, and assessing the independence of independent non-executive Directors.

According to the Nomination Policy of the Company, appointments of Board members will be made on a merit basis and candidates will be considered against objective criteria. The selection criteria used in assessing the suitability of a candidate include:

- the candidate's academic background and qualifications (including professional qualifications, skills and knowledge which are relevant to the Company's business and corporate strategy);
- the candidate's relevant experience in the industry;
- the candidate's character and integrity;
- the candidate's willingness and capacity to devote adequate time in discharge of a Director's duties;
- whether the candidate can contribute to the Board a diversity of perspectives;

- Where the candidate is proposed to be appointed as an independent non-executive Director whether the candidate is in compliance with the criteria of independence under the GEM Listing Rules; and

- any other factors as may be determined by the Board from time to time.

In terms of nomination procedures, any Board member may nominate or invite a candidate for appointment as a Director to be considered by the Nomination Committee. The Nomination Committee will then evaluate the personal profile of the candidate based on the selection criteria set out above, undertake due diligence in respect of such candidate and make recommendation for the Board's consideration and approval. For nomination of independent non-executive Director, the Nomination Committee will also assess the candidate's independence in accordance with the CG Code and the GEM Listing Rules. For re-appointment of retiring Directors, the Nomination Committee will review the candidate's overall contribution and performance (including the candidate's attendance at Board committee meetings, Board meetings and general meetings, his/her level of participation and performance on the Board), and make recommendations to the Board and Shareholders for re-election at general meetings.

During the year ended 31 December 2024, the Nomination Committee held one meeting to review and make recommendation to the Board on the retirement by rotation of Directors in the 2023 AGM and other related matters in accordance with the Nomination Committee's written terms of reference.

AUDITOR'S REMUNERATION

The remuneration in respect of audit and non-audit services provided by the auditor, Forvis Mazars CPA Limited, to the Group in the year ended 31 December 2024 are as follows:

	Fees payable
	HK$'000
Statutory audit services	1,700
Non-audit services (mainly reporting accountant's work in connection with the notifiable transactions)	210
	1,910

COMPANY SECRETARY

The Company Secretary is Dr. Liu Wei. He has taken not less than 15 hours of relevant professional trainings to update his skills and knowledge during the year ended 31 December 2024.

DIRECTORS' AND AUDITOR'S RESPONSIBILITIES FOR ACCOUNTS

The Directors acknowledge their responsibility for the preparation of consolidated financial statements of the Group for the year ended 31 December 2024, which give a true and fair view of the financial position of the Group on a going concern basis. Statements of Directors' responsibilities for preparing the consolidated financial statements and external auditor's reporting responsibilities are set out in the "Independent Auditor's Report".

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for maintaining sound and effective systems of risk management and internal control, which include financial, operational and compliance controls, to safeguard the Group's assets and Shareholders' interests, as well as for reviewing the effectiveness of such systems. Sound and effective systems of risk management and internal control are designed to identify and manage the risk of failure to achieve business objectives.

The risk management and internal control systems have been designed to operate proactively to ensure that principal risks are not only identified, measured and monitored but also mitigated. The risk management process is embedded into the day-to-day operations of the Group and is an on-going process carried out by everyone in the Group.

Key procedures are being established and implemented to ensure that there are appropriate and effective risk management and internal control systems are as follows:

(a) setting core values and beliefs which form the basis of the Group's overall risk philosophy and appetite;

(b) having an organisational structure in place with defined lines of responsibility and delegation of authority which hold individuals accountable for their risk management and internal control responsibilities;

(c) imposing an organisational structure which provides necessary information flow for risk analysis and management decision-making;

(d) imposing budgetary and management accounting controls to efficiently allocate resources and providing timely financial and operational performance indicators to manage business activities and risks;

(e) ensuring effective financial reporting controls to record complete, accurate and timely accounting and management information; and

(f) expanding the roles and responsibilities of the Audit Committee to include the review of risk management and internal control systems.

During the year ended 31 December 2024, the Board, through efforts of the Audit Committee, oversees the Group's risk management and internal control systems on an ongoing basis and has conducted an annual review of the effectiveness of the Group's risk management and internal control systems covering aspects of the Group's financial, operational, compliance controls and risk management functions. The Board has considered that the Group's risk management and internal control systems are effective and adequate. The Group reviews its risk management and internal control systems on an annual basis.

Procedures and internal controls for the handling and dissemination of inside information

The Group has complied with the relevant applicable requirements of the SFO and the GEM Listing Rules in respect of dissemination of inside information. The Group has disclosed inside information to the public as soon as reasonably practicable. Before the information is fully disclosed to the public, the Group ensures that the information is kept strictly confidential. The Group is committed to ensuring that information contained in announcements and other public disclosures are not false or misleading as to a material fact or as a result of the omission of a material fact by presenting information in a clear and balanced way, which requires equal disclosure of both positive and negative facts.

CORPORATE GOVERNANCE REPORT

SHAREHOLDERS' RIGHTS

The annual report and interim report offer comprehensive information to the Shareholders on operational and financial performance whereas AGM provide a forum for the Shareholders to exchange views directly with the Board. The general meetings of the Company provide an opportunity for communication between the Shareholders and the Board.

According to the Bye-laws, any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require a special general meeting (the "SGM") to be called by the Board for the transaction of any business specified in such requisition. The requisition must be lodged with the registered office of the Company. The written requisition (i) must state the purposes of the SGM, and (ii) must be signed by the requisitionists and deposited at the principal place of business of the Company in Hong Kong for attention of the Board or the Company Secretary, and may consist of several documents in like form, each signed by one or more requisitionists. Such meeting shall be held within two (2) months after the deposit of such requisition. Such requisitions will be verified by the Company's branch share registrars and upon their confirmation that the requisition is proper and in order, the Company Secretary will inform the Board to convene a SGM by serving sufficient notice to all Shareholders. On the contrary, if the requisition has been verified as not in order, the requisitionists will be advised of this outcome and accordingly, the SGM will not be convened as requested.

As regards to proposing a person for election as a Director, please refer to the procedures as set out in the Bye-laws on the respective websites of the Stock Exchange and the Company.

Shareholders may send written enquiries or requests in respect of their rights to the principal place of business of the Company in Hong Kong and for the attention of the Company Secretary.

INVESTOR RELATIONS

The Company establishes different communication channels with investors to update the latest business development and financial performance including the publication of interim and annual reports, the publish and posting of notices, announcements and circulars on the websites of the Stock Exchange and the Company in order to maintain a high level of transparency, and to ensure there is no selective disclosure of inside information.

The Company has developed a shareholders' communication policy. The policy aims to promote effective communication with Shareholders and other stakeholders, encourage Shareholders to engage actively with the Company, and enable Shareholders to exercise their rights as shareholders effectively. The Board reviewed the implementation and effectiveness of the communication policy during the reporting period, and was satisfied with the results.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

INTRODUCTION

This Environmental, Social and Governance ("ESG") Report (the "Report") is presented by Yuxing InfoTech Investment Holdings Limited (the "Company") together with its subsidiaries (collectively, the "Group"). This Report serves the purpose of summarising the ESG initiatives, plans and performance of the Group, as well as demonstrating the Group's commitment towards sustainable development.

REPORTING PERIOD

Unless otherwise stated, the Report presents the Group's ESG performance for the year ended 31 December 2024 (the "Reporting Period" or "FY2024").

REPORTING SCOPE

The Report covers the principal places of operations and business scope of the Group which represent the Group's major source of revenue and business operations that are more relevant to the environment, society and governance. The operations that will be covered includes:

- Shenzhen Headquarters
- Beijing office ("Beijing Office")
- Zhongshan factory[1] ("Zhongshan Factory")
- Hong Kong office ("Hong Kong Office")
- the United States ("the US") office[2] ("US Office")

Notes:

1. In 2019, the Zhongshan Factory outsourced the entire production process to contractors, and the Zhongshan Factory is mainly responsible for monitoring the external contractors' performance. Therefore, the Report covers the information about daily operations in the office of the factory only.

2. Due to the business nature of US Office, it is not included in the reporting scope of environmental data and covers information about manpower resources of the office only.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

REPORTING PRINCIPLES

The Report has been prepared in compliance with the Environmental, Social and Governance Reporting Guide (the "ESG Reporting Guide") under Appendix C2 of the Rules Governing the Listing of Securities on GEM of the Stock Exchange of Hong Kong Limited (the "Stock Exchange").

According to the ESG Reporting Guide, the following reporting principles were applied during the preparation of the Report:

Materiality: A materiality assessment was conducted through questionnaire surveys targeted at internal and external stakeholder representatives to identify material issues of the Group's operations. By gathering the feedback of various stakeholder groups, the Group can have a better understanding of their concerns and expectations of the Group's sustainable development. For more information, please refer to the sections headed "Stakeholder Engagement" and "Materiality Assessment".

Quantitative: To measure the effectiveness of ESG-related policies, the Group has adopted the ESG Reporting Guide, relevant guidelines published by the Stock Exchange and other international organisations, in measuring and presenting quantitative environmental and social key performance indicators ("KPIs"). Details of the standards used are described in the relevant sections of the Report.

Balance: The information in the Report mainly comes from internal statistical reports, documents and communication documents in 2024. To provide an unbiased picture of the Group's performance, the Group disclosed both its achievements and room for improvement in fair disclosure regarding ESG.

Consistency: Since 2016, the Group has reported in accordance with the ESG Reporting Guide issued by the Stock Exchange. The Report adheres to a consistent set of reporting standards, methodologies for calculating data and presentation of KPIs to allow meaningful comparisons of related data over time. If there are any changes that may affect the comparison with previous reports, the Group has added remarks to the corresponding content of the Report.

FEEDBACK

The Group values feedback from its stakeholders. If you have any questions or suggestions regarding the Report or the Group's performance in sustainable development, please feel free to contact the Group at ir@yuxing.com.hk.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

BOARD STATEMENT ON ESG

Governance for Sustainability and Sustainability Strategy

The Group always sees its corporate doctrines "Integrity and transparency, strict self-discipline, mutual trust and highly accountable" as the core of its corporate culture. The Group operates with honesty and truthfulness because it upholds integrity, and that is what its corporate culture has always been rooted in. The Group is always innovative that empowers it to grasp every opportunity in the storms of the past, so that its business is continuously and firmly growing.

The board of Directors (the "Board") of the Group understands that being in line with the Group's sustainability commitment constitutes the important element for the development and expansion of the Group's business. The Group upholds the "green" operating concepts, while shaping its efforts to have a positive impact on society and the environment – delivering lasting value for all stakeholders. The Group has set up objectives on sustainable development based on its core value and culture. The Group's sustainable development goals and implementation status are set out in the corresponding section of this Report.

The Group's Chief Executive Officer and executive Directors assume full responsibility for sustainability management. They are equipped with appropriate technical capabilities, experience, and adequate knowledge on ESG and their management duties are delegated to various departments and units which are responsible for managing important sustainability issues and monitoring their trends, so as to help the Group to seize all opportunities that can improve the Group's sustainable development performance. Throughout its business, different areas and levels of management are responsible for monitoring and achieving the Group's sustainability performance and goals, reviewing the opinions of stakeholders, collecting ESG data and information, in order to prepare the Report to be reported to and approved by the Board. This Report has been confirmed by the management and approved by the Board on 25 March 2025.

In addition, in order to effectively review the Group's sustainable development performance, the Group has established a sound internal control and risk management system, implemented internal control and audit supervision to reduce operational risks. The Group has established an Internal Audit system in accordance with relevant regulations. Through systematic and standardised methods, the Group reviews and evaluates within various departments of their operating activities and target achievement, the establishment and implementation of internal control, the utilisation of resources, etc.. It also provides relevant analysis, recommendations, assistance and supervision for management personnel to perform their duties in due diligence. During the Reporting Period, the Board has reviewed the Group's risk management and the effectiveness of internal control systems once a year, and reviewed the compliance controls on financial, ESG and other aspects, and the effectiveness of risk management, to safeguard the Group's assets against unauthorised use or disposition, and to protect the interests of the Group and the Shareholders as a whole, so as to ensure that the above topics are incorporated into the Group's strategy, and lead the Group to formulate and achieve long-term strategies and goals. Where appropriate, external advisors would be engaged to provide expertise and professional advice for the ESG management process.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

STAKEHOLDER ENGAGEMENT

The Group has been using different kinds of communication channels to listen to its stakeholders' views at the ESG aspects and communicate with them on various ESG issues on an ongoing basis as it is always believed that listening to the opinions of various stakeholders helps the Group to objectively and comprehensively assess its ESG performance. The Group endeavours to communicate with key stakeholders to ensure that issues of their concerns are taken seriously by the Group, thereby to establish appropriate and open communication mechanisms to maintain communication with each of them:

Major Stakeholders	Expectations and Concerns	Communication Channels
Investors	• Transparency of information • Return on investment • Protection of rights and interests	• Periodic investor meetings • Annual general meetings • Emails • Investor mailbox and announcements
Customers	• Transparency of information • Product quality • Opinion and compliant handling	• After-sales service hotlines • Complaint-handling by staff of the Service Department
Employees	• Benefit and compensation • Equal opportunity • Health and safety	• Employment and employee benefit systems • Trainings
External contractors	• Fulfilment of integrity • Mutual benefit • Joint development • Open and transparent procurement polices established through email and meetings	• Open and transparent procurement polices established through email and meetings
Community and the public	• Coordinated community development	• The Group's website

The Group aims to collaborate with its stakeholders to improve its ESG performance and create greater value for the wider community continuously.

MATERIALITY ASSESSMENT

The three steps the Group takes to prepare for the materiality assessment:

Step One: Identification of Material Issues

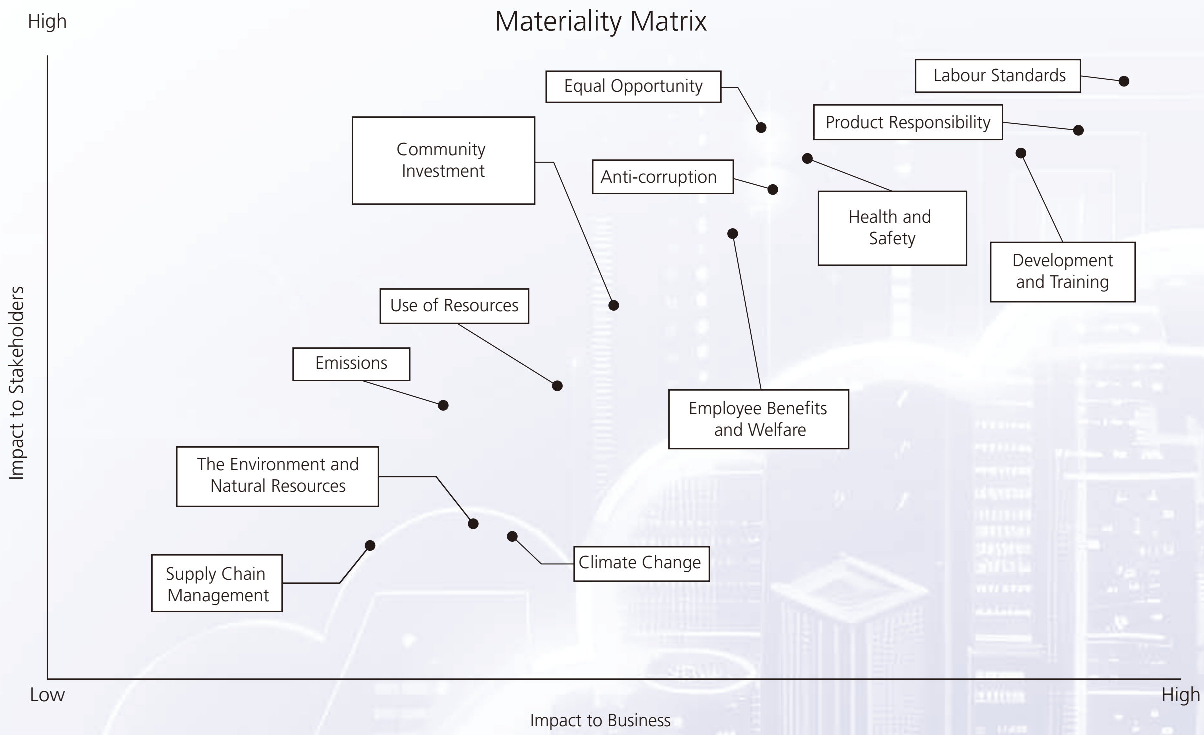
With reference to the ESG Reporting Guide issued by the Stock Exchange and combining factors such as comprehensive company development strategies, industry development trends, supervision and capital market requirements etc., to identify the economic, environmental and social implications of the Group's business, and potential material issues that may affect the assessment and decision-making of stakeholders.

Step Two: Determination of Material Issues

The Group collects feedbacks from internal and external stakeholder representatives through online questionnaire to understand the priorities of each stakeholder's concerns and reviews the potential material issues and prioritises them according to their impacts on the Group's ESG development and on the stakeholders to map the matrix.

Step Three: Confirmation and Review

Management and ESG reporting members are responsible for reviewing and confirming the assessment results.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

After the communication with stakeholders through questionnaires and on the basis of the materiality matrix, the Group identified the following aspects recognised as the key concerns to the Group's sustainability, which substantially impact the sustainability of the Group. The Group will continuously improve the ESG performance to meet the expectation of stakeholders. In the future, the Group will continue and expand stakeholder engagement to enhance the materiality analysis, and will collect a diverse range of stakeholders' views through various activities.

Topics of High Materiality	• Labour Standards • Health and Safety • Development and Training	• Product Responsibility • Equal Opportunity • Anti-corruption
Topics of Moderate Materiality	• Employee Benefits and Welfare • Use of Resources	• Community Investment • Emissions
Topics of Less Materiality	• Supply Chain Management • The Environment and Natural Resources	• Climate Change

A. ENVIRONMENTAL

Environmental Protection

Objectives

- Monitor various environmental parameters and review production plans regularly to minimise related environmental impacts

- Review the Group's approach to climate change and formulate a sustainable development plan to identify and respond to relevant physical and transition risks and opportunities

The Group undertakes to fully support all the government measures to implement the 14th Five-Year Plan and the "carbon neutrality" policy, with a view to contributing to the global climate goals in cooperation with other enterprises in China. The Group hopes to optimise the balance between business expansion and environment protection – meets the needs of business expansion without compromising the environment. The Group has long been committed to environmental protection management projects, requiring external contractors to attain international environmental certifications such as the ISO 14001 Environmental Management System, adopting the holistic environmental assessment, complying with legal and regulatory requirements, inspection of raw materials and chemical substances being used, assessment on use of energy resources and safety of environmental facilities, so as to reduce the impact on the environment, achieve sustainable development and build a better living environment for the next generation.

A1. Emissions

The Group has guided its employees to integrate eco-friendly principles into their work by implementing the "Environmental Policy." During the Reporting Period, the Group has continued to develop and refine its environmental management strategy with an emphasis on addressing various environmental challenges, such as climate change, water scarcity, pollution, and the consumption of natural resources. The Group is actively aligning with the global trend of emission reduction through minimising the generation of emissions, including exhaust gases, greenhouse gases (GHGs), sewage, and solid waste in its daily operations. Additionally, the Group is committed to seeking innovative technologies and new products to enhance its environmental performance constantly, thereby fulfilling the Group's responsibilities as a corporate citizen.

The Group strictly abides by laws and regulations related to pollutant emissions in the regions where it operates. It complies strictly to the rules and regulations stated in the "Environmental Protection Law of the People's Republic of China", "Directory of National Hazardous Wastes" and "Water Law of the People's Republic of China". With reference to their guidelines, the Group has implemented a series of environmental protection policies and measures and has worked for continuous improvement of the environmental protection system. During the Reporting Period, the Group was not aware of any non-compliance with the relevant laws and regulations that has a significant impact on the Group relating to air and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

In the Zhongshan Factory, the Group requires its external contractors to strictly follow all the rules and regulations on environmental protection and ensures the reduction of emission and pollution on the basis of emission compliance while improving the management level of pollution control. The Group regularly monitors and reviews its contractors to ensure they are in compliance with the requirements on environmental protection.

Exhaust Gas Emissions

Air pollutants emitted by automobiles are the primary source of pollution caused by the Group. In light of this, the Group regularly arranges for its vehicles to be tested by vehicle inspection centers, in order to ensure that the exhaust gas emitted by its vehicles meets safety standards.

Moreover, when making long-distance business trips within China, employees are encouraged to use public transportation, like the China High Speed Railway, to reduce the amount of carbon dioxide emissions from automobile.

The performance of exhaust gas emissions is summarised below:

Type of exhaust gas[3]	**Unit**	**2024**	2023
Nitrogen oxides ("NOx")	kg	**3.20**	8.25
Sulphur oxides ("SOx")	kg	**0.07**	0.05
Particulate matter ("PM")	kg	**0.24**	0.61

Note:

3. The calculation of exhaust gas emissions was based on "How to prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange.

GHG Emissions

The Group recognises that regular assessment and monitoring of the performance of various GHG emission sources are crucial for evaluating the effectiveness of environmental protection measures. The Group's GHG emissions primarily originate from fuel used for operating vehicles and air conditioning (Scope 1), purchased electricity consumed by offices (Scope 2), and business air travel (Scope 3). To further reduce carbon emissions from non-essential business travel, the Group has implemented the following measures:

Business travel reduction	• Encourages employees to communicate in a green manner, for example, substituting long-distance travel for face-to-face meetings with video and phone conferences to reduce travel frequency. • Zhongshan Factory has more specific requirements for travel expenses, which must be approved before implementation to avoid unnecessary travel.
Support procurement from local suppliers	• Under situation in compliance with hardware and software conditions (such as cost, quality, directives on restrictions on the use of certain harmful substances in electrical and electronic equipments (RoHS), technology and services, and environmental protection, etc.), the Group actively encourages external contractors to prioritise sourcing products from local suppliers, with the aim to reduce the transportation distance of goods and hence the emissions of exhaust gases and GHG.

The GHG emissions intensity of the Group during the Reporting Period has decreased by 24% from 1.18 tonnes of carbon dioxide equivalent ("tCO_2e")/employee in FY2023 to 0.91 tCO_2e/employee in FY2024. It is mainly attributable to the decrease in number of employees during the Reporting Period. The performance of GHG emissions is summarised below:

Indicators[4]	**Units**	**2024**	2023
Direct GHG emissions (Scope 1)	tCO_2e	**12.14**	28.67
Energy indirect GHG emissions (Scope 2)	tCO_2e	**15.51**	74.77
Other indirect GHG emissions (Scope 3)	tCO_2e	**37.31**	24.10
Total GHG emissions	tCO_2e	**64.96**	127.53
Total GHG emissions intensity[5]	tCO_2e/employee	**0.91**	1.18

The Group has set target to support the 14th Five-Year Plan and strive towards carbon neutrality by 2050. The Group is on track to achieve the target.

Notes:

4. The calculation was based on "How to prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange, the 2006 IPCC Guidelines for National Greenhouse Gas Inventories, "Global Warming Potential Values" from the IPCC Fifth Assessment Report, 2014 (AR5), the "Notice on the Management of Enterprise Greenhouse Gas Emissions Reporting by Power Generation Industry for 2023-2025" issued by the Ministry of Ecology and Environment of the People's Republic of China and the "2023 Sustainability Report" released by CLP Holdings.

5. As at 31 December 2024, the Group had a total of 71 employees in Shenzhen Headquarters, Beijing Office, Hong Kong Office and Zhongshan Factory (as at 31 December 2023: 109). These data are also used for calculating other intensity data.

Waste Management

Hazardous Waste

The Group's four operational locations are all in office nature. Due to the business nature, there were no hazardous waste generated during the operation of each office. Therefore, disclosure on hazardous waste produced and reduction targets are not applicable.

Nevertheless, the Group has serious concern about its external contractors' environmental management across the product life cycle such as procurement, production and disposal after use, to actively reduce the waste volume and fulfil its corporate social responsibilities. Therefore, the Zhongshan Factory also encourages external contractors to handle hazardous waste through legal means.

Non-hazardous Waste

Non-hazardous waste generated primarily consists of general office waste, such as office paper, courier bags, and packaging boxes. Given the relatively small volume of such waste, its impact on the Group's overall sustainable development is minimal. Therefore, no relevant data records have been disclosed based on the principle of materiality. Thus, no quantitative target has been set on non-hazardous waste reduction.

The Group is dedicated to formulating waste and resource management strategies. Apart from minimising the use of raw materials and developing green production technologies, the Group also categorises waste materials for more effective management in accordance with national laws such as the "Prevention and Control of Environmental Pollution of Solid Waste" and the "Administrative Measures for Urban Living Garbage", in order to implement the waste recycling "3R" principle (i.e. Reduction, Reuse and Recycling) to lower waste treatment costs. Additionally, the Group targets to conduct or participate in annual activities to enhance awareness and engagement among employees, to achieve the ultimate goal of "fully classified, zero waste" in the area of waste management.

The Group also continues to actively promote green office practices and encourages employees to adopt the 3R principle, fostering environmental protection as a self-aware behavior among staff. This includes: (1) Waste Reduction (Reduce): printing on both sides of paper to reduce consumption; (2) Reuse: reusing wastepaper by printing on the other side of previously used sheets; and (3) Recycle: proper classification and clean recycling of materials.

A2. Use of Resources

As a responsible corporation, the Group upholds the operational philosophy of "priority in conservation, governance at source." As detailed in Aspect A1, the Group has implemented an "Environmental Policy" to manage resource use, aiming to achieve conservation and minimise negative environmental impacts in its business operations. The Group promotes the use of energy-saving, highly efficient, and environmentally friendly construction equipment, machinery, and office supplies recommended by both national and industry standards. Consequently, the Group has adopted appropriate measures to enhance resource utilisation efficiency and constantly update the latest environmental information to optimise existing services. This commitment ensures the prevention of different forms of pollution from production and reduces potential environmental risks.

Energy Conservation

The Group's energy consumption mainly arises from the fuel combustion from vehicles and electricity for offices. In addition to the aforementioned measures taken, the Group also implements different strategies to save electricity and mitigate ecological damage. Below are some of the Group's efforts in being environmentally sustainable:

Use of power-saving lighting	• The Beijing Office and Zhongshan Factory are using LED lighting.
Regular check-up and maintenance	• Regular repair and maintenance works are conducted for the office equipment to keep the equipment in low consumption and highly efficient condition.
Promoting energy conservation	• Regularly educate the employees on and promote energy saving practices. All employees are taught to turn off electronics that are not in-use or before going off work, in order to make energy-saving a habit in their work routine.

The Group has set a target to reduce energy consumption intensity by 2% by 2027 using 2022 as the baseline year. The Group is on track to achieve the target. During the Reporting Period, the Group's total energy consumption intensity has largely decreased from 2,465.04 kWh/employee in FY2023 to 1,077.93 kWh/employee in FY2024, which reflects the effectiveness of the implementation of the energy management measures.

The performance of the Group's energy consumption is summarised below:

Types of energy[6]	**Units[7]**	**2024**	2023
Direct energy consumption			
Gasoline consumption by mobile sources	kWh	**44,234.79**	34,904.98
Consumption intensity	kWh/employee	**623.03**	323.19
Natural gas consumption	kWh	–	94,224.13
Consumption intensity	kWh/employee	–	872.45
Indirect energy consumption			
Power consumption of facility	kWh	**32,298.00**	137,095.64
Consumption intensity	kWh/employee	**454.90**	1,269.40
Total energy consumption			
Total energy consumption	kWh	**76,532.79**	266,224.75
Total energy consumption intensity	kWh/employee	**1,077.93**	2,465.04

Notes:

6. Energy data are converted to kWh with reference to lower calorific values.

7. The unit conversion method of energy consumption data is based on the "Energy Statistics Manual" issued by the International Energy Agency.

Looking forward, the Group will continue to work towards its objective to minimise its environmental impacts by seeking ways to increase energy efficiency.

Water Management

The Group has not encountered any issues with its water sources and faces no difficulties in water supply during its daily operations. Water is sourced through the municipal water supply system and is primarily used for office and domestic purposes. There is no self-contained underground water or water from other natural sources.

To protect precious water resources, the Group strives to minimise water usage in its business operations. Water-saving labels have been placed in visible locations in washrooms, canteens, and restrooms to remind staff to conserve water. If any water leaks or aging equipment are identified, timely repairment or replacement by dedicated personnel would be arranged.

The Group has set a target to reduce water consumption intensity by 2% by 2027 using 2024 as the baseline year. To achieve this target, the Group will identify solutions to minimise water consumption.

The performance of the Group's water consumption is summarised below:

	Unit	**2024**	2023
Water consumption	m^3	**84.00**	1,060.56
Water consumption intensity	m^3/employee	**1.18**	10.01

Use of Packaging Material

The Shenzhen Headquarters, Beijing Office and Zhongshan Factory are only for office operations, so their business operations were not involved in the production of packaging material for finished products. In addition, the Group promotes the avoidance of excessive packaging and encourages external contractors to incorporate green packaging concepts into their packaging design processes during product development. This approach minimises the environmental impact of products throughout their life cycles. Additionally, the Group prioritises green production technologies during material sourcing and production processes.

A3. The Environment and Natural Resources

In order to fulfil its due corporate social responsibilities, the Group has formulated green office policies and management measures under the abovementioned "Environmental Policy", and actively integrated environmental responsibility into its daily operations to reduce negative impacts on the environment and the consumption of natural resources, thereby promoting the concept of environmental protection amongst various aspects throughout the supply chain.

Environmental Management

A comprehensive environmental management system is the cornerstone for the Group to practice green development. In addition to strictly abiding by environmental laws and regulations, the Group is also committed to promoting green operations and development. The Group actively encourages close cooperation with external contractors to promote the environmental awareness, and requires the external contractors to fully formulate and complete assessment of the ISO 9001 Quality Management System and ISO 14001 Environmental Management System based on their actual operating conditions. Through effective enforcement and implementation, this jointly achieved the Group's sustainable development goals.

Paperless Offices

The Group places a strong emphasis on minimising resource consumption within its offices to ensure that its operations have a minimal environmental impact. The Group is committed to promoting sustainable office practices and encourages employees to adhere to the 3R principle (Reduce, Reuse, Recycle). This initiative aims to instill a culture of environmental responsibility and awareness among all staff members:

1. Reduce: print on both sides to reduce consumption of paper, use energy-saving office equipment, and carry out environmentally friendly procurement;

2. Reuse: reuse wastepaper, print on the other side of the used paper; and

3. Recycle: proper classification and clean recycling.

In daily operation, the Group advocates for the increased use of electronic files, replacing printed documents with digital formats. This also includes the use of the CloudHub OA electronic approval system to maximise the adoption of paperless office practices and facilitate resource sharing. The shift to online operations has been further accelerated by the outbreak of the pandemic.

In addition, the Shenzhen Headquarters, Beijing Office and Hong Kong Office would plant small pots in the office to improve air quality and create a greener workspace. The Group also posts energy conservation notices and reminders in the office to raise employees' awareness of environmental protection and encourage energy-saving practices, such as turning off lights and computers in their respective areas before leaving on the day.

Promoting Environmental Awareness

The Group remains steadfast in its commitment to environmental protection and training throughout its supply chain. To ensure that employees integrate the Group's environmental protection philosophy into their daily work, all new hires undergo comprehensive training in environmental sustainability. Furthermore, the Group encourages employees to actively engage in designing energy conservation and consumption reduction programmes, with the goal of enhancing environmental awareness among all staff members.

Ecological Conservation

The Group is committed to environmental protection, with a focus on preserving biodiversity, minimising its carbon footprint, and fostering awareness of climate change. Since its founding, the Group has upheld a strict policy of "Saying No to Shark Fin." Accordingly, all meals and gatherings organised by the Group do not include any dishes containing shark fin.

A4. Climate Change

In the context of the global climate change crisis, the impact on both livelihoods and the economy has become a critical concern. Consequently, the Group regularly assesses and reviews the risks that climate change poses to its business operations. To address these challenges, the Group has formulated a "Climate Change Policy" to identify and respond to both physical and transitional risks associated with climate change. This policy includes the adoption of sustainable practices to mitigate potential financial risks.

Physical Risks

Acute Risks

One of the Group's major operational locations, the Zhongshan Factory, is more susceptible to typhoons. More frequent natural disasters may disrupt the Group's business operation in the short term, potentially causing a direct negative impact on revenue. In order to minimise the disruptions to its business operation, the Group conducts inspections of window conditions regularly. Before extreme weather events such as typhoons, the Group will keep the windows closed and the Group ensures that windows are securely closed and adheres to instructions issued by local authorities to implement appropriate precautionary measures. It is believed that by making adequate preparations for extreme weather events, the potential fiscal impact can be minimised.

Chronic Risks

Certain climate changes, such as reduced annual rainfall, could adversely impact employees' health and operational efficiency. This may result in increased medical expenses for employees and further adjustments to working arrangements. The Group is committed to implementing appropriate policies and health and safety measures for its employees as needed to address these challenges.

Transition Risks

Environmental-related regulatory requirements in operations, products and services have been tightening, leading to escalating operating costs for the Group, including costs of compliance and product development costs. To avoid cost increments, non-compliance fines or reputational risks due to delayed responses, the Group regularly monitors existing and emerging trends, policies and regulations relevant to climate and is prepared to alert the top management when necessary. The Group has implemented several energy-saving and emission-reduction measures and has complied with environmental-related laws and regulations. Internal systems and standards will be updated and revised in a timely basis in order to improve energy conservation level and emission reduction progress, thereby reducing environmental impact while ensuring regulatory compliance and maintaining production capacity.

B. SOCIAL

Employment and Labour Practices

Objectives

- Provide employees with comprehensive support and cultivate strong relationships with employees
- Foster an environment for continuous learning and encourage employees to pursue career development in the Group
- Respect the labour rights and human rights of all employees, maintain high ethical standards, clearly specify human resources management policies, and promote an inclusive culture within the Group
- Promote healthy and safe workplaces, ensure zero fatal accidents in the workplaces

The success of the Group's business depends on the untiring efforts and dedicated service of all employees. Recognising that the recruitment, retention, and development of talent are essential for maintaining market competitiveness, the Group has established a series of employment policies to ensure fair and equitable treatment of all employees. The Group is committed to the well-being of its workforce and encourages its suppliers to uphold their corporate social responsibility.

B1. Employment

The Group prioritises the well-being and rights of its employees, recognising that their value is enhanced through the provision of a supportive environment that addresses their health, safety, professional development, and work-life balance needs. From the recruitment stage onwards, the Group consistently refines and enhances its employment practices in alignment with local legislation, fostering a workplace culture characterised by equal opportunities, diversity, and adherence to regulatory requirements to protect and promote the welfare of its employees. Adhering strictly to the relevant labor laws such as the "Labour Law of the People's Republic of China," "Labour Contract Law of the People's Republic of China," and the "Employment Ordinance of Hong Kong," the Group upholds principles of respect and fairness in its treatment of all employees.

During the Reporting Period, the Group complied with local laws and regulations pertaining to compensation, recruitment, advancement, termination, working hours, leave entitlements, equal opportunities, diversity, anti-discrimination, as well as employee benefits and welfare. No significant labor disputes disrupting normal business operations and penalties for any violations of applicable laws and regulations were reported.

As at 31 December 2024, the Group had a total of 71 employees including the executive Directors and senior management (as at 31 December 2023: 109). The following table sets out the Group's number of employees and distribution by gender, age group, geographical region and employment type:

Indicators[8]	**As at 31 December 2024**	As at 31 December 2023
Total	**71**	109
By gender		
Male	**39**	64
Female	**32**	45
By age group		
18–24	**–**	1
25–34	**13**	17
35–44	**23**	34
45–54	**18**	33
55–64	**16**	21
≥65	**1**	3
By geographical region		
Mainland China	**48**	86
Hong Kong, the PRC	**22**	22
Elsewhere	**1**	1
By employment category		
Full-time	**71**	108
Temporary	**–**	1

Note:

8. The calculation was based on "How to prepare an ESG Report – Appendix 3: Reporting Guidance on Social KPIs" issued by the Stock Exchange.

The Group's monthly average turnover rate[9] for the Reporting Period was 2.86% (FY2023: 2.52%). The following table sets out the Group's monthly average turnover rate by gender, age group and geographical region:

Turnover Rate[10]	2024	2023
By gender		
Male	**4.08%**	3.02%
Female	**1.42%**	1.80%
By age group		
18–24	**8.33%**	–
25–34	**1.56%**	0.38%
35–44	**4.29%**	2.59%
45–54	**3.43%**	2.05%
55–64	**0.49%**	5.16%
≥65	**2.96%**	–
By geographical region		
Mainland China	**3.39%**	2.69%
Hong Kong, the PRC	**1.80%**	2.23%

Notes:

9. The calculation method of monthly average turnover rate is the average of monthly turnover rate in the year.

   The calculation method of monthly turnover rate: (total number of departures in each month ÷ number of employees at the end of the month) × 100%.

10. The calculation method of monthly average turnover rate by category is the average of monthly turnover rate by category in the year.

    The calculation method of monthly turnover rate by category: (number of departures in the category in the month ÷ number of employees at the end of the month in the category of the month) × 100%.

Equal Opportunity, Diversity and Inclusion

The Group is dedicated to fostering an inclusive and non-discriminatory workplace, ensuring equal opportunities for all employees irrespective of gender, age, nationality, religion, sexual orientation, or physical abilities, while providing equitable consideration to all job applicants. In accordance with the "Labour Law of the PRC," the "Labour Contract Law of the PRC," and the "Employment Ordinance of Hong Kong," the Group has established relevant systems and methods, such as the "Management Regulations on Prohibiting Discrimination" and "Human Resources Management Procedures." The Group adheres to the principles of fairness, equality, and transparency in its recruitment processes, employing outstanding talent through diverse methods. Furthermore, the Group ensures that all employees are treated equitably, with decisions regarding employment, salary, benefits, bonuses, promotions, and terminations based solely on educational background, professional qualifications, and competence. The Group maintains a strict policy against discrimination based on race, skin color, social status, place of birth, nationality, religion, disability, gender, sexual orientation, trade union membership, political stance, or age.

Focusing on the continuous development needs and career planning of its employees, the Group has implemented a performance assessment system and promotion mechanism that incorporates training. This approach aims to establish a robust career platform for employees, fostering a virtuous cycle of talent development, utilisation, and selection. In doing so, the Group not only lays a strong foundation for its sustainable development but also provides ample motivation for the personal and professional growth of its employees.

Protection of Rights and Interests

The Group continually reforms and improves its employee compensation policy and system. In compliance with local laws and regulations, the Group gets involved in employment contracts with its employees to safeguard their legal rights and interests, establish medical insurance policies, and ensure that minimum wage standards are met. Employees are entitled to benefits such as paid holidays, sick leave, work-related injury leave, and maternity leave, in accordance with legal requirements.

Additionally, the Group has established a comprehensive annual salary review mechanism. This process considers market salary research, business performance, employee responsibilities, and annual performance appraisals to make appropriate adjustments to remuneration. This ensures that employees receive fair and competitive compensation packages.

The Group has formulated employee benefits in accordance with the "Social Insurance Law of the People's Republic of China," the "Occupational Injury Insurance Regulations," and other relevant standards. The Group contributes to medical insurance for its employees and provides statutory leave and vacation, as well as additional paternity and maternity leave beyond legal requirements. The Shenzhen Headquarters, Beijing Office, and Zhongshan Factory offer five types of social insurances and one housing fund, namely, pension insurance, medical insurance, work injury insurance, unemployment insurance, maternity insurance, and the housing provident fund.

Meanwhile, the Group has also established a rigorous and prudent dismissal process in compliance with national laws and regulations. The Group may terminate employment contract with an employee who involves in serious dereliction of duty or severe violation of national laws and regulations or the Group's rules and regulations, in that case, the Group will initiate compensation and retirement procedures (including the payment of compensation, indemnity and planned retirement arrangements) in accordance with the "Labour Law of the People's Republic of China", "Labour Contract Law of the People's Republic of China", "Employees' Compensation Ordinance of Hong Kong" as well as other related laws and regulations.

Employee Communication

The Group recognises that employee cohesion is a key driver of corporate development and that effective communication channels with employees are fundamental to the Group's operations. To this end, the Group has established mechanisms to gather employee feedback and actively listen to their opinions and suggestions. Employees are encouraged to express their views through various channels, including opinion boxes, email, phone, WeChat, and other platforms. The Group promptly addresses issues of high concern to employees, ensuring their interests are safeguarded.

B2. Health and Safety

The Group places high priority on safety and proactively implements effective measures to mitigate safety risks. An appropriate safety management plan has been developed, encompassing hazard identification, risk assessment, and control. Additionally, the Group has established a "Health and Safety Policy" that outlines the necessary health and safety requirements for its operations. These policies are formulated in compliance with relevant laws and regulations, such as the "Production Safety Law of the People's Republic of China," the "Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases," and the "Fire Protection Law of the People's Republic of China," with the aim of minimising and controlling potential occupational safety and health hazards in business operations.

During the Reporting Period, the Group was not aware of any non-compliance with health and safety-related laws and regulations that would have a significant impact on its operations. The Group did not experience any accidents or complaints that had a material adverse effect on its operations, nor was it subjected to any penalties for violations of applicable laws and regulations.

Health Protection

To allow employees to focus on their work, the Group, in addition to offering various insurance benefits and retirement funds in accordance with legal requirements, also provides annual subsidies for employees to visit professional health checkup centers for medical examinations. Furthermore, the Group offers medical insurance, thereby ensuring the safety and well-being of employees both in their professional and personal lives.

Safety Management of Workplace

The Group attaches significant importance on workplace safety and has established internal requirements in alignment with the "Work Safety Law of the People's Republic of China," the "Fire Protection Law of the People's Republic of China," and the "Fire Services Ordinance of Hong Kong." These internal requirements include:

1. The layout of the workplace should be reasonable, kept clean and tidy;

2. The aisles should be flat and unblocked with adequate lighting; and

3. Fire facilities must be installed, and fire extinguishers must be put in the workplace.

These measures are integral to fostering a safe and secure working environment.

Security Awareness Training

The Group has developed training guidelines to ensure the delivery of appropriate training to employees. This includes providing information on occupational health, case studies, and introductions to fire evacuation routes, thereby familiarising employees with emergency escape procedures. The Group utilises various communication channels, such as notice boards and corporate social networks, to promote occupational safety among its workforces. These channels are also employed to issue accident warnings to business teams, enabling employees to efficiently access essential information on health, safety, and environmental protection. Furthermore, the Group regularly collects health and safety information and disseminates it via the intranet or email, ensuring employees are well-informed and fostering a safe working environment.

The Group has consistently aimed to achieve zero fatal accidents in its workplaces. Over the past three years, including the Reporting Period, there have been no work-related fatalities and no lost days due to work injuries. This underscores the Group's success in actively promoting occupational health and safety.

B3. Development and Training

In an era of rapid technological advancement, the Group recognises that acquiring new knowledge and technologies is essential for maintaining its competitiveness. To demonstrate its commitment to continuous learning, the Group has established the "Employees Training Management System." This system highlights the importance of developing a core of well-trained individuals whose enhanced performance will contribute to the Group's overall success. The Group actively encourages its employees to be lifelong learners, promoting a culture of continuous learning that enhances team value and employee professionalism. This approach not only supports the Group's continuous success but also consolidates its foundation for sustainable development. The Group offers comprehensive employee development and training programs designed to increase employees' knowledge in operational and safety practices, provide promotion opportunities, and foster employee loyalty.

Induction Training

In order to speed up the adaptation of new employees, the Group provides comprehensive induction training through its human resources department upon their onboarding. This training covers essential information about the Group, including its development history, corporate culture, business philosophy, rules and regulations, basic business knowledge, safety protocols, and welfare system. The objective is to enhance new employees' understanding of their roles and working environment, thereby ensuring a smooth integration into the Group.

Vocational Skills Training

In an effort to build a professional and technical team, the Group actively offers ample career development opportunities to its employees, aimed at enhancing their professional knowledge, skills, and capabilities. The Group supports and subsidises employees' participation in external courses, including professional qualification training, workshops, and seminars. This initiative is designed to elevate the overall professionalism and individual expertise of employees, enabling talented individuals to achieve excellence and grow together with the Group.

During the Reporting Period, the percentage of employees trained[11] was 66.2%, and the average training hours was 1.36 hours[12]. The following table sets out the breakdown of trained full-time employees and average training hours completed per full-time employee by gender and employee category:

	Breakdown of employees trained[13, 15]		**Average training hours[14,15]**	
	2024	2023	**2024**	2023
By gender				
Male	**55%**	59%	**1.37**	0.75
Female	**45%**	41%	**1.34**	0.83
By employee category				
Senior management	**19%**	12%	**2.39**	0.92
Middle management	**17%**	19%	**1.82**	0.82
Supervisors	**17%**	7%	**1.69**	0.48
General staff	**47%**	62%	**0.98**	0.25

Notes:

11. The calculation method of the percentage of employees trained: (total number of employees trained at the end of reporting period ÷ the total number of employees at the end of reporting period) × 100%.

12. The calculation method of the average training hours: the total number of training hours at the end of the reporting period ÷ the total number of employees at the end of the reporting period.

13. The calculation method of the percentage of employees who received training by category: (the number of employees trained in the specified category at the end of the reporting period ÷ the total number of employees who received training at the end of the reporting period) × 100%.

14. The calculation method of the average training hours completed per employee by category: the total training hours of employees in the specified category at the end of the reporting period ÷ the total number of employees in the specified category at the end of reporting period.

15. Figures for FY2023 have been restated to reflect the actual situation.

B4. Labour Standards

In alignment with the "Hong Kong Employment Ordinance" and the "Labor Law of the People's Republic of China," the Group strictly prohibits any form of forced labor or involuntary overtime work. During the Reporting Period, the Group did not identify any instances of non-compliance with relevant laws and regulations pertaining to the prevention of child and forced labor. Should any non-compliance be detected, the Group will promptly cease the work of the affected individual and conduct a thorough investigation, reporting to the appropriate law enforcement authorities as necessary.

Child Labour Prevention

Pursuant to related systems and methods issued including "Management Regulations on Child Labour" and "Underage Worker and Human Resources Management Procedures", the Group strictly prohibits the recruitment of child labour. In accordance with the "Regulations of the PRC on Special Protection of Under-age Workers" and the "Employment Ordinance of Hong Kong", as well as the corresponding laws and regulations in various overseas regions, the Group would verify the identity documents of applicants at multiple stages, including recruitment, job approval, and on-duty reporting. This process ensures the accuracy of the age and nationality information provided by applicants.

Forced Labour Prevention

In accordance with the "Labour Contract Law of the People's Republic of China" and the "Employment Ordinance of Hong Kong," the Group fully respects the rights of employees in their freedom of employment, resignation, overtime work, and movement, etc. The employment contracts of the Group adhere to local laws and regulations, clearly outlining the rights and responsibilities of both parties to safeguard employees' entitlements. These contracts prohibit any form of forced labor, ensure that all work is performed on a voluntary basis, and forbid the use of servitude, contract labor, corporal punishment, imprisonment, or threats of violence.

Operating Practices

Objectives

- Comply with the policies and codes established by the Group. Report the case in a transparent way and take early corrective measures if necessary
- Conduct business with integrity, comply with all relevant and applicable laws and regulations within its operational frameworks
- Innovative product design to enhance user experience with improved quality, safety and environmental/health benefits
- Comply with all applicable regulations on data protection and cybersecurity and minimise the risk of business disruption from cyberattacks
- Suppliers are required to comply with all aspects of the Group's environmental standards, including work processes, products or services, child labour, basic human rights, working conditions, compensation, occupational health and safety, and business ethics
- Only cooperate with suppliers and business partners who adhere to the requirements of the Group

The Group is dedicated to becoming the most trusted enterprise and a moral leader in the industry. We provide products and services in a fair and responsible manner, expanding our business in accordance with laws and regulations while prioritising a people-oriented approach, integrity, business ethics, and environmental protection. The Group adheres to the highest quality and safety standards to deliver high-quality and reliable products and services to our customers. We emphasise innovation and customisation to earn and maintain long-term customer trust. Furthermore, ensuring that our suppliers uphold the Group's sustainability philosophy is integral to realising our vision.

B5. Supply Chain Management

A reliable partnership with supplier is a crucial element for the sustained development of the Group's business. Supplier is one of the major stakeholder groups who contribute significantly to the recreation of business value and maintain a close relationship with the Group. The Group collaborates with nine major suppliers, with eight located in mainland China and one in Hong Kong. The Group is committed to fostering strong relationships with its suppliers. To promote supplier business and cooperation, the Group has developed a flexible procurement process standard designed to meet the diverse needs of the supply chain.

Appointment of Contractor

The Group has a well-established supplier admission process to ensure a level playing field for all potential contractors, providing them with equal opportunities. Prior to engaging suppliers, a series of thorough audits are conducted to evaluate their performance in terms of quality, environmental impact, and safety. Additionally, the Group regularly reviews and assesses the standards of materials supplied to ensure ongoing compliance and excellence. Suppliers who fail to meet the Group's standards will be removed from the "List of Recognised Suppliers". During the Reporting Period, all suppliers were engaged under the standardised practices.

External Contractor Management

The Group attaches immense importance to the safety of all external contractors' operators. For outsourced business activities, the Group mandates that its external contractors enhance their monitoring and management practices. It is recommended that they establish robust safety management protocols and appoint dedicated supervisors. By providing regular safety training and conducting periodic safety inspections, the Group ensures that important information regarding safety issues and potential hazards is effectively communicated to external contractors. Additionally, the Group supervises and supports these contractors in improving their safety performance to ensure the effective implementation of safety management practices.

In terms of product assurance, the Zhongshan Factory of the Group will use different agreements to control the product quality delivered by each external contractor, such as the most commonly used "RoHS Agreement". At the same time, the Group requires that external contractors must pass the certification assessment related to ISO 9001 and ISO 14001, which ensure that their management system and environmental protection policies are up to standard and are align with the Group's sustainable development goals.

The above-mentioned requirements govern the external contractors in various aspects for reducing the supply chain risks, with the aim to assure final products not only meeting the requirements of laws and regulations but also satisfying the demand of customers.

Sustainable Supply Chain

As a responsible corporate, the Group collaborates with its contractors to mitigate the environmental and social impacts of business operations. To reduce carbon emissions and energy consumption associated with transportation, the Group encourages its employees to prioritise local suppliers who are qualified for the Group's software and hardware standards. When local suppliers are selected, the Group adopts a centralised approach to minimise the number of deliveries and optimises delivery plans to reduce exhaust emissions during transportation. Additionally, when acquiring or upgrading operating equipment, the Group references energy label information to select energy-efficient models wherever possible, thereby enhancing energy management efficiency.

Under the "Green Procurement Regulatory Policy", the Group integrates sustainability considerations into its procurement and outsourcing process and requires suppliers to meet basic standards. For example, all suppliers are required to abide by the sustainability principles, and to ensure that their full-time and temporary employees, suppliers and sub-suppliers confirm and comply with the requirements of the relevant policies.

B6. Product Responsibility

The Group is highly aware of improving the health and safety performance of products and services as it is crucial to long-term business development. In countries where the products are being produced by the Group's external contractors and sold by the Group, the Group and external contractors strictly comply with the laws and regulations. This includes adherence to the "Work Safety Law of the People's Republic of China," the "Special Equipment Safety Law of the People's Republic of China," and regulations in the regions where customers are located. This ensures that the Group's products meet the legal requirements of the respective business areas and customer needs, thereby maintaining a high standard of product quality.

During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations that have a significant impact on the Group, regarding product health and safety, advertising, labelling and privacy matters relating to products and services provided.

Quality Management

The Group strictly monitors product quality throughout the entire production process, from the intake of raw materials to the shipment of final products. Dedicated personnel are stationed at the relevant external contractors' factories to perform quality control and ensure adherence to quality standards. The Group also mandates operators at external contractor facilities to exercise due diligence during production to prevent the shipment of sub-standard products. Employees of the Group would conduct incoming materials inspection in accordance with "Management Regulations on Routine Inspection and Verification Inspection", ensuring that all specified parts and components provided by external contractors meet both international and local standards before mass production commences.

During the Reporting Period, the Group did not encounter any significant product quality issues that resulted in health and safety incidents, fines, product recall orders, or other penalties imposed by the Chinese government or other regulatory authorities, and therefore, recall procedures were not applicable.

Customer Services

Customer satisfaction is paramount to the Group's success. The Group is committed to enhancing its business performance across all dimensions to surpass customer expectations. The Group offers complimentary maintenance services for a period ranging from 13 to 36 months post-sale and provides 24-hour service follow-up during the warranty period. Through robust after-sales service quality management, the Group has earned customer trust and ensured that its products meet customer expectations. There were no material complaints regarding products and services during the Reporting Period.

Intellectual Property Rights

The Group recognises that the intellectual property rights of all products and production technologies developed by the Group are intangible assets essential to its business operation. To safeguard these assets, the Group adheres to relevant laws and regulations, including but not limited to the Patent Law and the Trademark Law, as well as R&D agreements established between the Group and its employees. According to the "Non-Disclosure Agreement" agreed between the Group and the employees, employees are required to keep confidentiality of the Group's technology and trade secrets and are prohibited from plagiarism during and after their tenure with the Group.

Customer Data Protection

The Group rigorously manages and safeguards information and documents related to customer intellectual property in compliance with the internally issued "Non-Disclosure Agreement." Confidential documents are managed and stored by a designated department to ensure their security. Employees are prohibited from copying, privately saving, or removing such documents from the Group's premises without authorisation.

Fair Business Practices

The Group promotes the use of ethical advertising practices, and prohibits any description, claim or explanation in advertisements that are inconsistent with the facts. The Group also formulates its sales and promotion documents in accordance with relevant laws and codes of practice to ensure that all promotional materials and advertising content are true, fair and reasonable and not misleading, thereby protecting the rights and interests of consumers. These obligations are mandatory and legally binding for all Group employees. The Group also places significant emphasis on product promotion to ensure that all advertisements and promotional materials are reviewed and have no misstatements, enabling customers to make informed purchase decisions.

B7. Anti-corruption

The Group highly values the integrity of its business engagements. The Group strictly adheres to the rules and regulations in the "Anti-Unfair Competition Law of the People's Republic of China" as well as all ordinances against bribery, extortion or blackmailing, fraud and money-laundering. During the Reporting Period, the Group was not aware of any incidents of non-compliance with relevant laws and regulations concerning bribery, extortion, fraud and money laundering. There were no concluded legal cases regarding corrupt practices brought against the issuer or its employees.

To enhance corporate governance, the Group implements robust internal control and audit supervision measures to mitigate operating risks. An internal audit system has been established in accordance with relevant regulations, laws, and internal rules, including the "Audit Law of the People's Republic of China", the "Fundamental Management System under Regulations of the Auditing Department regarding Internal Audit Work," and the "Prevention of Bribery Ordinance of Hong Kong". Internal audit is an independent consultation, evaluation, control and supervision activity carried out within the Group. Through systematic and standardised methods, the Group reviews and evaluates the operational activities, target achievement, internal control implementation, and resource utilisation across various departments. It also provides relevant analysis, recommendations and assists in supervising management personnel to perform their duties with due diligence.

The Group engages a third party auditing firm to conduct audit, such as financial audit. The independent agency effectively audits the internal financial records of the Group for verifying them in compliance with the financial requirements of relevant legislations, including authenticity and evidence proving that the Group's operations are true and impartial. In addition, the Group has always been committed to the core values of fair trade and operating with integrity.

The Group has implemented a "Whistle-blowing Policy" that allows employees and other stakeholders to confidentially report any suspicious misconduct or illegal activities. It will ensure that the information about the whistleblower is kept confidential. Any violations of the Group's policies will be addressed in accordance with the Group's disciplinary system. Instances of corruption or illegal activities will be referred to the judicial authorities for appropriate legal action.

The Group disseminates information on "Anti-corruption and Bribery Policy", "Whistle-blowing Policy", corporate integrity management, employee ethics training and practical guidelines for listed companies' anti-corruption systems to employees and Directors respectively at least annually. The Group is committed to raising awareness among employees by providing training on ethical conduct and anti-corruption. Directors and staff regularly receive anti-corruption training to enhance their knowledge of anti-corruption legislation as well as necessary skills to prevent corruption. During the Reporting Period, no anti-corruption training course was conducted.

B8. Community Investment

During the Reporting Period, the Group has formulated the "Community Investment Policy" on charitable donations. The Group closely examines the potential impacts of its operations on local economies, the environment, and society. It is committed to leveraging its influence, resources, and technological advantages for driving local employment and instilling positive energy to the local communities. In alignment with the Group's commitment, the Group has donated RMB50,000 to Xingguo Temple to support the preservation of cultural heritage. In the future, the Group will uphold its corporate social responsibility and actively contribute to the community.

INDEX TABLE OF ESG REPORTING GUIDE OF THE STOCK EXCHANGE

Mandatory Disclosure Requirements	Sections
Governance Structure	Board Statement on ESG
Reporting Principles	Reporting Principles
Reporting Boundary	Reporting Scope

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Statement
A. Environmental		
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	A1. Emissions
KPI A1.1	The types of emissions and respective emissions data.	A1. Emissions – Exhaust Gas Emissions
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	A1. Emissions – GHG Emissions
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	A1. Emissions – Waste Management – Hazardous Waste (N/A – explained)
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	A1. Emissions – Waste Management – Non-hazardous Waste (N/A – explained)
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	Environmental Protection; A1. Emissions – GHG Emissions
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Environmental Protection; A1. Emissions – Waste Management – Non-hazardous Waste

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Statement
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	A2. Use of Resources
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	A2. Use of Resources – Energy Conservation
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	A2. Use of Resources – Water Management
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	A2. Use of Resources – Energy Conservation
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	A2. Use of Resources – Water Management
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	A2. Use of Resources – Use of Packaging Material (N/A – explained)
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	A3. The Environment and Natural Resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	A3. The Environment and Natural Resources
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	A4. Climate Change
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	A4. Climate Change

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Statement
B. Social		
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	B1. Employment
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	B1. Employment
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	B1. Employment
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	B2. Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	B2. Health and Safety – Security Awareness Training
KPI B2.2	Lost days due to work injury.	B2. Health and Safety – Security Awareness Training
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	B2. Health and Safety

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Statement
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. *Note:* Training refers to vocational training. It may include internal and external courses paid by the employer.	B3. Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	B3. Development and Training
KPI B3.2	The average training hours completed per employee by gender and employee category.	B3. Development and Training
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	B4. Labour Standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	B4. Labour Standards – Child Labour Prevention; Forced Labour Prevention
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	B4. Labour Standards

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Statement
Aspect B5: Supply Chain management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	B5. Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	B5. Supply Chain Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	B5. Supply Chain Management – Appointment of Contractor
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	B5. Supply Chain Management – External Contractor Management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	B5. Supply Chain Management – Sustainable Supply Chain
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	B6. Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	B6. Product Responsibility – Quality Management (N/A – explained)
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	B6. Product Responsibility – Customer Services
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	B6. Product Responsibility – Intellectual Property Rights
KPI B6.4	Description of quality assurance process and recall procedures.	B6. Product Responsibility – Quality Management
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	B6. Product Responsibility – Customer Data Protection

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Statement
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	B7. Anti-corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	B7. Anti-corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	B7. Anti-corruption
KPI B7.3	Description of anti-corruption training provided to directors and staff.	B7. Anti-corruption
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	B8. Community Investment
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	B8. Community Investment
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	B8. Community Investment

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF
YUXING INFOTECH INVESTMENT HOLDINGS LIMITED
(incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Yuxing InfoTech Investment Holdings Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 73 to 165, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2024, and of its financial performance and cash flows for the year then ended in accordance with HKFRS Accounting Standards 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 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.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, 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 MATTERS *(Continued)*

Key audit matters identified in our audit are summarised as follows:

Key audit matter	How the matter was addressed in our audit
Fair value of investment properties	
As at 31 December 2024, investment properties held by the Group were stated at fair value of HK$983,332,000, including investment properties classified as held-for-sale of HK$850,200,000. Significant estimation and judgement are required by management to determine the fair value of the investment properties which is significant to the consolidated financial statements, including the determination of valuation techniques and the selection of financial inputs in the model. Therefore, it is considered as key audit matter. Management has engaged independent professional valuers whose work has been relied on in the estimation of the fair value of the investment properties. *Relevant disclosures are made in notes 2, 4, 7, 17 and 27 to the consolidated financial statements.*	Our key procedures in relation to management's estimation of the fair value of investment properties included: – Understanding and evaluating management's key controls over the fair value assessment process; – Evaluating the competence, capabilities and objectivity of the independent professional valuers; – Assessing the appropriateness of the work of the independent professional valuers for valuation of investment properties not classified as held-for-sale by making enquiries on the bases of valuation and obtaining corroborative evidence on the input data; – Assessing the assumptions for fair value assessment and methodologies used by management on investment properties classified as held-for-sale; and – Considering the relevance and reasonableness of key assumptions and methods used, and the relevance and accuracy of the source data used.

KEY AUDIT MATTERS *(Continued)*

Key audit matters identified in our audit are summarised as follows: *(Continued)*

Key audit matter	How the matter was addressed in our audit
Impairment in respect of loans receivable	
As at 31 December 2024, the Group had loans receivable amounting to HK$29,081,000. Loss allowance for expected credit losses ("ECL") amounting to HK$218,897,000 has been provided on loans receivable. Management estimates the lifetime or 12-month loss allowances for loans receivable based on internal credit rating which reflect credit risk characteristics with reference to the credit loss experience, ageing of overdue receivables, debtors' repayment history and financial position, and an assessment of both the current and forecast general economic conditions. Significant degree of management judgement was involved in evaluating the ECL of the Group's loans receivable as at 31 December 2024. Management has engaged independent professional valuer whose work has been relied on in the estimation of the ECL of loans receivable. *Relevant disclosures are made in notes 2, 4, 6(a) and 25 to the consolidated financial statements.*	Our key procedures in relation to management's impairment assessment on loans receivable included: – Reviewing and testing the Group's credit control policy over grant and extension of loans and monitoring of principal and interest repayments according to the terms as stipulated in the loan agreements; – Understanding and assessing the appropriateness of management's methodology for identifying internal credit rating of loans receivable which reflects the credit risk characteristics; – Evaluating the competence, capabilities and objectivity of the independent professional valuer; – Evaluating the independent professional valuer's basis and judgement in determining ECL on loans receivable, including the identification of credit-impaired loans receivable, assessment of significant increase in credit risk on loans receivable and the basis of estimated loss rates applied on each debtor; – Examining the information used by the independent professional valuer to form such judgements, including testing the accuracy of the historical default data, evaluating whether the historical loss rates are appropriately adjusted based on current conditions and forward-looking information; and – Assessing the expected future cash flows, including assumptions in respect of the realisable value of collaterals.

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KEY AUDIT MATTERS *(Continued)*

Key audit matters identified in our audit are summarised as follows: *(Continued)*

Key audit matter	How the matter was addressed in our audit
Impairment in respect of trade and other receivables	
As at 31 December 2024, the Group had trade receivables and other receivables (net of loss allowances) amounting to HK$40,972,000 and HK$351,317,000 respectively. Loss allowance for ECL amounting to HK$23,020,000 and HK$39,675,000 has been provided on trade receivables and other receivables respectively. Loss allowances for trade and other receivables are based on management's estimate of the lifetime or 12-month ECL which is estimated by taking into account the credit loss experience, ageing of overdue receivables, debtors' repayment history and financial position and an assessment of both the current and forecast general economic conditions, all of which involve a significant degree of management judgement. Management has engaged independent professional valuer whose work has been relied on in the estimation of the ECL of certain significant other receivables. *Relevant disclosures are made in notes 2, 4, 6(a) and 26 to the consolidated financial statements.*	Our key procedures in relation to management's impairment assessment on trade and other receivables included: – Understanding the Group's credit control policy over trade and other receivables; – Assessing whether items in the trade receivables ageing report were classified within the appropriate ageing bracket by comparing individual items in the report with the relevant sales invoices on a sample basis; – Understanding and assessing the appropriateness of management's methodology for identifying internal credit rating of other receivables which reflects the credit risk characteristics; – Evaluating the competence, capabilities and objectivity of the independent professional valuer; – Evaluating the independent professional valuer's basis and judgement in determining ECL on certain significant other receivables, including the identification of credit-impaired other receivables, assessment of significant increase in credit risk on other receivables and the basis of estimated loss rates applied on each debtor; – Examining the information used by the independent professional valuer to form such judgements, including testing the accuracy of the historical default data, evaluating whether the historical loss rates are appropriately adjusted based on current conditions and forward-looking information; and – Assessing the reasonableness of management's loss allowance estimates on trade and other receivables by examining the information used by management to form such judgements, including testing the accuracy of the historical default data, evaluating whether the historical loss rates are appropriately adjusted based on current conditions and forward-looking information and examining the actual losses recorded during the current financial year and assessing whether there was an indication of management bias when recognising loss allowances.

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KEY AUDIT MATTERS *(Continued)*

Key audit matters identified in our audit are summarised as follows: *(Continued)*

Key audit matter	How the matter was addressed in our audit
Fair value of financial assets at fair value through profit or loss – Unlisted equity securities other than equity securities traded in Over-the-Counter market in the United States	
As at 31 December 2024, certain unlisted equity securities held by the Group were classified as financial assets at fair value through profit or loss and measured at fair value of HK$166,932,000. Significant estimation and judgement are required by management to determine the fair value of the unlisted equity securities, including the determination of valuation techniques and the selection of financial inputs in the model. Management has relied on the valuation performed by the independent professional valuers in the estimation of the fair value of the unlisted equity securities. *Relevant disclosures are made in notes 2, 4, 7 and 21 to the consolidated financial statements.*	Our key audit procedures in relation to management's estimation of the fair value of unlisted equity securities included: – Understanding and evaluating management's key controls over the fair value assessment process; – Evaluating the competence, capabilities and objectivity of the independent professional valuers; – Assessing the appropriateness of the work of the independent professional valuers by making enquiries on the bases of valuation and obtaining corroborative evidence on the input data; and – Considering the relevance and reasonableness of key assumptions and methods used, and the relevance and accuracy of the source data used.

OTHER INFORMATION

The Directors of the Company are responsible for the other information. The other information comprises the information included in the 2024 Annual Report of the Company 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 AND THOSE CHARGED WITH GOVERNANCE 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 HKFRS Accounting Standards issued by the HKICPA and the disclosure requirements of the Companies Ordinance, and for such internal control as the Directors 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 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 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.

AUDITOR'S RESPONSIBILITIES 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. This report is made solely to you, as a body, in accordance with section 90 of the Companies Act 1981 of Bermuda, 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 HKSAs 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.

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AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

As part of an audit in accordance with HKSAs, we exercise professional judgement 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.

- Conclude on the appropriateness of the 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

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.

Forvis Mazars CPA Limited
Certified Public Accountants
Hong Kong, 25 March 2025

The engagement director on the audit resulting in this independent auditor's report is:
Fung Shiu Hang
Practising Certificate number: P04793

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Note	2024 HK$'000	2023 HK$'000
Revenue	9	**189,035**	192,569
Cost of sales		**(123,054)**	(138,912)
Gross profit		**65,981**	53,657
Other revenue and net income	9	**72,625**	60,471
Distribution and selling expenses		**(8,292)**	(5,174)
General and administrative expenses		**(121,578)**	(122,552)
Reversal of write-down of cryptocurrencies	23	**–**	49,978
Other operating expenses		**(34,924)**	(64,198)
Net changes in fair value of investment properties	17	**2,850**	(6,248)
Loss allowance on loans receivable	6(a)	**(20,793)**	(55,217)
Loss allowance on trade and other receivables	6(a)	**(12,544)**	(41,722)
Loss from operations	10	**(56,675)**	(131,005)
Finance costs	13	**(549)**	(594)
Share of results of associates	20	**(836)**	(325)
Loss before tax		**(58,060)**	(131,924)
Income tax (expenses)/credit	14	**(3,956)**	14,664
Loss for the year		**(62,016)**	(117,260)
Loss attributable to:			
Owners of the Company		**(61,970)**	(113,654)
Non-controlling interests		**(46)**	(3,606)
		(62,016)	(117,260)
		HK$	HK$
Loss per share	16		
– Basic		**(0.02)**	(0.05)
– Diluted		**(0.02)**	(0.05)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Note	2024 HK$'000	2023 HK$'000
NON-CURRENT ASSETS			
Investment properties	17	**133,132**	131,870
Property, plant and equipment	18	**63,255**	146,704
Right-of-use assets	19	**74,408**	71,460
Interests in associates	20	**10,779**	3,028
Deposits paid	26	**7,454**	12,853
Prepayments for construction	26	**12,626**	–
Financial assets at fair value through profit or loss	21	**215,085**	141,965
		516,739	507,880
CURRENT ASSETS			
Cryptocurrencies	23	**140,539**	110,711
Inventories	24	**6,083**	32,656
Loans receivable	25	**29,081**	49,126
Trade and other receivables	26	**372,209**	451,576
Prepayment for construction	26	**–**	639
Financial assets at fair value through profit or loss	21	**1,503**	18,062
Income tax recoverable		**547**	559
Pledged bank deposits	35	**200**	200
Cash and bank balances		**34,809**	81,677
		584,971	745,206
Assets classified as held-for-sale	27	**850,200**	850,200
		1,435,171	1,595,406
CURRENT LIABILITIES			
Trade and other payables	28	**265,164**	347,049
Dividend payables		**31**	31
Bank and other loans	29	**2,952**	14,273
Lease liabilities	19	**2,261**	2,995
		270,408	364,348
NET CURRENT ASSETS		**1,164,763**	1,231,058
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,681,502**	1,738,938
NON-CURRENT LIABILITIES			
Deferred tax liabilities	14	**31,436**	28,261
Income tax payable		**6,192**	8,532
Lease liabilities	19	**8,455**	1,267
		46,083	38,060
NET ASSETS		**1,635,419**	1,700,878
EQUITY			
Share capital	31	**62,193**	62,193
Reserves	32	**1,576,819**	1,643,511
Equity attributable to owners of the Company		**1,639,012**	1,705,704
Non-controlling interests		**(3,593)**	(4,826)
TOTAL EQUITY		**1,635,419**	1,700,878

These consolidated financial statements on pages 73 to 165 were approved and authorised for issue by the Board on 25 March 2025 and signed on its behalf by:

Li Qiang
Director

Cong Yu
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Attributable to owners of the Company										
	Share capital HK$'000	Share premium HK$'000	Statutory reserves HK$'000	Contributed surplus HK$'000	Property revaluation reserves HK$'000	Translation reserves HK$'000	Other reserves HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
As at 1 January 2023	62,193	280,057	8,668	234,621	84,992	16,136	4,201	1,136,291	1,827,159	(1,222)	1,825,937
Loss for the year	–	–	–	–	–	–	–	(113,654)	(113,654)	(3,606)	(117,260)
Other comprehensive loss:											
Exchange differences arising on translation of the foreign operations	–	–	–	–	–	(7,803)	–	–	(7,803)	–	(7,803)
Total other comprehensive loss	–	–	–	–	–	(7,803)	–	–	(7,803)	–	(7,803)
Total comprehensive loss for the year	–	–	–	–	–	(7,803)	–	(113,654)	(121,457)	(3,606)	(125,063)
Transaction with owners:											
Change in ownership interest											
Changes in ownership interests in a subsidiary that do not result in a loss of control *(note 30(b))*	–	–	–	–	–	–	2	–	2	2	4
Total transactions with owners	–	–	–	–	–	–	2	–	2	2	4
As at 31 December 2023 and as at 1 January 2024	62,193	280,057	8,668	234,621	84,992	8,333	4,203	1,022,637	1,705,704	(4,826)	1,700,878
Loss for the year	–	–	–	–	–	–	–	(61,970)	(61,970)	(46)	(62,016)
Other comprehensive loss:											
Exchange differences arising on translation of the foreign operations	–	–	–	–	–	(3,439)	–	–	(3,439)	–	(3,439)
Total other comprehensive loss	–	–	–	–	–	(3,439)	–	–	(3,439)	–	(3,439)
Total comprehensive loss for the year	–	–	–	–	–	(3,439)	–	(61,970)	(65,409)	(46)	(65,455)
Transaction with owners:											
Change in ownership interest											
Changes in ownership interests in a subsidiary that do not result in a loss of control *(note 30(a))*	–	–	–	–	–	–	(1,283)	–	(1,283)	1,279	(4)
Total transactions with owners	–	–	–	–	–	–	(1,283)	–	(1,283)	1,279	(4)
As at 31 December 2024	**62,193**	**280,057**	**8,668**	**234,621**	**84,992**	**4,894**	**2,920**	**960,667**	**1,639,012**	**(3,593)**	**1,635,419**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Note	2024 HK$'000	2023 HK$'000
OPERATING ACTIVITIES			
Loss before tax		**(58,060)**	(131,924)
Adjustments for:			
Share of results of associates		**836**	325
Interest income		**(2,053)**	(6,842)
Interest expenses		**549**	594
Dividend income		**(444)**	(544)
Amortisation of intangible assets		**–**	32,525
Depreciation of right-of-use assets		**6,508**	6,903
Depreciation of property, plant and equipment		**45,791**	38,216
Net changes in fair value of investment properties		**(2,850)**	6,248
(Gain)/loss on lease modification		**(41)**	26
(Gain)/loss on disposal of property, plant and equipment		**(1,097)**	68
Fair value gain on financial assets at fair value through profit or loss under non-current assets		**(30,489)**	(28,805)
Impairment loss on intangible assets		**–**	16,159
Impairment loss on property, plant and equipment		**39,310**	1,344
Loss allowance on loans receivable		**20,793**	55,217
Loss allowance on trade and other receivables		**12,544**	41,722
OPERATING PROFIT BEFORE CHANGES IN WORKING CAPITAL		**31,297**	31,232
Increase in cryptocurrencies		**(29,828)**	(48,744)
Decrease/(increase) in inventories		**26,409**	(15,793)
Decrease/(increase) in trade and other receivables		**65,258**	(81,118)
(Increase)/decrease financial assets and liabilities at fair value through profit or loss		**(8,072)**	68,939
Decrease in trade and other payables		**(75,128)**	(14,896)
CASH GENERATED FROM/(USED IN) OPERATIONS		**9,936**	(60,380)
Income tax paid, net		**(2,795)**	(6)
NET CASH FROM/(USED IN) OPERATING ACTIVITIES		**7,141**	(60,386)
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(9,319)**	(6,993)
Purchase of investment properties		**(1,273)**	(28,017)
Proceed from disposal of property, plant and equipment		**8,616**	23
Purchase of financial assets at fair value through profit or loss under non-current assets		**(18,000)**	–
(Increase)/decrease in prepayment for construction		**(11,987)**	9
Acquisition of interests in associates		**(8,639)**	(3,351)
Interest received		**1,305**	6,842
Grant of new loans receivable		**2,950**	(7,638)
Repayment of loans receivable		**(2,950)**	6,424
Dividend received		**444**	544
NET CASH USED IN INVESTING ACTIVITIES		**(38,853)**	(32,157)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Note	2024 HK$'000	2023 HK$'000
FINANCING ACTIVITIES	33		
New bank and other loans raised		–	13,109
Principal elements of lease payments		**(3,110)**	(3,294)
Repayment of bank loans		**(11,085)**	(11,565)
Net cash (outflow)/inflow from changes of ownership interests in a subsidiary that does not result in loss of control	30	**(4)**	4
Interest paid		**(549)**	(594)
NET CASH USED IN FINANCING ACTIVITIES		**(14,748)**	(2,340)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(46,460)**	(94,883)
CASH AND CASH EQUIVALENTS AT BEGINNING OF REPORTING PERIOD		**81,877**	177,289
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		**(408)**	(529)
CASH AND CASH EQUIVALENTS AT END OF REPORTING PERIOD		**35,009**	81,877
Analysis of the balances of cash and cash equivalents:			
Funds held by securities brokers	(a)	–	11,211
Cash at bank and in hand	(b)	**34,809**	70,466
Pledged bank deposits with maturity less than three months	(c)	**200**	200
		35,009	81,877

Notes:

(a) At the end of the reporting period, there were funds held by securities brokers of HK$Nil *(2023: HK$11,211,000)* for securities trading.

(b) At the end of the reporting period, cash at bank earned interest at floating rates based on daily bank deposit rates.

(c) At the end of the reporting period, bank deposits of HK$200,000 *(2023: HK$200,000)* were pledged to secure a loan facility which had an original maturity of less than three months and therefore have been classified as cash equivalents in the consolidated statement of cash flows.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Yuxing InfoTech Investment Holdings Limited (the "Company") is incorporated in Bermuda as an exempted company with limited liability and its shares (the "Shares") are listed on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The addresses of the registered office and principal places of business of the Company are disclosed in the "Corporate Information" section of this annual report.

The principal activity of the Company is investment holding. The principal activities of the Company's principal subsidiaries are detailed in note 40. The Company and its subsidiaries are herein collectively referred to as the "Group".

2. PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

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

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

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

Adoption of revised HKFRS Accounting Standards

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

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

Amendments to HKAS 1: Classification of Liabilities as Current or Non-current

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.

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

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Basis of preparation *(Continued)*

Adoption of revised HKFRS Accounting Standards (Continued)

Amendments to HKAS 1: Non-current Liabilities with Covenants

The amendments specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require a company to disclose information about these covenants in the notes to the consolidated financial statements.

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

Amendments to HK Interpretation 5: Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

This Interpretation is revised as a consequence of the above Amendments to HKAS 1 to align the corresponding wordings with no change in conclusion.

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

Amendments to HKAS 7 and HKFRS 7: Supplier Finance Arrangements

The amendments introduce new disclosure requirements to enhance the transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk.

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

Amendments to HKFRS 16: Lease Liability in a Sale and Leaseback

The amendments require a seller-lessee to subsequently determine lease payments arising from a sale and leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease.

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

A summary of the principal accounting policies adopted by the Group is set out below.

Basis of measurement

The measurement basis used in the preparation of these consolidated financial statements is historical cost, except for investment properties and financial assets at fair value through profit or loss, which are measured at fair value as explained in the accounting policies set out below.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting year as that of the Company using consistent accounting policies.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full. The results of subsidiaries are consolidated from the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Non-controlling interests are presented separately from owners of the Company, in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position. The non-controlling interests in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, are measured initially either at fair value or at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. This choice of measurement basis is made on an acquisition-by-acquisition basis.

Allocation of total comprehensive income

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to the owners of the Company and the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in ownership interest

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest determined at the date when control is lost; and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests at the date when control is lost.

The amounts previously recognised in other comprehensive income in relation to the disposed subsidiary are accounted for on the same basis as would be required if the parent had directly disposed of the related assets or liabilities. Any investment retained in the former subsidiary and any amounts owed by or to the former subsidiary are accounted for as a financial asset, associate, joint venture or others as appropriate from the date when control is lost.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Subsidiaries

A subsidiary is an entity that is controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control.

In the Company's statement of financial position which is presented within these notes, an investment in subsidiary is stated at cost less impairment loss. The carrying amount of the investment is reduced to its recoverable amount on an individual basis, if it is higher than the recoverable amount. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

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 of those policies.

The Group's investment in associate is accounted for under the equity method of accounting, except when the investment or a portion thereof is classified as held-for-sale. Under the equity method, the investment is initially recorded at cost and adjusted thereafter for the post-acquisition changes in the Group's share of the investee's net assets and any impairment loss relating to the investment. Except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee, the Group discontinues recognising its share of further losses when the Group's share of losses of the investee equals or exceeds the carrying amount of its interest in the investee, which includes any long term interests that, in substance, form part of the Group's net investment in the investee.

Assets classified as held-for-sale

Non-current assets and disposal groups are classified as held-for-sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Assets classified as held-for-sale are measured at the lower of their previous carrying amount and fair value less costs to sell, except for investment properties, which are continued to be measured in accordance with the Group's other accounting policies.

Property, plant and equipment

Property, plant and equipment, other than construction in progress and freehold land, are stated at cost less accumulated depreciation and impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Repairs and maintenance are charged to profit or loss during the year in which they are incurred.

Construction in progress and freehold land are stated at cost, which comprises the cost of acquisition, cost of construction and borrowing costs, if applicable, less any identified impairment loss.

The cost of construction in progress will not be depreciated until they are completed and ready for intended use and are transferred to a specific category of property, plant and equipment when the construction is completed.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment *(Continued)*

Depreciation is provided to write off the cost less accumulated impairment losses of property, plant and equipment, other than construction in progress and freehold land, over their estimated useful lives from the date on which they are available for use and after taking into account their estimated residual values, using the straight-line method at the following rates. Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis and depreciated separately:

Buildings	3% – 4% or over the relevant lease term, whichever is shorter
Data centre facilities	13% – 20%
Leasehold improvements	5% – 33% or over the relevant lease term, whichever is shorter
Office equipment, furniture and fixtures	10% – 33%
Plant and machinery	10% – 20%
Motor vehicles	10% – 33%
Cryptocurrency mining machines	20%

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 derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the year in which the item is derecognised.

If a property occupied by the Group as an owner-occupied property becomes an investment property measured at fair value, the Group accounts for such property in accordance with the policy stated under "Property, plant and equipment" up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a revaluation surplus or deficit. At the date of change in use, the revaluation surplus is recognised in profit or loss to the extent of impairment loss previously recognised in profit or loss, with the remaining surplus recognised in other comprehensive income as property revaluation reserves within equity. At the date of change in use, the revaluation deficit is recognised in other comprehensive income to reduce the property revaluation reserves to the extent of the amount previously recognised in property revaluation reserves, with the remaining deficit recognised in profit or loss.

After the date of change in use, the property revaluation reserves are derecognised upon the disposal of investment property.

Investment properties

Investment properties are land and/or building that are held by owner or lessee, to earn rental income and/or for capital appreciation. These include properties held for a currently undetermined future use.

Investment properties are stated at fair value at the end of the reporting period. Any gain or loss arising from a change in fair value is recognised in profit or loss. The fair value of investment properties not classified as held-for-sale is based on a valuation by independent valuers who hold a recognised professional qualification and have recent experience in the location and the category of properties being valued.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Research and development costs

Research costs are expensed as incurred. Costs incurred on development activities, which involve the application of research findings to a plan or design for the production of new or substantially improved products and processes, are capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources to complete the development. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in profit or loss as an expense as incurred. When the asset is available for use, the capitalised development costs are amortised on a straight-line basis over a period which reflects the pattern in which the related economic benefits are recognised.

Financial instruments

Financial assets

Recognition and derecognition

Financial assets are recognised when and only when the Group becomes a party to the contractual provisions of the instruments and on a trade date basis.

A financial asset is derecognised when and only when (i) the Group's contractual rights to future cash flows from the financial asset expire; or (ii) the Group transfers the financial asset and either (a) it transfers substantially all the risks and rewards of ownership of the financial asset; or (b) it neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but it does not retain control of the financial asset.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises the financial asset to the extent of its continuing involvement and an associated liability for the amounts it may have to pay.

Classification and measurement

Financial assets (except for trade receivables without a significant financing component) are initially recognised at their fair value plus, in the case of financial assets not carried at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial assets. Such trade receivables are initially measured at their transaction price.

On initial recognition, a financial asset is classified as (i) measured at amortised cost; (ii) debt investment measured at fair value through other comprehensive income ("FVOCI"); (iii) equity investment measured at FVOCI; or (iv) FVPL.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Classification and measurement (Continued)

The classification of financial assets at initial recognition depends on the Group's business model for managing the financial assets and the financial asset's contractual cash flow characteristics. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing them, in which case all affected financial assets are reclassified on the first day of the first annual reporting period following the change in the business model.

1) Financial assets measured at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVPL:

(i) it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

(ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses arising from impairment, derecognition or through the amortisation process are recognised in profit or loss.

The Group's financial assets at amortised cost include cash and bank balances, pledged bank deposits, trade and other receivables and loans receivable.

2) Financial assets at FVPL

These investments include financial assets that are not measured at amortised cost or FVOCI, including financial assets held for trading and designated upon initial recognition, financial assets resulting from a contingent consideration arrangement in a business combination to which HKFRS 3 applies and financial assets that are otherwise required to be measured at FVPL. They are carried at fair value, with any resultant gain and loss recognised in profit or loss, which includes any dividend or interest earned on financial assets. Dividend or interest income is presented separately from fair value gain or loss.

Financial assets are classified as held for trading if they are (i) acquired principally for the purpose of selling in the near future; (ii) part of a portfolio of identified financial instruments that the Group manages together and have a recent actual pattern of short-term profit-taking on initial recognition; or (iii) derivatives that are not financial guarantee contracts or not designated and effective hedging instruments.

The Group's financial assets mandatorily measured at FVPL include listed and unlisted equity securities.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities

Recognition and derecognition

Financial liabilities are recognised when and only when the Group becomes a party to the contractual provisions of the instruments.

A financial liability is derecognised when and only when the liability is extinguished, that is, when the obligation specified in the relevant contract is discharged, cancelled or expired.

Classification and measurement

Financial liabilities are initially recognised at their fair value plus, in the case of financial liabilities not carried at FVPL, transaction costs that are directly attributable to the issue of the financial liabilities.

The Group's financial liabilities include trade and other payables and bank and other loans. All financial liabilities except for derivatives are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method, unless the effect of discounting would be insignificant, in which case they are stated at cost.

Impairment of financial assets and other items

The Group recognises loss allowances for expected credit losses ("ECL") on financial assets that are measured at amortised cost to which the impairment requirements apply in accordance with HKFRS 9. At each reporting date, the Group measures a loss allowance for a financial asset at an amount equal to the lifetime ECL if the credit risk on that financial asset has increased significantly since initial recognition. If the credit risk on a financial asset has not increased significantly since initial recognition, the Group measures the loss allowance for that financial asset at an amount equal to 12-month ECL.

Measurement of ECL

ECL is a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument.

For financial assets, a credit loss is the present value of the difference between the contractual cash flows that are due to an entity under the contract and the cash flows that the entity expects to receive.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument while 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Impairment of financial assets and other items (Continued)

Measurement of ECL (Continued)

Where ECL is measured on a collective basis, the financial instruments are grouped on the following bases of shared credit risk characteristics:

(i) past due information

(ii) nature of instrument

(iii) nature of collateral

(iv) industry of debtors

(v) geographical location of debtors

(vi) external credit risk ratings

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that the Group may not receive the outstanding contractual amounts in full if the financial instrument meets any of the following criteria:

(i) 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); or

(ii) there is a breach of financial covenants by the counterparty.

Irrespective of the above analysis, 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.

Assessment of significant increase in credit risk

In assessing whether the credit risk on a financial instrument 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. Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due.

Notwithstanding the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Impairment of financial assets and other items (Continued)

Low credit risk

A financial instrument is determined to have low credit risk if:

(i) it has a low risk of default;

(ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and

(iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Simplified approach of ECL

For trade receivables, the Group applies a simplified approach in calculating ECL. The Group recognises a loss allowance based on lifetime ECL at each reporting date and has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Credit-impaired financial asset

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 include 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.

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(e) the disappearance of an active market for that financial asset because of financial difficulties.

(f) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Write-off

The Group writes off a financial asset when the Group has no reasonable expectations of recovering the contractual cash flows on a financial asset in its entirety or a portion thereof, based on historical experience of recoveries of similar assets. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities under the Group's procedures for recovery of amounts due. Any recovery made is recognised in profit or loss.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Cash equivalents

For the purpose of the consolidated statement of cash flows, cash equivalents represent short-term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts.

Cryptocurrencies

Cryptocurrencies are stated at the lower of cost and net realisable value. Cost, which comprises depreciation of the cryptocurrency mining machines and all costs of purchases and, where appropriate, other costs that have incurred in mining the cryptocurrencies, is calculated using the weighted overage cost method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Cryptocurrencies are derecognised when the Group disposes of them through its trading activities or when the Group otherwise loses control and, therefore, access to the economic benefits associated with ownership of the cryptocurrencies ceases.

When cryptocurrencies are sold, the carrying amount of cryptocurrencies is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of cryptocurrencies to net realisable value and all losses of cryptocurrencies are recognised as an expense in the period of the write-down or loss occurs. The amount of any reversal of any write-down of cryptocurrencies is recognised as a reduction in the amount of cryptocurrencies recognised as an expense in the period in which the reversal occurs.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, which comprises all costs of purchase and, where applicable, other costs that have been incurred in bringing the inventories to their present location and condition, is calculated using the weighted average cost method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period of the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Revenue recognition

Rental income under operating lease is recognised when the properties are let out and on the straight line basis over the lease terms.

Dividend income from investments is recognised when the Group's rights to receive dividend is established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Interest income from financial assets is recognised using the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the assets while it is applied to the amortised cost (i.e. the gross carrying amount net of loss allowance) in case of credit-impaired financial assets.

Revenue from contracts with customers within HKFRS 15

Nature of goods or services

The Group is engaged in sale and distribution of information home appliances ("IHA") and complementary products.

Identification of performance obligations

At contract inception, the Group assesses the goods or services promised in a contract with a customer and identifies as a performance obligation each promise to transfer to the customer either:

(a) a good or service (or a bundle of goods or services) that is distinct; or

(b) a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

A good or service that is promised to a customer is distinct if both of the following criteria are met:

(a) the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer (i.e. the good or service is capable of being distinct); and

(b) the Group's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (i.e. the promise to transfer the good or service is distinct within the context of the contract).

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Revenue recognition *(Continued)*

Revenue from contracts with customers within HKFRS 15 (Continued)

Timing of revenue recognition

Revenue is recognised when (or as) the Group satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

The Group transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

(a) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

(b) the Group's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or

(c) 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.

If a performance obligation is not satisfied over time, the Group satisfies the performance obligation at a point in time when the customer obtains control of the promised asset. In determining when the transfer of control occurs, the Group considers the concept of control and such indicators as legal title, physical possession, right to payment, significant risks and rewards of ownership of the asset, and customer acceptance.

Sale of IHA and complementary products are recognised at a point in time at which the customer obtains the control of the promised asset, which generally coincides with the time when the goods are delivered to customers and the title is passed.

Contract liabilities

Within the context of HKFRS 15, if a customer pays consideration, or an entity has a right to an amount of consideration that is unconditional, before the Group transfers a good or service to the customer, the Group shall present the contract as a contract liability when the payment is made or the payment is due (whichever is earlier).

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates. The consolidated financial statements are presented in the currency of Hong Kong dollars ("HKD"), which is also the Company's functional currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

The results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting period;

(b) Income and expenses for each statement of profit or loss are translated at average exchange rate;

(c) All resulting exchange differences arising from the above translation and exchange differences arising from a monetary item that forms part of the Group's net investment in a foreign operation are recognised as a separate component of equity;

(d) On the disposal of a foreign operation, which includes a disposal of the Group's entire interest in a foreign operation, a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest is no longer equity-accounted for, the cumulative amount of the exchange differences relating to the foreign operation that is recognised in other comprehensive income and accumulated in the separate component of equity is reclassified from equity to profit or loss when the gain or loss on disposal is recognised;

(e) On the partial disposal of the Group's interest in a subsidiary that includes a foreign operation which does not result in the Group losing control over the subsidiary, the proportionate share of the cumulative amount of the exchange differences recognised in the separate component of equity is re-attributed to the non-controlling interests in that foreign operation and are not reclassified to profit or loss; and

(f) On all other partial disposals, which includes partial disposal of associates or joint ventures that do not result in the Group losing significant influence or joint control, the proportionate share of the cumulative amount of exchange differences recognised in the separate component of equity is reclassified to profit or loss.

Impairment of other assets

At the end of each reporting period, the Group reviews internal and external sources of information to assess whether there is any indication that its property, plant and equipment, right-of-use assets and deposits paid for non-current assets may be impaired or impairment loss previously recognised no longer exists or may be reduced. If any such indication exists, the recoverable amount of the asset is estimated, based on the higher of its fair value less costs to sell and value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the smallest group of assets that generates cash flows independently (i.e. cash-generating unit).

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Impairment of other assets *(Continued)*

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 cash-generating unit is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

A reversal of impairment loss is limited to the carrying amount of the asset or cash-generating unit that would have been determined had no impairment loss been recognised in prior years. Reversal of impairment loss is recognised as income in profit or loss immediately.

Borrowing costs

Borrowing costs incurred, net of any investment income on the temporary investment of the specific borrowings, that are directly attributable to the acquisition, construction or production of qualifying assets, (i.e. assets that necessarily take a substantial period of time to get ready for their intended use or sale), are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised as an expense in the period in which they are incurred.

Leases

The Group assesses whether a contract is, or contains, a lease at inception of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As lessee

The Group applies the recognition exemption to short-term leases and low-value asset leases. Lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

The Group accounts for each lease component within a lease contract as a lease separately. The Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component.

Amounts payable by the Group that do not give rise to a separate component are considered to be part of the total consideration that is allocated to the separately identified components of the contract.

The Group recognises a right-of-use asset and a lease liability at the commencement date of the lease.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Leases *(Continued)*

As lessee (Continued)

The right-of-use asset is initially measured at cost, which comprises:

(a) the amount of the initial measurement of the lease liability;

(b) any lease payments made at or before the commencement date, less any lease incentives received;

(c) any initial direct costs incurred by the Group; and

(d) an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, 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, unless those costs are incurred to produce inventories.

Subsequently, the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability. Depreciation is provided on a straight-line basis over the shorter of the lease term and the estimated useful life of the right-of-use asset as set out below:

Buildings	1 to 10 years
Leasehold land	Over the lease term
Leasehold properties	3% or over the lease term, whichever is shorter

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date of the contract.

The lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

(a) fixed payments (including in-substance fixed payments), less any lease incentives receivable;

(b) variable lease payments that depend on an index or a rate;

(c) amounts expected to be payable under residual value guarantees;

(d) exercise price of a purchase option if the Group is reasonably certain to exercise that option; and

(e) payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

The lease payments are discounted using the interest rate implicit in the lease, or where it is not readily determinable, the incremental borrowing rate of the lessee.

Subsequently, the lease liability is measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Leases *(Continued)*

As lessee (Continued)

The lease liability is remeasured using a revised discount rate when there are changes to the lease payments arising from a change in the lease term or the reassessment of whether the Group will be reasonably certain to exercise a purchase option.

The lease liability is remeasured by using the original discount rate when there is a change in the residual value guarantee, the in-substance fixed lease payments or the future lease payments resulting from a change in an index or a rate (other than floating interest rate). In case of a change in future lease payments resulting from a change in floating interest rates, the Group remeasures the lease liability using a revised discount rate.

The Group recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. If the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognises any remaining amount of the remeasurement in profit or loss.

A lease modification is accounted for as a separate lease if:

(a) the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

(b) the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

When a lease modification is not accounted for as a separate lease, at the effective date of the lease modification:

(a) the Group allocates the consideration in the modified contract on the basis of relative stand-alone price as described above.

(b) the Group determines the lease term of the modified contract.

(c) the Group remeasures the lease liability by discounting the revised lease payments using a revised discount rate over the revised lease term.

(d) for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease and recognising any gain or loss relating to the partial or full termination of the lease in profit or loss.

(e) for all other lease modifications, the Group accounts for the remeasurement of the lease liability by making a corresponding adjustment to the right-of-use asset.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Leases (Continued)

As lessor

The Group classifies each of its leases as either a finance lease or an operating lease at the inception date of the lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset. All other leases are classified as operating leases.

The Group accounts for each lease component within a lease contract as a lease separately from non-lease components of the contract. The Group allocates the consideration in the contract to each lease component on a relative stand-alone price basis.

The Group applies the derecognition and impairment requirements in HKFRS 9 to the operating lease receivables.

A modification to an operating lease is accounted for as a new lease from the effective date of modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payment for the new lease.

Employee benefits

Short-term employee benefits

Salaries, annual bonuses and paid annual leave are accrued in the year in which the associated services are rendered by employees.

Defined contribution plans

The obligations for contributions to Mandatory Provident Fund Scheme (the "MPF") in Hong Kong are recognised as an expense in profit or loss as incurred. The assets of the scheme are held separately from those of the Group in an independently administered fund.

Contributions to the retirement benefit schemes in the People's Republic of China (the "PRC"), which are calculated on certain percentages of the applicable payroll costs in accordance with the statutory requirements prescribed by the relevant legal authorities, are recognised as an expense in profit or loss when employees have rendered services entitling them to the contributions.

Contributions to the voluntary retirement plans adopted in the United States are calculated based on a maximum of 6% of the eligible employees' salaries, and are recognised as an expense in profit or loss as incurred. The assets of the pension fund are held separately from those of the Group in funds under the control of trustees.

Long service payments

The Group's net obligation in respect of long service payments ("LSP") under the Employment Ordinance (the "EO") is the amounts of future benefit that employees have earned in return for their services in the current and prior periods. The obligation is calculated using the projected unit credit method and discounted to its present value and after deducting the fair value of any related assets, including those retirement scheme benefits.

Termination benefits

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Share-based payment transactions

Equity-settled transactions

The Group operates a share-based compensation plan, the share option scheme, under which the Group receives services from employees including directors, and parties other than employees in exchange for the grant of rights over shares or shares of the Company ("Share(s)") as remuneration in form of equity-settled transactions. The cost of such transaction with employees is measured by reference to the fair value of the equity instruments at the grant date by using the Binomial Model, taking into account the terms and conditions of the transactions, other than conditions linked to the price of the Shares. For share options granted to parties other than employees, the total amount to be expensed is measured at fair value of the goods or services received at the date the Group obtains the goods or the counterparty renders the services, except where the fair value cannot be reliably estimated, in which case they are measured at the fair value of the equity instruments granted.

The cost of equity-settled transactions are recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied, and credited to share option reserves under equity for grant of share options.

During the vesting period, the number of share options that is expected to vest ultimately is reviewed. Any adjustment to the cumulative fair value recognised in prior periods is charged/credited to profit or loss for the year of review, with a corresponding adjustment to the share option reserves within equity.

Where the terms of an equity-settled award are modified, an additional expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described above.

When the share options are exercised, the amount previously recognised in share option reserves will be transferred to share capital (nominal value) and share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserves will be transferred to retained profits.

When the share options are lapsed after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to retained profits.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Taxation

The charge for current income tax is based on the results for the year as adjusted for items that are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, any deferred tax arising from initial recognition of other asset or liability in a transaction other than a business combination that at the time of the transaction affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences is not recognised.

The deferred tax liabilities and assets are measured at the tax rates that are expected to apply to the period when the asset is recovered or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, tax losses and credits can be utilised.

Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary differences is controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future.

Related parties

A related party is a person or entity that is related to the Group.

(a) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of the parent of the Group.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Related parties *(Continued)*

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(iii) Both entities are joint ventures of the same third party;

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group;

(vi) The entity is controlled or jointly controlled by a person identified in (a);

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(a) that person's children and spouse or domestic partner;

(b) children of that person's spouse or domestic partner; and

(c) dependants of that person or that person's spouse or domestic partner.

In the definition of a related party, an associate includes subsidiaries of the associate and a joint venture includes subsidiaries of the joint venture.

Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Board for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment.

3. FUTURE CHANGES IN HKFRS ACCOUNTING STANDARDS

At the date of authorisation of these consolidated financial statements, the HKICPA has issued a number of new/revised HKFRS Accounting Standards that are not yet effective for the current year, which the Group has not early adopted.

Amendments to HKAS 21	*Lack of Exchangeability* [1]
Amendments to HKFRS 9 and HKFRS 7	*Amendments to the Classification and Measurement of Financial Instruments* [2]
Annual Improvements to HKFRS Accounting Standards	*Volume 11* [2]
Amendments to HKFRS 9 and HKFRS 7	*Contracts Referencing Nature-dependent Electricity* [2]
HKFRS 18	*Presentation and Disclosure in Financial Statements* [3]
HKFRS 19	*Subsidiaries without Public Accountability: Disclosures* [3]
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* [4]

1 Effective for annual periods beginning on or after 1 January 2025
2 Effective for annual periods beginning on or after 1 January 2026
3 Effective for annual periods beginning on or after 1 January 2027
4 The effective date to be determined

The directors are in the process of assessing the possible impact on the future adoption of the new/revised HKFRS Accounting Standards, but are not yet in a position to reasonably estimate their impact on the Company's consolidated financial statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and assumptions concerning the future and judgements are made by the management in the preparation of the consolidated financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Where appropriate, revisions to accounting estimates are recognised in the period of revision and future periods, in case the revision also affects future periods.

Key sources of estimation uncertainty

Fair value of investment properties

In assessing the fair value of investment properties, the Group obtains the valuation of the investment properties not classified as held-for-sale provided by the independent professional qualified valuers and estimates the fair value of the investment properties classified as held-for-sale by management's assessment. As described in note 7, the valuation techniques applied by the independent professional qualified valuers for the investment properties have been discussed with the Directors. The Directors review the valuations performed by the independent professional qualified valuers and use their estimation to determine whether valuation techniques applied are appropriate to the circumstances of the Group.

For fair value estimation of the investment properties classified as held-for-sale, the Directors are required to apply a suitable valuation technique appropriate to the circumstances of the Group.

Changes in the key assumptions and the methods used could affect the reported fair value of investment properties in the consolidated financial statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

Key sources of estimation uncertainty *(Continued)*

Fair value of unlisted equity securities other than equity securities traded in the Over-the-Counter market in the United States

In assessing the fair value of unlisted equity securities other than equity securities traded in the Over-the-Counter market in the United States, the Group obtains the valuation of the unlisted equity securities provided by the independent professional qualified valuers. The valuation techniques applied by the independent professional qualified valuers for the unlisted equity securities have been discussed with the Directors. The Directors review the valuations performed by the independent professional qualified valuers, and use their estimation to determine whether valuation techniques applied are appropriate to the circumstances of the Group. Changes in the key assumptions and the methods used could affect the reported fair value of unlisted equity securities in the consolidated financial statements.

Useful lives and impairment of property, plant and equipment and right-of-use assets

The Directors review the economic useful lives and depreciation/amortisation method of property, plant and equipment at the end of each reporting period, through careful consideration with regards to expected usage, wear-and-tear and potential technical obsolescence to usage of the assets.

In determining whether an asset is impaired or the event previously causing the impairment no longer exists, the Directors have to assess whether an event has occurred that may affect the asset value or such event affecting the asset value has not been in existence. If any such indication exists, the recoverable amounts of the asset would be determined by reference to value in use and fair value less costs of disposal. Value in use is determined using the discounted cash flow method while fair value less cost of disposal is determined by the estimated resale value of the assets less cost of estimated disposal.

Deferred tax liabilities

At the end of the reporting period, deferred tax liabilities of HK$31,436,000 *(2023: HK$28,261,000)* were provided for, in relation to the PRC land appreciation tax and corporate income tax ("CIT") and United States Federal and State Income Tax arising from revaluation of property, plant and equipment transferred to investment properties and revaluation of investment properties for investment properties situated in the PRC and United States respectively. No deferred tax liabilities in relation to the withholding tax on the distribution of retained profits of the PRC subsidiaries have been provided for as the Group is able to control the timing of reversal of the temporary differences and those profits are not to be remitted out of the PRC in the foreseeable future. Further details are set out in note 14.

Deferred tax assets

As at 31 December 2024, no deferred tax asset has been recognised on the tax losses from the PRC subsidiaries of HK$220,333,000 *(2023: HK$207,570,000)* due to unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient profits or taxable temporary differences will be available in the future. In cases there are changes in facts and circumstances which result in revision of future taxable profits estimation, a material recognition of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such recognition takes place.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

Key sources of estimation uncertainty *(Continued)*

Loss allowance for ECL

The Group's management estimates the loss allowance for financial assets at amortised cost, including trade and other receivables and loans receivable by using various inputs and assumptions including risk of default and expected loss rate. The estimation involves high degree of uncertainty which is based on the Group's historical information, existing market conditions as well as forward-looking estimates at the end of each reporting period. Where the expectation is different from the original estimate, such difference will impact the carrying amount of trade and other receivables and loans receivable.

The Group has engaged an independent professional qualified valuer for valuation of ECL for loans receivable and certain significant other receivables. The valuation techniques applied by the independent professional qualified valuer for ECL for loans receivable and certain significant other receivables have been discussed with the Directors. The Directors review the valuation performed by the independent professional qualified valuer and use their estimation to determine whether valuation techniques applied are appropriate to the circumstances of the Group. Changes in assumptions could affect the reported carrying amount of loans receivable and other receivables in the consolidated financial statements.

If the ECL rates on the trade receivables over 9 months past due had been 10% higher/lower at the end of the reporting period, with all other assumptions held constant, the loss allowance would be increased/decreased by HK$3,916,000 *(2023: HK$3,200,000)* respectively.

Details of the key assumptions and inputs used in estimating ECL are set out in note 6(a).

Discount rates for calculating lease liabilities – as lessee

The Group uses the lessee's incremental borrowing rates to discount future lease payments since interest rates implicit in the leases are not readily determinable. In determining the discounts rates for its leases, the Group refers to a rate that is readily observable as the starting point and then applies judgement and adjusts such observable rate to determine the incremental borrowing rate.

Critical judgement made in applying accounting policies

Cryptocurrencies

During the years ended 31 December 2024 and 2023, the Group received and held cryptocurrencies generated from the cryptocurrency mining machines, as well as purchases from the market. In the process of developing and applying an accounting policy for cryptocurrencies, management of the Group noted that there are no HKFRS Accounting Standards that specifically apply to the accounting treatment for cryptocurrencies held by the Group.

Management has considered the guidance in HKAS 8 *"Accounting Policies, Changes in Accounting Estimates and Errors"* ("HKAS 8") concerning how the Group should develop its accounting policy under such circumstances. In accordance with HKAS 8, reference was made to the most recent pronouncements of other standard-setting bodies that use a similar conceptual framework to develop accounting standards, other accounting literature and accepted industry practice to the extent that these do not conflict with the requirements of the HKFRS Accounting Standards.

Based on literature issued by staff of the International Accounting Standards Board and with reference to HKAS 2 *"Inventories"*, which defines an inventory as an asset held-for-sale in the ordinary course of business, management considers that cryptocurrencies held by the Group satisfy the elements of the definition of an inventory and therefore has determined that cryptocurrencies should be accounted for in the same manner as inventories are accounted for under HKAS 2.

5. CAPITAL MANAGEMENT

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Group regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders of the Company ("Shareholders"), issue new Shares, return capital to Shareholders, raise new debt financing or sell assets to reduce debt.

Meanwhile, the Group monitors its capital structure using a gearing ratio which is calculated as total debts divided by the total equity. For this purpose, the Group defines debt as total debts (which includes bank and other loans, trade and other payables, dividend payables, income tax payable, deferred tax liabilities and lease liabilities).

The gearing ratio as at 31 December 2024 and 2023 was as follows:

	Note	**2024** **HK$'000**	2023 HK$'000
Current liabilities:			
Trade and other payables	28	**265,164**	347,049
Dividend payables		**31**	31
Bank and other loans	29	**2,952**	14,273
Lease liabilities	19	**2,261**	2,995
		270,408	364,348
Non-current liabilities:			
Deferred tax liabilities	14	**31,436**	28,261
Income tax payable		**6,192**	8,532
Lease liabilities	19	**8,455**	1,267
		46,083	38,060
Total debts		**316,491**	402,408
Total equity		**1,635,419**	1,700,878
Gearing ratio		**19.4%**	23.7%

The lower gearing ratio of the Group as at 31 December 2024 was primarily resulted from repayment of bank loans and settlement of trade payables during the year. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

6. FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group is also exposed to price risk arising from its equity investments in other entities and movements in its own equity share price.

These risks are mitigated by the Group's financial management policies and practices described below.

(a) Credit risk

The Group's credit risk is primarily attributable to trade and other receivables, bank balances, pledged bank deposits and loans receivable. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

The carrying amount of financial assets recognised on the consolidated statement of financial position, which is net of loss allowance, represents the Group's exposure to credit risk without taking into account the value of any collateral held or other credit enhancements.

The Group has limited credit risk with its money deposited in financial institutions and securities brokers, which are leading and reputable and are assessed as having low credit risk. The Group has not suffered any significant losses arising from the non-performance by these parties in the past and management does not expect this position to change in the future.

Trade receivables

In respect of trade receivables, the Group normally grants its customers an average credit period from 30 days to 6 months *(2023: 30 days to 6 months)*. Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Debtors with balances that are more than three months past due are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate also has an influence on credit risk but to a lesser extent. Credit quality of a customer is assessed based on an extensive credit rating and individual credit limit assessment which is mainly based on the Group's own trading records.

At the end of the reporting period, the Group had a concentration of credit risk as 24.7% *(2023: 55.6%)* and 95.4% *(2023: 95.7%)* of the total trade receivables was due from the Group's largest debtor and the five largest debtors respectively.

The Group's customer base consists of a wide range of clients and the trade receivables are categorised by common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The Group applies a simplified approach in calculating ECL for trade receivables and recognises a loss allowance based on lifetime ECL at each reporting date and has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The expected loss rate used in the provision matrix is calculated for each category based on actual credit loss experience over the past three years and adjusted for current and forward-looking factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's estimate on future economic conditions over the expected lives of the receivables. There was no change in the estimation techniques or significant assumptions made during the year.

6. FINANCIAL INSTRUMENTS *(Continued)*

(a) Credit risk *(Continued)*

Trade receivables (Continued)

The information about the exposure to credit risk and ECL for trade receivables using a provision matrix is summarised below:

	2024			
	Expected loss rate %	**Gross carrying amount HK$'000**	**Loss allowance HK$'000**	**Credit-impaired**
Not past due	**–**	**10,364**	**–**	**No**
Less than 3 months past due	**0%-49%**	**8,567**	**1,387**	**No**
3 months to 6 months past due	**49%**	**2,750**	**1,387**	**Yes**
6 months to 9 months past due	**49%**	**2,750**	**1,387**	**Yes**
9 months to 2 years past due	**0%-49%**	**24,906**	**9,831**	**Yes**
Over 2 years past due	**49%-100%**	**14,655**	**9,028**	**Yes**
		63,992	**23,020**	

	2023			
	Expected loss rate %	Gross carrying amount HK$'000	Loss allowance HK$'000	Credit-impaired
Not past due	–	82,122	–	No
Less than 3 months past due	–	18,494	–	No
9 months to 2 years past due	52%	28,085	14,577	Yes
Over 2 years past due	50%–100%	3,655	1,830	Yes
		132,356	16,407	

The Group does not hold any collateral over trade receivables as at 31 December 2024 and 2023.

6. FINANCIAL INSTRUMENTS *(Continued)*

(a) Credit risk *(Continued)*

Trade receivables (Continued)

As at 31 December 2024, the Group recognised loss allowance of HK$23,020,000 *(2023: HK$16,407,000)* on the credit-impaired trade receivables. The movement in the loss allowance for trade receivables is summarised below:

	2024 **HK$'000**	2023 HK$'000
At beginning of the reporting period	**16,407**	15
Increase in allowance	**6,613**	16,392
At end of the reporting period	**23,020**	16,407

Loans receivable and other receivables

At the end of the reporting period, the Group had a concentration of credit risk in respect of loans receivable and other receivable as 68.9% *(2023: 71.1%)* of total loans receivable before loss allowance was due from two *(2023: two)* independent third parties while 76.5% *(2023: 72.2%)* of total other receivables was due from one *(2023: one)* independent third party.

In estimating the ECL and in determining whether there is a significant increase in credit risk since initial recognition and whether the loans receivable is credit-impaired, management has engaged independent professional qualified valuer whose work has been relied on in estimation of the ECL of loans receivable. The Group has taken into account the historical actual credit loss experience on the debtors and the financial position of the counterparties by reference to, among others, their management or audited accounts, legal advice on claims from customers, adjusted for forward-looking factors that are specific to the debtors and general economic conditions of the industry in which the counterparties operate, in estimating the probability of default of these financial assets, as well as the loss upon default in each case. There was no change in the estimation techniques or significant assumptions made during the year.

6. FINANCIAL INSTRUMENTS *(Continued)*

(a) Credit risk *(Continued)*

Loans receivable and other receivables (Continued)

In estimating the ECL of other receivables, management has engaged independent professional qualified valuer whose work has been relied on in estimation of the ECL of certain significant other receivables as at 31 December 2024 *(2023: N/A)*. The Group has taken into account the historical actual credit loss experience, adjusted for general economic conditions and future prospects of the industry in which the counterparties operate and various external sources of actual and forecast economic information such as information published by economic expert reports and financial analysts adjusted for forward-looking factors that are specific to the debtors and general economic conditions of the industry in which the counterparties operate, in estimating the probability of default of these financial assets, as well as the loss upon default in each case.

The gross carrying amounts of loans receivable, by credit risk rating grades, are as follows:

		2024	
Internal credit rating	**Expected loss rate %**	**ECL**	**Gross carrying amount HK$'000**
Performing	**9%**	**12-months**	**14,167**
Underperforming (not credit-impaired)	**–**	**Lifetime**	**–**
Not performing (credit-impaired)	**83%-100%**	**Lifetime**	**233,811**
Write off (credit-impaired)	**–**	**N/A**	**–**
At end of the reporting period			**247,978**

		2023	
Internal credit rating	Expected loss rate %	ECL	Gross carrying amount HK$'000
Performing	0%–5%	12-months	14,166
Underperforming (not credit-impaired)	54%	Lifetime	60,756
Not performing (credit-impaired)	86%–100%	Lifetime	172,308
Write off (credit-impaired)	–	N/A	–
At end of the reporting period			247,230

6. FINANCIAL INSTRUMENTS *(Continued)*

(a) Credit risk *(Continued)*

Loans receivable and other receivables (Continued)

As at 31 December 2024, the Group recognised loss allowance of HK$218,897,000 *(2023: HK$198,104,000)* on loans receivable. The movement in the loss allowance for loans receivable during the year is summarised below:

	2024 **HK$'000**	2023 HK$'000
At beginning of the reporting period	**198,104**	142,887
Increase in allowance	**20,793**	55,217
At end of the reporting period	**218,897**	198,104

The movement of the loss allowance on loans receivable, by measurement basis of ECL, is as follows:

	2024			
		Lifetime ECL		
	12-month ECL **HK$'000**	**Not credit-impaired** **HK$'000**	**Credit-impaired** **HK$'000**	**Total** **HK$'000**
At beginning of the reporting period	**655**	**32,557**	**164,892**	**198,104**
Changes in internal credit rating	**–**	**(32,557)**	**32,557**	**–**
Increase in allowance	**670**	**–**	**20,123**	**20,793**
At end of the reporting period	**1,325**	**–**	**217,572**	**218,897**

	2023			
		Lifetime ECL		
	12-month ECL HK$'000	Not credit-impaired HK$'000	Credit-impaired HK$'000	Total HK$'000
At beginning of the reporting period	224	27,698	114,965	142,887
Changes in internal credit rating	–	(13,663)	13,663	–
Increase in allowance	431	18,522	36,264	55,217
At end of the reporting period	655	32,557	164,892	198,104

6. FINANCIAL INSTRUMENTS *(Continued)*

(a) Credit risk *(Continued)*

Loans receivable and other receivables (Continued)

The gross carrying amounts of total other receivables, by credit risk rating grades, are as follows:

	2024		
Internal credit rating	**Expected loss rate %**	**ECL**	**Gross carrying amount HK$'000**
Performing	**0%-1%**	**12-month**	**128,147**
Underperforming (not credit-impaired)	**5%**	**Lifetime**	**221,470**
Not performing (credit-impaired)	**38%-100%**	**Lifetime**	**41,375**
Write off (credit-impaired)	**–**	**N/A**	**–**
At end of the reporting period			**390,992**

	2023		
Internal credit rating	Expected loss rate %	ECL	Gross carrying amount HK$'000
Performing	–	12-month	244,633
Underperforming (not credit-impaired)	5%	Lifetime	88,371
Not performing (credit-impaired)	39% – 100%	Lifetime	49,902
Write off (credit-impaired)	–	N/A	–
At end of the reporting period			382,906

As at 31 December 2024, the Group recognised loss allowance of HK$39,675,000 *(2023: HK$33,787,000)* on other receivables. The movement in the loss allowance for other receivables during the year is summarised below:

	2024 HK$'000	2023 HK$'000
At beginning of the reporting period	**33,787**	8,467
Impairment loss	**5,931**	25,330
Exchange realignment	**(43)**	(10)
At end of the reporting period	**39,675**	33,787

6. FINANCIAL INSTRUMENTS *(Continued)*

(a) Credit risk *(Continued)*

Loans receivable and other receivables (Continued)

The movement of the loss allowance on other receivables, by measurement basis of ECL, is as follows:

	2024			
	12-month ECL HK$'000	**Not credit-impaired HK$'000**	**Credit-impaired HK$'000**	**Total HK$'000**
At beginning of the reporting period	**–**	**4,083**	**29,704**	**33,787**
Increase/(decrease) in allowance	**102**	**7,033**	**(1,204)**	**5,931**
Exchange realignment	**–**	**–**	**(43)**	**(43)**
At end of the reporting period	**102**	**11,116**	**28,457**	**39,675**

	2023			
	12-month ECL HK$'000	Not credit-impaired HK$'000	Credit-impaired HK$'000	Total HK$'000
At beginning of the reporting period	–	–	8,467	8,467
Increase in allowance	–	4,083	21,247	25,330
Exchange realignment	–	–	(10)	(10)
At end of the reporting period	–	4,083	29,704	33,787

(b) Liquidity risk

In management of 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. Management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The Group has unutilised bank borrowing facilities of HK$68,596,000 *(2023: HK$135,560,000)* at the end of the reporting period to meet liquidity needs.

The following table details the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on current rates prevailing at the end of the reporting period) and the earliest dates the Group is required to pay.

6. FINANCIAL INSTRUMENTS *(Continued)*

(b) Liquidity risk *(Continued)*

Specifically, bank loans with a repayment on demand clause are included in the earliest period that the Group is required to repay regardless of the probability of the banks choosing to exercise their rights at the end of the reporting period. The maturity analysis for other non-derivative financial liabilities is prepared based on the scheduled repayment dates.

		2024					
	Note	**Carrying amount HK$'000**	**Total contractual undiscounted cash flow HK$'000**	**Within one year or on demand HK$'000**	**More than one year but less than two years HK$'000**	**More than two years but less than five years HK$'000**	**More than five years HK$'000**
Non-derivative financial liabilities							
Trade and other payables	28	**249,104**	**249,104**	**248,321**	**386**	**397**	**–**
Dividend payables		**31**	**31**	**31**	**–**	**–**	**–**
Bank and other loans	29	**2,952**	**2,952**	**2,952**	**–**	**–**	**–**
Lease liabilities	19	**10,716**	**11,862**	**2,569**	**2,091**	**4,116**	**3,086**
		262,803	**263,949**	**253,873**	**2,477**	**4,513**	**3,086**

		2023					
	Note	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within one year or on demand HK$'000	More than one year but less than two years HK$'000	More than two years but less than five years HK$'000	More than five years HK$'000
Non-derivative financial liabilities							
Trade and other payables	28	329,999	329,999	329,405	188	406	–
Dividend payables		31	31	31	–	–	–
Bank and other loans	29	14,273	14,273	14,273	–	–	–
Lease liabilities	19	4,262	4,365	3,079	1,286	–	–
		348,565	348,668	346,788	1,474	406	–

6. FINANCIAL INSTRUMENTS *(Continued)*

(b) Liquidity risk *(Continued)*

The amounts repayable under loan agreements that include a clause that gives lenders the unconditional right to call loans at any time are classified under the "within one year or on demand" bracket. In this regard, term loans from banks of HK$952,000 *(2023: HK$1,238,000)* (note 29) at the end of the reporting period have been so classified even though the Directors do not expect that lenders would exercise their rights to demand repayment and thus these borrowings (including the aggregate principal and interest cash outflows) would be repaid according to the following schedule as set out in the loan agreements:

	2024	2023
	HK$'000	HK$'000
Term loans from banks, including interest, with a repayment on demand clause		
Within one year	**114**	325
More than one year but less than two years	**114**	235
More than two years but less than five years	**342**	352
Over five years	**522**	538
	1,092	1,450

(c) Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's secured interest-bearing borrowings, bank balances and pledged bank deposits. Bank balances and interest-bearing borrowings with floating interest rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The Group has not entered into significant hedging activities to hedge against the exposure to interest rate risk. The Group closely monitors its interest rate exposure and the level of interest-bearing borrowings, in consideration of economic atmosphere and the strategies of the Group.

At the end of the reporting period, if interest rates had been 100 basis points higher or lower (but on condition that interest rate would not fall below zero) and all other variables were held constant, the Group's net loss would be decreased by HK$382,000 *(2023: HK$963,000)* or increased by HK$109,000 *(2023: HK$430,000)* respectively.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for non-derivative financial instruments in existence at that date. The 100 basis points increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the end of next annual reporting period. The analysis is performed on the same basis for 2023.

6. FINANCIAL INSTRUMENTS *(Continued)*

(d) Currency risk

The Group has transactional currency exposure. Such exposure arises from trading and investing transactions denominated in a currency other than the functional currency of an operating unit to which they relate. The Group's exposure to foreign currency risk principally arises from changes in exchange rate of United States dollars ("USD") and Renminbi ("RMB") against HKD. The management considers that the Group has limited exposure to foreign currency risk of USD against HKD since the relevant exchange rate has remained relatively stable.

The Group is exposed to foreign exchange risk since the Group's certain financial assets at fair value through profit or loss and bank balances were denominated in RMB. The Group has not entered into significant hedging activities to hedge against the exposure to foreign exchange risk because the main operations of the subsidiaries of the Group are conducted in their functional currency. The Group monitors currency risk exposure of RMB and will consider hedging significant exposure should the need arise.

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in HKD, translated using the spot rate at the end of the reporting period.

	Exposure to foreign currency	
	2024	2023
	RMB	RMB
	HK$'000	HK$'000
Financial assets at fair value through profit or loss	**86,627**	64,241
Cash and bank balances	**1,535**	94
Net exposure	**88,162**	64,335

At the end of the reporting period, if RMB had been 2% *(2023: 5%)* strengthened/weakened against HKD while all other variables were held constant, the Group's net loss would be decreased/increased by HK$1,763,000 *(2023: HK$3,216,000) respectively.*

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the end of the reporting period and had been applied to each of the Group's exposure to currency risk for all financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant. The stated changes in foreign currency represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the end of next annual reporting period. The analysis is performed on the same basis for 2023.

6. FINANCIAL INSTRUMENTS *(Continued)*

(e) Price risk

The Group is exposed to price risk arising from investments in equity securities classified as financial assets at fair value through profit or loss (note 21). For the Group's equity securities investments and money market funds that are publicly traded, the fair value is determined with reference to quoted market prices.

Financial assets at fair value through profit or loss

At the end of the reporting period, if the quoted market price of equity securities had been 17% *(2023: 15%)* higher/lower while all other variables held constant, the Group's net loss would be decreased/increased by HK$3,710,000 *(2023: HK$2,709,000)* due to change in the fair value of equity securities which were stated at FVPL.

At the end of the reporting period, if the quoted price for equity securities traded in the Over-the-Counter market in the United States had been 12% *(2023: 15%)* higher/lower while all other variables held constant, the Group's net loss would decreased/increased by HK$2,823,000 *(2023: HK$3,066,000)* due to change in the fair value of the unlisted equity securities which were stated at FVPL.

The sensitivity analysis has been determined assuming that the reasonably possible changes in the stock market index or other relevant risk variables had occurred at the end of the reporting period and had been applied to the exposure to price risk in existence at that date. It is also assumed that the fair values of the Group's investments would change in accordance with the historical correlation with the relevant stock market index or other relevant risk variables and that all other variables remain constant. The stated changes represent management's assessment of reasonably possible changes in the relevant stock market index or the relevant risk variables. The analysis is performed on the same basis for 2023.

7. FAIR VALUE MEASUREMENTS

In the opinion of the Directors, the carrying amounts of financial assets approximate their fair values.

The following presents the assets measured at fair value or required to disclose their fair value in these consolidated financial statements on a recurring basis at 31 December 2024 across the three levels of the fair value hierarchy defined in HKFRS 13, *Fair Value Measurement*, with the fair value measurement categorised in its entirety based on the lowest level input that is significant to the entire measurement. The levels of inputs are defined as follows:

- Level 1 (highest level): quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly; and
- Level 3 (lowest level): unobservable inputs for the assets or liabilities.

7. FAIR VALUE MEASUREMENTS *(Continued)*

Assets measured at fair value on a recurring basis

	Note	2024			
		Carrying amount HK$'000	**Level 1 HK$'000**	**Level 2 HK$'000**	**Level 3 HK$'000**
Investment properties	17	**133,132**	**–**	**77,516**	**55,616**
Financial assets at fair value through profit or loss	21	**216,588**	**26,134**	**23,522**	**166,932**
Investment properties classified as held-for-sale	27	**850,200**	**–**	**–**	**850,200**

	Note	2023			
		Carrying amount HK$'000	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000
Investment properties	17	131,870	–	79,343	52,527
Financial assets at fair value through profit or loss	21	160,027	18,062	20,437	121,528
Investment properties classified as held-for-sale	27	850,200	–	–	850,200

During the years ended 31 December 2024 and 2023, there was no transfer between Level 1 and Level 2, or transfers into or out of Level 3 fair value measurements.

The Group's policy is to recognise transfers into and out of Level 3 as of the end of the reporting period or the date of the event or change in circumstances that caused the transfer, if applicable.

Valuation techniques and inputs in Level 2 fair value measurement

(a) *Investment properties*

The investment properties situated in the PRC of HK$77,516,000 *(2023: HK$79,343,000)* were revalued by Roma Appraisals Limited, an independent professional qualified valuer, on the market value basis using direct comparison approach.

(b) *Financial assets at fair value through profit or loss: Unlisted equity securities*

Included in financial assets at fair value through profit or loss are unlisted equity securities of HK$23,522,000 *(2023: HK$20,437,000)* traded in the Over-the-Counter market in the United States. The fair value of the unlisted equity securities is determined with the broker quotes.

7. FAIR VALUE MEASUREMENTS *(Continued)*

Movements in Level 3 fair value measurements

The details of the movements of the recurring fair value measurements categorised as Level 3 are shown as follows:

	Investment properties HK$'000	Financial assets at fair value through profit or loss HK$'000	Investment properties classified as held-for-sale HK$'000
As at 1 January 2023	850,200	103,943	–
Additions	54,810	–	–
Exchange realignment	(12)	–	–
Net changes in fair value recognised in profit or loss	(2,271)	17,585	–
Transfer to investment properties classified as held-for-sale	(850,200)	–	850,200
As at 31 December 2023 and as at 1 January 2024	52,527	121,528	850,200
Additions	1,254	18,000	–
Exchange realignment	(1,015)	–	–
Net changes in fair value recognised in profit or loss	2,850	27,404	–
As at 31 December 2024	**55,616**	**166,932**	**850,200**

Valuation techniques and inputs in Level 3 fair value measurement

(a) *Financial assets at fair value through profit or loss: Unlisted equity securities*

The fair value of one of the unlisted equity securities without an active market classified in Level 3 amounting to HK$77,911,000 *(2023:HK$49,750,000)* was valued by Fairdex Valuation Advisory Limited *(2023: Fairdex Valuation Advisory Limited)*, an independent professional qualified valuer, using direct comparison approach with unobservable inputs. The significant unobservable input used in the fair value measurement is the enterprise-value-to-revenue ratio of 11.211 *(2023: 10.617)*.

As at 31 December 2024, if the expected enterprise-value-to-revenue ratio had been 10% *(2023: 10%)* higher/lower while all other variables were held constant, the Group's net loss would be decreased/increased by HK$14,503,000 *(2023: HK$12,496,000) respectively*.

The fair value of certain other unlisted equity securities without an active market classified in Level 3 amounting to HK$86,627,000 *(2023: HK$64,241,000)* was valued by Peak Vision Appraisals Limited *(2023: Peak Vision Appraisals Limited)*, an independent professional qualified valuer, using income approach with unobservable inputs. The significant unobservable input used in the fair value measurement is the discount rate for calculating the present value of future earnings of 20.2% *(2023: 19.3%)*.

7. FAIR VALUE MEASUREMENTS *(Continued)*

Valuation techniques and inputs in Level 3 fair value measurement *(Continued)*

(a) *Financial assets at fair value through profit or loss: Unlisted equity securities (Continued)*

As at 31 December 2024, if the expected discount rate had been 10% *(2023: 10%)* higher/lower while all other variables were held constant, the Group's net loss would be increased by HK$29,978,000 *(2023: HK$24,608,000)* or decreased by HK$39,924,000 *(2023: HK$32,995,000)* respectively.

The fair value of the rest of unlisted equity securities without an active market classified in Level 3 amounting to HK$2,394,000 *(2023: HK$7,537,000)* was valued by Peak Vision Appraisals Limited *(2023: Peak Vision Appraisals Limited)*, an independent professional qualified valuer, using income approach with unobservable inputs. The significant unobservable input used in the fair value measurement is the discount rate for calculating the present value of future earnings of 22.1% *(2023: 19.9%)*.

As at 31 December 2024, if the expected discount rate had been 10% *(2023: 10%)* higher/lower while all other variables were held constant, the Group's net loss would be increased by HK$559,000 *(2023: HK$3,118,000)* or decreased by HK$735,000 *(2023: HK$4,116,000)* respectively.

(b) *Investment properties situated in the PRC*

The investment properties situated in the PRC of HK$55,616,000 *(2023: HK$52,527,000)* were revalued by MOSS Valuation & Advisory Limited (*2023: Moss Valuation & Advisory Limited*), an independent professional qualified valuer, by using the discounted cash flow approach. Discounted cash flow approach analyses the cash flow and income generation ability over a projection period of 12 years of the investment properties. The net operating income was discounted to the present value as at 31 December 2024 with an appropriate discount rate. The property is assumed to be disposed at the end of the projection period and the projected disposal consideration (terminal value) is discounted to the present value as at 31 December 2024 which is also considered in the cash flow analysis to formulate the reasonable market value. Quantitative information of the significant unobservable inputs and description of valuation techniques used in Level 3 fair value measurement, including the description of the sensitivity to changes in unobservable inputs for recurring Level 3 fair value measurement, are as follows:

Valuation techniques	Unobservable input	Range
Discounted cash flow approach	Discount rate	7.5% *(2023: 6.25%)*
	Terminal capitalisation rate	8.0% *(2023: 6.75%)*

(c) *Investment properties situated in the United States (classified as held-for-sale)*

The fair value of investment properties situated in the United States and classified as held-for-sale of HK$850,200,000 at 31 December 2024 *(2023: HK$850,200,000*) was revalued by the Directors, on the market value basis using direct comparison approach *(2023: based on the real property purchase and sale and escrow agreement entered into by the Group and a third party on 29 May 2023)*. The significant unobservable inputs used in the fair value assessment as at 31 December 2024 is the average adjusted unit price on gross floor area of US$1,372 *(2023: N/A)* per square feet.

8. SEGMENT INFORMATION

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

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

– IHA: Sale and distribution of IHA and complementary products and provision of ancillary services

– Internet data centre ("IDC"): Development, construction, operation, mergers, acquisitions and leasing out of properties used as IDC and facilities used in IDC

– Investing: Investing in digital assets and financial instruments

– Leasing: Leasing out of properties

Other operations segment of the Group mainly consists of trading of miscellaneous goods and provision of distribution storage services.

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

All assets are allocated to reportable segments other than head office's bank balances and other unallocated financial and corporate assets which are managed on a group basis. All liabilities are allocated to reportable segments other than unallocated head office and corporate liabilities which are managed on a group basis.

Inter-segment sales transactions are charged at prevailing market rates. There was no change in the estimation techniques or significant assumptions made during the year. The accounting policies of the reporting segments are the same as the Group's accounting policies as described in note 2.

8. SEGMENT INFORMATION *(Continued)*

Business segments

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

For the year ended 31 December 2024

	IHA HK$'000	IDC HK$'000	Investing HK$'000	Leasing HK$'000	Other operations HK$'000	Elimination HK$'000	Consolidated HK$'000
REVENUE							
Sale of goods	134,235	–	–	–	–	–	134,235
Lease of properties used as IDC and facilities used in IDC	–	54,800	–	–	–	–	54,800
OTHER REVENUE AND NET (LOSS)/INCOME	(187)	308	57,005	13,072	3	(21)	70,180
NET CHANGES IN FAIR VALUE OF INVESTMENT PROPERTIES	–	–	–	2,850	–	–	2,850
Segment revenue	134,048	55,108	57,005	15,922	3	(21)	262,065
RESULTS							
Segment results	(15,603)	23,674	23,449	10,220	(18,426)	–	23,314
Unallocated net income							1,901
Interest income from bank deposits							544
Loss allowance on loans receivable							(20,793)
Loss allowance on other receivables							(5,931)
Other unallocated corporate expenses							(55,710)
Loss from operations							(56,675)
Finance costs							(549)
Share of results of associates							(836)
Loss before tax							(58,060)
Income tax expense							(3,956)
Loss for the year							(62,016)

8. SEGMENT INFORMATION *(Continued)*

Business segments *(Continued)*

As at 31 December 2024

	IHA HK$'000	IDC HK$'000	Investing HK$'000	Leasing HK$'000	Other operations HK$'000	Unallocated HK$'000	Consolidated HK$'000
ASSETS							
Segment assets	27,907	77,102	381,596	156,901	213,310	–	856,816
Assets classified as held-for-sale	–	850,200	–	–	–	–	850,200
Unallocated corporate assets	–	–	–	–	–	244,894	244,894
Consolidated total assets							1,951,910
LIABILITIES							
Segment liabilities	27,358	26,753	98,595	20,204	4,843	–	177,753
Unallocated corporate liabilities	–	–	–	–	–	138,738	138,738
Consolidated total liabilities							316,491
OTHER INFORMATION							
Capital expenditures							
– Property, plant and equipment	13	–	7,800	829	134	543	9,319
– Right-of-use assets	472	–	–	–	766	10,062	11,300
– Investment properties	–	–	–	1,273	–	–	1,273
Depreciation							
– Property, plant and equipment	36	9,607	34,210	536	450	952	45,791
– Allocated to cost of cryptocurrencies	–	–	(10,402)	–	–	–	(10,402)
– Right-of-use assets	1,004	–	–	339	375	4,790	6,508
Impairment loss on property, plant and equipment	–	–	39,310	–	–	–	39,310
Loss allowance on loans receivable	–	–	–	–	–	20,793	20,793
Loss allowance on trade receivables	1,815	4,798	–	–	–	–	6,613
Loss allowance on other receivables	–	–	–	–	–	5,931	5,931
Reversal of write-down of inventories, net	(270)	–	–	–	–	–	(270)
Gain on conversion/disposal of cryptocurrencies	–	–	57,182	–	–	–	57,182
Foreign exchange losses/(gains), net	360	–	(9)	–	(2)	(150)	199
Net fair value gains on financial assets at fair value through profit or loss	(116)	–	(38,170)	–	–	–	(38,286)

8. SEGMENT INFORMATION *(Continued)*

Business segments *(Continued)*

For the year ended 31 December 2023

	IHA HK$'000	IDC HK$'000	Investing HK$'000	Leasing HK$'000	Other operations HK$'000	Elimination HK$'000	Consolidated HK$'000
REVENUE							
Sale of goods	152,340	–	–	–	648	–	152,988
Lease of properties used as IDC and facilities used in IDC	–	39,581	–	–	–	–	39,581
OTHER REVENUE AND NET (LOSS)/INCOME	(1,449)	(7,026)	33,869	10,494	55	(29)	35,914
NET CHANGES IN FAIR VALUE OF INVESTMENT PROPERTIES	–	(4,076)	–	(2,172)	–	–	(6,248)
Segment revenue	150,891	28,479	33,869	8,322	703	(29)	222,235
RESULTS							
Segment results	3,206	(2,989)	16,626	2,909	(19,078)	–	674
Unallocated net income							7,161
Interest income from bank deposits							1,004
Loss allowance on loans receivable							(55,217)
Loss allowance on other receivables							(25,330)
Other unallocated corporate expenses							(59,297)
Loss from operations							(131,005)
Finance costs							(594)
Share of results of associates							(325)
Loss before tax							(131,924)
Income tax credit							14,664
Loss for the year							(117,260)

8. SEGMENT INFORMATION *(Continued)*

Business segments *(Continued)*

As at 31 December 2023

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

8. SEGMENT INFORMATION *(Continued)*

Geographical information

The Group operates in the following principal geographical areas: the PRC, Hong Kong, Australia, Laos, Republic of the Congo, the United States and other overseas markets in both 2024 and 2023.

The following tables set out information about the geographical location of (a) the Group's revenue and non-current assets other than financial assets at fair value through profit or loss and interests in associates; and (b) other revenue and net income/(loss) other than unallocated net income and interest income from bank deposits. The geographical location of customers is based on the location at which the services were provided or the goods were delivered. The geographical location of the non-current assets is based on the physical location of the assets. The geographical location of other revenue and net income/(loss) is based on the location at which other revenue and net income/(loss) is generated.

(a) Revenue and non-current assets

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

8. SEGMENT INFORMATION *(Continued)*

Geographical information *(Continued)*

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

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

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

Information about major customers

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

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

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

9. REVENUE, OTHER REVENUE AND NET INCOME

	2024 HK$'000	2023 HK$'000
Revenue		
Sale of goods *(Note (a))*	**134,235**	152,988
Rental income from IDC properties and facilities	**54,800**	39,581
	189,035	192,569
Other revenue		
Dividend income from listed securities	**444**	544
Rental income from investment properties	**12,396**	9,928
Interest income calculated using the effective interest method:		
Interest income from bank deposits	**544**	1,004
Interest income from loans receivable	**1,509**	5,838
	14,893	17,314
Other net income		
Consultancy income	**54**	–
Foreign exchange losses, net	**(199)**	(2,011)
Net fair value gains on financial assets at fair value through profit or loss	**38,286**	47,032
Impairment loss on intangible assets	**–**	(16,159)
Impairment loss on property, plant and equipment	**(39,310)**	(1,344)
Gain/(Loss) on disposal of property, plant and equipment	**1,097**	(68)
Loss on utilisation of cryptocurrencies	**(11)**	(10)
Gain on conversion/disposal of cryptocurrencies *(Note (b))*	**57,182**	–
Reversal of over-provision for income tax payable and stamp duty payable in relation to disposal of a subsidiary in prior years	**–**	14,753
Sundry income	**633**	964
	57,732	43,157
	72,625	60,471

Notes:

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

The amount of revenue recognised for the year ended 31 December 2024 that was included in the contract liabilities at the beginning of the year is HK$9,693,000 *(2023: HK$16,599,000).*

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

10. LOSS FROM OPERATIONS

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

	2024 HK$'000	2023 HK$'000
Auditor's remuneration		
– Audit services	**1,700**	1,700
– Non-audit services	**210**	330
Amortisation of intangible assets	**–**	32,525
Depreciation of property, plant and equipment*	**45,791**	38,216
– Allocated to cost of cryptocurrencies	**10,402**	–
Depreciation of right-of-use assets	**6,508**	6,903
Cost of inventories	**105,438**	123,621
(Gain)/Loss on lease modifications	**(41)**	26
(Gain)/Loss on disposal of property, plant and equipment	**(1,097)**	68
Reversal of write-down of inventories, net	**(270)**	(868)
Research and development costs (excluding staff costs)	**12,079**	1,501
Reversal of write-down of cryptocurrencies	**–**	(49,978)
Direct operating expenses arising from investment properties that generating rental income from:		
– Leasing of IDC properties (included in cost of sales)	**8,943**	8,395
– Leasing of other investment properties (included in other operating expenses)	**1,257**	1,275
Staff costs (including Directors' emoluments *(note 11)*):		
Salaries and allowances#	**40,091**	47,239
Retirement benefits scheme contributions#	**2,792**	3,669
Severance payment#	**16,551**	6,558
Total staff costs	**59,434**	57,466

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

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

11. DIRECTORS' EMOLUMENTS

The emoluments paid or payable to each of the nine *(2023: nine)* Directors were as follows:

	Qualifying services					
		Other services in connection with the management of the affairs				
Name of Director	**Directors' fee HK$'000**	**Salaries, allowances and other benefits in kind HK$'000**	**Discretionary bonuses HK$'000**	**Retirement benefits scheme contributions HK$'000**	**Share option benefit HK$'000**	**Total HK$'000**
Executive Directors						
Mr. Li Qiang	**–**	**1,300**	**–**	**65**	**–**	**1,365**
Mr. Cong Yu	**–**	**3,003**	**1,200**	**150**	**–**	**4,353**
Mr. Gao Fei *(Note (a))*	**–**	**800**	**–**	**40**	**–**	**840**
Mr. Shi Guangrong	**–**	**930**	**–**	**46**	**–**	**976**
Mr. Zhu Jiang	**–**	**691**	**–**	**21**	**–**	**712**
Mr. Chen Biao	**–**	**743**	**950**	**80**	**–**	**1,773**
Independent Non-Executive Directors						
Ms. Shen Yan	**120**	**–**	**–**	**–**	**–**	**120**
Ms. Dong Hairong	**120**	**–**	**–**	**–**	**–**	**120**
Ms. Huo Qiwei	**120**	**–**	**–**	**–**	**–**	**120**
Total for 2024	**360**	**7,467**	**2,150**	**402**	**–**	**10,379**
Executive Directors						
Mr. Li Qiang	–	1,300	–	65	–	1,365
Mr. Cong Yu	–	3,002	–	150	–	3,152
Mr. Gao Fei	–	1,300	–	65	–	1,365
Mr. Shi Guangrong	–	930	–	46	–	976
Mr. Zhu Jiang	–	696	–	22	–	718
Mr. Chen Biao	–	563	–	24	–	587
Independent Non-Executive Directors						
Ms. Shen Yan	120	–	–	–	–	120
Ms. Dong Hairong	120	–	–	–	–	120
Ms. Huo Qiwei	120	–	–	–	–	120
Total for 2023	360	7,791	–	372	–	8,523

Note:

(a) Mr. Gao Fei resigned on 30 August 2024.

11. DIRECTORS' EMOLUMENTS *(Continued)*

During the years ended 31 December 2024 and 2023, no emolument was paid by the Group to any Director as an inducement to join or upon joining the Group or as compensation for loss of office. None of the Directors has waived any emolument during both years.

There were no loans, quasi-loans or other dealings in favour of the Directors that were entered into or subsisted during the years ended 31 December 2024 and 2023.

The Directors are of the opinion that no transactions, arrangements and contracts of significance in relation to the Company's business to which the Company was a party and in which a Director or a connected entity of the Director had a material interest, whether directly or indirectly, subsisted at the end of the reporting period or at any time during the years ended 31 December 2024 and 2023.

12. INDIVIDUALS WITH HIGHEST EMOLUMENTS

During the year, three *(2023: three)* Directors are included in the five highest paid individuals of the Group. Details of Directors' emoluments are set out in note 11 above. The emoluments of the remaining two *(2023: two)* highest paid individuals, who are employees of the Group, are as follows:

	2024 **HK$'000**	2023 HK$'000
Basic salaries, allowances and other benefits in kind	**2,517**	2,592
Discretionary bonuses	**1,450**	94
Retirement benefits scheme contributions	**18**	15
	3,985	2,701

The emoluments of the above two *(2023: two)* highest paid individuals fell within the following bands:

	2024 **Number of individuals**	2023 Number of individuals
HK$1,000,001 – HK$1,500,000	**1**	2
HK$2,000,001 – HK$2,500,000	**1**	–
	2	2

During the years ended 31 December 2024 and 2023, no emolument was paid by the Group to the above highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

13. FINANCE COSTS

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

14. INCOME TAX EXPENSES/(CREDIT)

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

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

For the years ended 31 December 2024 and 2023, Hong Kong Profits Tax has not been provided as the Group neither generate any assessable profit from Hong Kong or its estimated assessable profits for the years were wholly absorbed by unrelieved tax losses brought forward from previous years.

The income tax provision in respect of operations in the PRC is calculated at the corporate income tax ("CIT") rate of 25% on the estimated assessable profits for 2024 and 2023 based on existing legislation, interpretations and practices in respect thereof. Certain subsidiaries of the Company have been designated as "Small-Scale and Low-Profit Enterprises" which are charged at the effective preferential CIT rates of 2.5% or 10% *(2023: 2.5% or 10%)* respectively on condition that the annual taxable income was no more than RMB1.0 million or between RMB1.0 million to RMB3.0 million for 2024 and 2023 respectively.

The operation of the Group in the United States is subject to the United States Federal and State Income Tax. For the years ended 31 December 2024 and 2023, the United States Federal and State Income Tax has not been provided as the Group did not generate any assessable profit in the United States.

Under the United States domestic tax laws, a foreign person is subject to 30% income tax on the gross amount of certain United States-source (non-business) income. Withholding tax has not been provided for the years ended 31 December 2024 and 2023 because no interest income was charged to the subsidiary during both years.

The operation of the Group in Germany is subject to the Germany Corporate Tax and Municipal Trade Tax. For the years ended 31 December 2024 and 2023, the Germany Corporate Tax and Municipal Trade Tax has not been provided as the Group did not generate any assessable profit in Germany.

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

14. INCOME TAX EXPENSES/(CREDIT) *(Continued)*

Reconciliation of tax expenses/(credit)

	2024 **HK$'000**	2023 HK$'000
Loss before tax	**(58,060)**	(131,924)
Tax at a weighted average rate of 19.9% *(2023: 19.8%)* applicable to the jurisdictions concerned	**(11,550)**	(26,136)
Tax effect of non-deductible expenses	**21,569**	29,923
Tax effect of non-taxable income	**(18,567)**	(28,717)
Tax effect of share of results of associates	**138**	54
Tax effect of utilisation of tax losses not previously recognised	**(214)**	(2,597)
Tax effect of unrecognised tax losses and temporary differences	**13,134**	26,512
Tax effect of reversal of deferred taxation	**–**	(13,255)
Others	**(554)**	(448)
Tax expenses/(credit) for the year	**3,956**	(14,664)

Recognised deferred tax assets and liabilities

The movements for the year in the Group's deferred tax assets and liabilities are as follows:

	Assets		Liabilities	
	2024 **HK$'000**	2023 HK$'000	**2024** **HK$'000**	2023 HK$'000
At beginning of the reporting period	**–**	–	**(28,261)**	(43,146)
Exchange realignment	**–**	–	**326**	215
Recognised in profit or loss	**–**	–	**(3,501)**	14,670
At end of the reporting period	**–**	–	**(31,436)**	(28,261)

Recognised deferred tax assets and liabilities at the end of the reporting period represent the following:

	Assets		Liabilities	
	2024 **HK$'000**	2023 HK$'000	**2024** **HK$'000**	2023 HK$'000
Revaluation of property, plant and equipment upon transfer to investment properties	**–**	–	**(35,122)**	(35,563)
Revaluation of investment properties	**–**	–	**(22,696)**	(21,226)
Depreciation allowances	**–**	–	**–**	(651)
Tax losses	**26,382**	29,179	**–**	–
Deferred tax assets/(liabilities)	**26,382**	29,179	**(57,818)**	(57,440)
Offsetting	**(26,382)**	(29,179)	**26,382**	29,179
Net deferred tax liabilities	**–**	–	**(31,436)**	(28,261)

14. INCOME TAX EXPENSES/(CREDIT) *(Continued)*

Unrecognised deferred tax assets arising from

	2024 HK$'000	2023 HK$'000
Deductible temporary differences	**2,446**	2,741
Tax losses	**858,725**	801,826
	861,171	804,567

At 31 December 2024, the Group had unrecognised deferred tax assets of HK$166,205,000 *(2023: HK$156,006,000)* in respect of the tax losses and other temporary differences. As it is not probable that future taxable profits will be available against which the deductible temporary differences and the unused tax losses of the Group can be utilised, deferred tax assets have not been recognised. The deductible temporary differences do not expire under the current tax legislation.

The expiry of unrecognised tax losses are as follows:

	2024 HK$'000	2023 HK$'000
Tax losses without expiry date	**638,392**	594,255
Tax losses expiring on 31 December 2029	**33,161**	–
Tax losses expiring on 31 December 2028	**31,556**	31,199
Tax losses expiring on 31 December 2027	**94,137**	96,031
Tax losses expiring on 31 December 2026	**38,464**	35,676
Tax losses expiring on 31 December 2025	**23,015**	30,313
Tax losses expiring on 31 December 2024	**–**	14,352
	858,725	801,826

The profits earned by the PRC subsidiaries from 1 January 2008 onwards would be subject to withholding tax if they are distributed. In the opinion of the Directors, all undistributed profits are expected to be retained in the PRC subsidiaries and associates and not to be remitted out of the PRC in the foreseeable future. Accordingly, no provision for deferred tax has been made. As at 31 December 2024 and 2023, retained profits earned by the PRC subsidiaries and associates amounted to HK$Nil.

15. DIVIDENDS

The Board does not recommend the payment of a final dividend for the year ended 31 December 2024 *(2023: Nil)*.

16. LOSS PER SHARE

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

	2024	2023
	HK$'000	HK$'000
Loss attributable to owners of the Company	**(61,970)**	(113,654)

	2024	2023
	'000	'000
Issued ordinary Shares at 1 January and 31 December	**2,487,705**	2,487,705
Weighted average number of ordinary Shares for basic loss per Share	**2,487,705**	2,487,705
Weighted average number of ordinary Shares for diluted loss per Share	**2,487,705**	2,487,705

	HK$	HK$
Loss per Share:		
– Basic	**(0.02)**	(0.05)
– Diluted *(Note)*	**(0.02)**	(0.05)

Note:

Diluted loss per Share was the same as the basic loss per Share as there were no dilutive potential ordinary Shares in existence during the years ended 31 December 2024 and 2023.

17. INVESTMENT PROPERTIES

	2024 HK$'000	2023 HK$'000
At fair value		
At beginning of the reporting period	**131,870**	934,696
Additions	**1,273**	54,810
Net changes in fair value	**2,850**	(6,248)
Re-classified as assets held-for-sale	**–**	(850,200)
Exchange realignment	**(2,861)**	(1,188)
At end of the reporting period	**133,132**	131,870

As at 31 December 2024, the carrying amounts of the investment properties held under medium-term leases and situated in the PRC were HK$133,132,000 *(2023: HK$131,870,000)*.

During the years ended 31 December 2024 and 2023, one of the Group's investment properties situated in the PRC were leased to Chengdu Wuhou Ganluhai Tibetan Hospital Co., Ltd* (成都武侯甘露海藏醫院有限公司) ("Chengdu Ganluhai") with a term of three years commencing from 1 August 2023 to 31 July 2026 at a monthly rent of RMB368,000 (tax inclusive) for the first term year, RMB379,000 (tax inclusive) for the second term year and RMB390,000 (tax inclusive) for the third term year. Chengdu Ganluhai is indirectly owned as to 43.29% by Mr. Cong Yu, a substantial Shareholder, the chief executive officer of the Company and an executive Director, and as to 8.79% by Ms. Feng Yaping, the spouse of Mr. Cong Yu. Details of the related party transactions are set out in note 38(a).

The valuation techniques of investment properties are disclosed in note 7.

Commitments under operating leases – as lessor

The Group leases certain of its properties to third parties and a related party under operating leases, which have an initial non-cancellable lease term of one to fifteen years *(2023: one to fifteen years)*. The leases do not include any purchase, termination and extension options.

These properties are exposed to residual value risk. The lease contracts, as a result, impose a restriction that, unless approval is obtained from the Group as lessor, the properties can only be used by the lessees. The lessees are also required to keep the properties in a good state of repair and return the properties in their original condition at the end of the leases.

Below is a maturity analysis of undiscounted lease payments to be received from the leasing of investment properties:

	2024 HK$'000	2023 HK$'000
Year 1	**8,061**	5,490
Year 2	**3,788**	5,147
Year 3	**868**	4,739
Year 4	**1**	1
Year 5	**1**	2
After Year 5	**10**	11
Undiscounted lease payments to be received	**12,729**	15,390

* English name for identification purpose only

18. PROPERTY, PLANT AND EQUIPMENT

	Construction in progress HK$'000	Data centre facilities HK$'000	Freehold land HK$'000	Buildings held for own use HK$'000	Leasehold improvements HK$'000	Office equipment, furniture and fixtures HK$'000	Plant and machinery HK$'000	Motor vehicles HK$'000	Cryptocurrency mining machines HK$'000	Total HK$'000
Reconciliation of carrying amounts – year ended 31 December 2023										
At beginning of the reporting period	60	47,905	17,649	3,893	6,553	1,673	139	127	101,523	179,522
Additions	–	–	–	–	5,780	883	–	330	–	6,993
Transfer to inventories	(58)	–	–	–	–	–	–	–	–	(58)
Disposals	–	–	–	–	–	(91)	–	–	–	(91)
Depreciation	–	(9,581)	–	(161)	(837)	(553)	(29)	(60)	(26,995)	(38,216)
Impairment loss	–	–	–	–	–	–	–	–	(1,344)	(1,344)
Exchange realignment	(2)	–	–	–	(62)	(36)	(1)	(1)	–	(102)
At end of the reporting period	–	38,324	17,649	3,732	11,434	1,876	109	396	73,184	146,704
Reconciliation of carrying amounts – year ended 31 December 2024										
At beginning of the reporting period	–	38,324	17,649	3,732	11,434	1,876	109	396	73,184	146,704
Additions	–	7,800	–	–	829	229	–	461	–	9,319
Disposals	–	(7,466)	–	–	–	(33)	(1)	(19)	–	(7,519)
Depreciation	–	(9,915)	–	(161)	(1,109)	(545)	(15)	(172)	(33,874)	(45,791)
Impairment loss	–	–	–	–	–	–	–	–	(39,310)	(39,310)
Exchange realignment	–	–	–	–	(113)	(29)	(1)	(5)	–	(148)
At end of the reporting period	**–**	**28,743**	**17,649**	**3,571**	**11,041**	**1,498**	**92**	**661**	**–**	**63,255**
As at 31 December 2023										
Cost	–	66,146	17,649	4,027	24,711	7,598	1,271	4,439	141,589	267,430
Accumulated depreciation and impairment losses	–	(27,822)	–	(295)	(13,277)	(5,722)	(1,162)	(4,043)	(68,405)	(120,726)
	–	38,324	17,649	3,732	11,434	1,876	109	396	73,184	146,704
As at 31 December 2024										
Cost	–	66,146	17,649	4,027	25,152	6,972	1,212	4,672	141,589	267,419
Accumulated depreciation and impairment losses	–	(37,403)	–	(456)	(14,111)	(5,474)	(1,120)	(4,011)	(141,589)	(204,164)
	–	**28,743**	**17,649**	**3,571**	**11,041**	**1,498**	**92**	**661**	**–**	**63,255**

18. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

In view of the suspension of cryptocurrency mining activities from the second quarter of the year *(2023: relocation of certain cryptocurrency mining machines from Laos to Republic of the Congo)*, the management has reviewed the carrying value of property, plant and equipment and determined that the recoverable amount of the cryptocurrency mining machines has declined below their carrying amount. Accordingly, the carrying value of the cryptocurrency mining machines has been reduced by HK$39,310,000 *(2023: HK$1,344,000)* to reflect this impairment loss during the year. The recoverable amount of the cryptocurrency mining machines amounted to HK$Nil *(2023: HK$73,184,000)* is determined using the fair value less costs of disposal by reference to the market price of an active market. The fair value of the cryptocurrency mining machines is categorised as Level 2 measurement on the market value basis using direct comparison approach.

Sales prices of comparable cryptocurrency mining machines in term of hash-rate capacity, age and other relevant factors in close proximity adjusted for differences in key valuation attributes, such as market location were used to value the cryptocurrency mining machines, which were determined based on the management's expectations for the market performance and consistent with external sources of information. One of the key unobservable inputs used in this valuation approach is price per each unit of hash-rate capacity. A decrease in the price per each unit of hash-rate capacity would result in decrease in fair value measurement of the properties by the same percentage and vice versa.

Commitments under operating lease – as lessor

The Group leases certain of its IDC facilities to a third party under operating lease, which has a non-cancellable lease term of five years. The lease does not include any purchase, termination and extension options.

These IDC facilities are exposed to residual value risk. The lease contract, as a result, imposes a restriction that, unless approval is obtained from the Group as lessor, the IDC facilities can only be used by the lessee. The lessee is also required to keep the IDC facilities in a good state of repair and return the IDC facilities in their original condition at the end of the lease.

Below is a maturity analysis of undiscounted lease payments to be received from the leasing of IDC facilities:

	2024 **HK$'000**	2023 HK$'000
Year 1	**5,000**	20,000
Year 2	**–**	5,000
Undiscounted lease payments to be received	**5,000**	25,000

19. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The movements of right-of-use assets and lease liabilities within HKFRS 16 during the years ended 31 December 2024 and 2023 are set out below:

	Right-of-use assets				
	Leasehold land HK$'000	Leasehold properties HK$'000	Premises and staff quarter HK$'000	Total HK$'000	Lease liabilities HK$'000
At 1 January 2023	8,807	61,901	3,694	74,402	(3,484)
Additions	–	–	1,412	1,412	(1,412)
Depreciation of right-of-use assets	(343)	(3,003)	(3,557)	(6,903)	–
Imputed interest expenses on lease liabilities	–	–	–	–	(157)
Lease payments	–	–	–	–	3,451
Lease modification	–	–	2,685	2,685	(2,711)
Exchange realignment	(123)	–	(13)	(136)	51
At 31 December 2023 and at 1 January 2024	8,341	58,898	4,221	71,460	(4,262)
Additions	–	–	11,300	11,300	(11,300)
Depreciation of right-of-use assets	(339)	(3,003)	(3,166)	(6,508)	–
Imputed interest expenses on lease liabilities	–	–	–	–	(222)
Lease payments	–	–	–	–	3,332
Lease modification	–	–	(1,638)	(1,638)	1,679
Exchange realignment	(173)	–	(33)	(206)	57
At 31 December 2024	**7,829**	**55,895**	**10,684**	**74,408**	**(10,716)**
At 31 December 2023					
Current portion	–	–	–	–	(2,995)
Non-current portion	8,341	58,898	4,221	71,460	(1,267)
	8,341	58,898	4,221	71,460	(4,262)
At 31 December 2024					
Current portion	–	–	–	–	(2,261)
Non-current portion	7,829	55,895	10,684	74,408	(8,455)
	7,829	**55,895**	**10,684**	**74,408**	**(10,716)**

19. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES *(Continued)*

The Group as lessee

The leasehold land of HK$7,829,000 *(2023: HK$8,341,000)* represents upfront payment for medium-term leasehold land situated in the PRC, which is amortised over the lease period of 45 years. At the end of the reporting period, the remaining lease term of the land was 24 years *(2023: 25 years)*.

The interests in leasehold properties, which comprise leasehold lands and the buildings thereon (including the whole or part of undivided share in the underlying land), in Hong Kong of HK$55,895,000 *(2023: HK$58,898,000)* are held by the Group as the registered owner. Those property interests were acquired from the previous registered owners by making lump sum payments at the upfront. Except for the variable amounts to be charged by the government subsequently that are reviewed regularly with reference to a few factors such as the rateable values, there are no ongoing payments to be made under the terms of the land lease. At the end of the reporting period, the remaining lease term of the land were 23 to 24 years *(2023: 24 to 25 years)*.

The leasehold properties were held for own use and were depreciated over the shorter of the lease term and the estimated useful life.

The Group leases various commercial premises, office premises and staff quarters for its daily operations with fixed lease payment terms. Lease terms range from one to ten years *(2023: one to four years*).

Restrictions or covenants

Most of the leases impose a restriction that, unless approval is obtained from the lessor, the right-of-use asset can only be used by the Group and the Group is prohibited from selling or pledging the underlying assets. The Group is also required to keep those properties in a good state of repair and return the properties in their original condition at the end of the leases.

The Group has recognised the following amounts for the year:

	2024	2023
	HK$'000	HK$'000
Lease payments:		
Short-term leases	**582**	492
Total cash outflow for leases	**3,914**	3,943

During the year ended 31 December 2024, lease expenses charged to profit or loss amounted to HK$582,000 *(2023: HK$492,000)*.

20. INTERESTS IN ASSOCIATES

	2024 HK$'000	2023 HK$'000
Unlisted shares, at cost	**11,918**	3,351
Share of results	**(1,161)**	(325)
Exchange realignment	**22**	2
At end of the reporting period	**10,779**	3,028

On 8 November 2024, Shenzhen Guiyuan Tibetan Culture Media Co., Limited* (深圳歸元藏文化傳媒有限公司) ("Shenzhen Guiyuan") was established in the PRC, with 49% of its equity interest held by the Group since incorporation by making capital contribution of RMB9,800,000, of which RMB8,000,000 (equivalent to HK$8,639,000) was paid by the Group during the year.

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

Name of associates	Principal place of business and incorporation	Issued and paid-up capital	Proportion of issued share/registered capital indirectly held by the Group 2024	2023	Principal activities
Hangzhou Chengli Moonlight Technology Company Limited* (杭州城里月光科技有限公司) ("Chengli Moonlight")	PRC	RMB3,607,508	**33.4%**	33.4%	Provision of artificial intelligence ("AI") technology and solution
YX Capital Model Limited ("YX Capital")	HK	HK$100,000	**40%**	40%	Cross-border investing, funding, and talent recruitments
Shenzhen Guiyuan	PRC	RMB20,000,000	**49%**	–	Marketing promotion and planning in the healthcare industry

All of the above associates are accounted for using the equity method in the consolidated financial statements.

Fair Value of investments

As at 31 December 2024 and 2023, the associates are private companies and there are no quoted market price available for the investments.

Relationship with associates

Chengli Moonlight, a technology startup company in provision of entertainment application with AI technology and solution, allows the Group to penetrate the AI market through its technological know-how.

YX Capital, in partnership with investors and entities in Mainland China and overseas and engaging in cross-border investment, funding, and recruitment of talents and specialists, is a strategic partner of the Group in investing activities.

Shenzhen Guiyuan, a marketing promotion and planning service provider in the healthcare industry, is a strategic partner of the Group in investing activities in the healthcare industry.

* English names for identification purpose only

20. INTERESTS IN ASSOCIATES *(Continued)*

Financial information of associates

Summarised financial information of each of the associates of the Group is set out below, which represents amounts shown in the associates' financial statements prepared in accordance with HKFRS Accounting Standards and adjusted by the Group for equity accounting purposes including any differences in accounting policies and fair value adjustments:

	2024		
	Chengli Moonlight HK$'000	Shenzhen Guiyuan HK$'000	YX Capital HK$'000
Gross amount			
Non-current assets	24	–	–
Current assets	7,586	17,469	92
Current liabilities	(1,062)	–	(12)
Equity	6,548	17,469	80
Reconciliation			
Gross amount of equity	6,548	17,469	80
Group's ownership interests	33.4%	49%	40%
Group's share of equity	2,187	8,560	32
Gross amount			
Revenue	–	–	–
Loss for the year	(2,259)	(164)	(2)
Total comprehensive loss	(2,259)	(164)	(2)
Reconciliation			
Group's ownership interests	33.4%	49%	40%
Group's share of results	(754)	(81)	(1)

No *(2023: no)* dividends were received from the Group's associates during the year.

20. INTERESTS IN ASSOCIATES *(Continued)*

Financial information of associates *(Continued)*

	2023	
	Chengli Moonlight	YX Capital
	HK$'000	HK$'000
Gross amount		
Non-current assets	31	–
Current assets	8,010	100
Current liabilities	(158)	(18)
Equity	7,883	82
Reconciliation		
Gross amount of equity	7,883	82
Group's ownership interests	33.4%	40%
Group's share of equity	2,995	33
Gross amount		
Revenue	–	–
Loss for the year	(951)	(18)
Total comprehensive loss	(951)	(18)
Reconciliation		
Group's ownership interests	33.4%	40%
Group's share of results	(318)	(7)

Contingent liabilities

At the end of the reporting period, there were no contingent liabilities incurred by the Group in relation to its interests in associates.

Capital commitment

At the end of the reporting period, the Group is committed to capital contribution to Shenzhen Guiyuan of RMB1,800,000 (equivalent to HK$1,944,000) *(2023: HK$Nil).*

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

Notes:

(a) The fair values of listed equity securities are based on quoted market prices in active markets at the end of the reporting period.

(b) The investments in unlisted equity securities of companies incorporated in the Cayman Islands and Hong Kong of HK$166,932,000 *(2023: HK$121,528,000)* are not held for trading. The valuation techniques and inputs applied for fair value measurement have been disclosed in note 7.

As at 31 December 2024, the fair value of the unlisted equity securities of HK$23,522,000 *(2023: HK$20,437,000)* traded in the Over-the-Counter market in the United States is determined with the broker quotes. The fair value measurement have been disclosed in note 7.

22. INVESTMENT PORTFOLIO

The Group's ten largest investments, including individual investments with value exceeding 5% of the Group's total assets, as at 31 December 2024 and 2023 with brief description of the investee companies as follows:

Stock code	Name of investee company	Note	Number of shares held	Effective shareholding interest	Acquisition cost HK$'000	Fair value HK$'000	2024 Accumulated unrealised holding gain/(loss) arising on revaluation from the date of acquisition to 31 December 2024 HK$'000	Net gain/(loss) for the year ended 31 December 2024 HK$'000	Dividend received for the year ended 31 December 2024 HK$'000	Classification of financial assets
	Listed equity securities									
0641	CHTC Fong's International Company Limited	(a)	1,176,000	0.11%	2,629	341	(2,288)	50	–	FVPL
0707	Asia Television Holdings Limited	(b)	2,106,000	0.19%	559	21	(539)	(29)	–	FVPL
1918	Sunac China Holdings Limited	(c)	250,000	*	469	105	(364)	37	–	FVPL
8137	Honbridge Holdings Limited	(d)	43,212,000	0.44%	58,395	24,631	(33,764)	9,074	–	FVPL
9988	Alibaba Group Holdings Limited	(e)	7,500	*	713	618	(95)	50	19	FVPL
LU	Lufax Holding Ltd (American depositary shares)	(g)	22,500	*	9,427	418	(9,009)	121	425	FVPL
	Unlisted equity securities									
	APAL Holdings Limited	(h)	100,000,000	9.47%	78,000	77,911	(89)	28,161	–	FVPL
DIDIY	DiDi Global Inc. (American depositary shares)	(i)	662,600	0.01%	12,729	23,522	10,793	3,085	–	FVPL
	HK Zxoud Limited	(j)	–	10%	11,800	2,394	(9,406)	(5,143)	–	FVPL
	Profound View Group	(k)	1,199	10.71%	66,000	86,627	20,627	4,386	–	FVPL

The above investments represented in aggregate over 99% in value of the Group's investments. Apart from the ten largest investments listed above, the Group also held various other individual investments with value representing below 1% of the Group's total assets as at 31 December 2024.

* The effective shareholding interest is below 0.01%.

22. INVESTMENT PORTFOLIO *(Continued)*

Stock code	Name of investee company	Note	Number of shares held	Effective shareholding interest	Acquisition cost HK$'000	Fair value HK$'000	2023 Accumulated unrealised holding gain/(loss) arising on revaluation from the date of acquisition to 31 December 2023 HK$'000	Net gain/(loss) for the year ended 31 December 2023 HK$'000	Dividend received for the year ended 31 December 2023 HK$'000	Classification of financial assets
	Listed equity securities									
0641	CHTC Fong's International Company Limited	(a)	1,176,000	0.11%	2,629	291	(2,338)	(180)	–	FVPL
1918	Sunac China Holdings Limited	(c)	250,000	*	469	68	(401)	(401)	–	FVPL
8137	Honbridge Holdings Limited	(d)	43,212,000	0.44%	58,395	15,557	(42,838)	648	–	FVPL
9988	Alibaba Group Holdings Limited	(e)	7,500	*	712	567	(145)	(145)	–	FVPL
CNG.L	China Nonferrous Gold Ltd	(f)	7,070,134	1.85%	21,707	914	(20,793)	(1,041)	–	FVPL
LU	Lufax Holding Ltd (American depositary shares)	(g)	90,000	*	9,427	539	(8,888)	(838)	62	FVPL
	Unlisted equity securities									
	APAL Holdings Limited	(h)	100,000,000	9.47%	78,000	49,750	(28,250)	10,697	–	FVPL
DIDIY	DiDi Global Inc. (American depositary shares)	(i)	662,600	–	12,729	20,437	7,708	4,008	–	FVPL
	HK Zxoud Limited	(j)	–	10%	11,800	7,537	(4,263)	(2,825)	–	FVPL
	Profound View Group	(k)	918	8.41%	48,000	64,241	16,241	16,925	–	FVPL

The above investments represent in aggregate 100% in value of the Group's investments.

Notes:

(a) CHTC Fong's International Company Limited ("CHTC") was incorporated in Bermuda with limited liability, and its ordinary shares are listed on The Stock Exchange of Hong Kong Limited (Stock Code: 0641). CHTC is principally engaged in manufacture and sale of dyeing and finishing machines, manufacture and sale of stainless-steel casting products and trading of stainless-steel supplies. For the six months ended 30 June 2024, the unaudited consolidated loss attributable to owners of CHTC was HK$44,989,000 *(30 June 2023: HK$78,059,000)* with basic and diluted loss per share of HK4.09 cents *(30 June 2023: HK7.09 cents)*. As at 30 June 2024, its unaudited consolidated total equity attributable to the owners was HK$1,134,048,000 *(31 December 2023: HK$1,184,173,000 (audited))*.

(b) Asia Television Holdings Limited ("ATV") was incorporated in the Cayman Islands with limited liability, and its ordinary shares are listed on The Stock Exchange of Hong Kong Limited (Stock Code: 0707). ATV is principally engaged in (i) processing, printing and sales of finished fabrics and subcontracting services and the trading of fabric and clothing business; (ii) money lending business; (iii) securities investment and brokerage services business; and (iv) media, cultural and entertainment business. For the six months ended 30 June 2024, the unaudited consolidated loss attributable to owners of ATV was RMB34,874,000 *(30 June 2023: RMB12,893,000)* with basic and diluted loss per share of RMB3.19 cents *(30 June 2023: RMB0.12 cent)*. As at 30 June 2024, its unaudited consolidated total equity attributable to the owners was RMB442,798,000 *(31 December 2023: RMB390,160,000 (audited))*.

22. INVESTMENT PORTFOLIO *(Continued)*

Notes: (Continued)

(c) Sunac China Holdings Limited ("Sunac") was incorporated in the Cayman Islands with limited liability, and its ordinary shares are listed on The Stock Exchange of Hong Kong Limited (Stock Code: 1918). Sunac is principally engaged in property development and investment, cultural and tourism city construction and operation, property management services and other services in the PRC. For the six months ended 30 June 2024, the unaudited consolidated loss attributable to owners of Sunac was RMB14,957,186,000 *(30 June 2023: RMB15,366,849,000)* with basic and diluted loss per share of RMB1.79 *(30 June 2023: RMB2.86)*. As at 30 June 2024, its unaudited consolidated total equity attributable to the owners was RMB47,962,851,000 *(31 December 2023: RMB62,428,917,000 (audited))*.

(d) Honbridge Holdings Limited ("Honbridge") was incorporated in the Cayman Islands as an exempted company with limited liability, and its ordinary shares are listed on The Stock Exchange of Hong Kong Limited (Stock Code: 8137). Honbridge is principally engaged in the exploration of mineral resources and the production of lithium batteries. For the six months ended 30 June 2024, the unaudited consolidated loss attributable to owners of Honbridge was HK$42,484,000 *(30 June 2023: HK$38,759,000)* with basic and diluted loss per share of HK0.44 cent *(30 June 2023: HK0.40 cent)*. As at 30 June 2024, its unaudited consolidated total equity attributable to the owners was HK$4,290,627,000 *(31 December 2023: HK$4,988,185,000 (audited))*.

(e) Alibaba Group Holding Limited ("Alibaba") was incorporated in the Cayman Islands with limited liability, and its ordinary shares are listed on The Stock Exchange of Hong Kong Limited (Stock Code: 9988). Alibaba is principally engaged in providing e-commerce and technology infrastructure services to merchants, brands, retailers, and businesses to market, sell, and operate using the Internet. For the nine months ended 31 December 2024, the unaudited consolidated profit attributable to owners of Alibaba was RMB117,088,000,000 *(31 December 2023: RMB76,471,000,000)* with basic and diluted earnings per share of RMB6.20 and RMB6.04 *(31 December 2023: RMB3.76 and RMB3.72)*, respectively. As at 31 December 2024, its unaudited consolidated total equity attributable to the owners was RMB1,001,129,000,000 *(31 March 2024: RMB986,544,000,000 (audited))*.

(f) China Nonferrous Gold Ltd ("CNG") was incorporated in the Cayman Islands with limited liability, and its ordinary shares were listed on the Alternative Investment Market ("AIM") under the London Stock Exchange (Stock Code: CNG.L). CNG is principally engaged in mineral exploration and development in Tajikistan. Pursuant to AIM Rule 41, the shares of CNG were cancelled from trading on AIM with effect from 28 May 2024.

(g) Lufax Holding Ltd ("Lufax") was incorporated in the Cayman Islands with limited liability, and its American depositary shares ("ADS") (each representing two ordinary shares) are listed on the New York Stock Exchange (Stock Code: LU). Lufax is principally engaged in offering financial products to small and micro businesses as a financial services empowering institution in the PRC. For the nine months ended 30 September 2024, the unaudited consolidated loss attributable to owners of Lufax was RMB2,537,341,000 *(30 September 2023: profit of RMB1,731,103,000)* with basic and diluted loss per ADS of RMB3.96 *(30 September 2023: basic and diluted earnings per ADS of RMB3.02)*. As at 30 September 2024, its unaudited consolidated total equity attributable to the owners was RMB 84,546,943,000 *(31 December 2023: RMB92,142,488,000 (audited))*.

(h) APAL Holdings Limited ("APAL") was incorporated in the Cayman Islands with limited liability. APAL is principally engaged in the business of global aircraft leasing, aircraft trading, securitised aircraft leasing financial products, aircraft parts trading, maintenance of aircraft, dismantling aircraft and other related consulting services. As at 31 December 2024, the fair value of the entire unlisted equity securities is HK$822,748,000 *(31 December 2023: HK$525,359,000)* by reference to the valuation provided by an independent professional qualified valuer using direct comparison approach with unobservable inputs.

(i) DiDi Global Inc. ("DiDi") was incorporated in the Cayman Islands with limited liability, and its American depositary shares are traded in the Over-the-Counter market (Stock Code: DIDIY) in the United States. DiDi is principally engaged in operating mobility technology platforms which offer a wide range of app-based services including ride-hailing, taxi hailing, chauffeur and other forms of shared mobility, certain energy and vehicle services, food delivery, intra-city freight, and financial services. As at 31 December 2024, the shares of DiDi held by the Group at fair value is HK$23,522,000 *(31 December 2023: HK$20,437,000)*.

(j) HK Zxoud Limited ("Zxoud") was incorporated in Hong Kong with limited liability. Zxoud is principally engaged in the business of developing cloud-based codec technology and distributed storage technology. As at 31 December 2024, the fair value of the entire unlisted equity securities is US$3,794,000 (equivalent to HK$29,595,000) *(31 December 2023: US$11,900,000 (equivalent to HK$92,820,000))* by reference to the valuation provided by an independent professional qualified valuer using discounted cash flow method.

(k) Profound View Group ("Profound") was incorporated in the Cayman Islands with limited liability. Profound and its subsidiaries are principally engaged in the business of biotechnology and new drug research and development. As at 31 December 2024, the fair value of the entire unlisted equity securities is RMB740,350,000 (equivalent to HK$808,860,000) *(31 December 2023: RMB699,500,000 (equivalent to HK$763,864,000))* by reference to the valuation provided by an independent professional qualified valuer using discounted cash flow method.

23. CRYPTOCURRENCIES

The amounts represented the cryptocurrencies held by the Group as at the end of the reporting period.

	2024	2023
	HK$'000	HK$'000
Mainstream:		
Ethereum	**35,359**	56,384
Bitcoin	**105,092**	53,849
USDC	**8**	478
USDT	**80**	–
	140,539	110,711

Note:

At the end of the reporting period, cryptocurrencies were stated at the lower of cost and net realisable value. The Group estimated the net realisable value of the cryptocurrencies with reference to their market prices in the relevant cryptocurrencies markets less the estimated costs necessary to make the sale. The cost of cryptocurrencies recognised as an expense *(2023: income)* during the year was HK$186,949,000 *(2023: HK$49,978,000)*, in respect of which HK$Nil (2023: HK$49,978,000) represents reversal of write down of cryptocurrencies to net realisable value.

As a result of the increases in market value of mainstream cryptocurrencies, there was an increase in the net realisable value of HK$49,978,000 during the year ended 31 December 2023. Accordingly, provisions made in previous years against the carrying value of cryptocurrencies of HK$49,978,000 had been reversed and recognised as an income in the consolidated statement of comprehensive income.

24. INVENTORIES

	2024	2023
	HK$'000	HK$'000
Raw materials	**1,876**	2,757
Finished goods	**4,207**	29,899
	6,083	32,656

Due to a change in consumer preference, there was an increase in the net realisable value of HK$270,000 *(2023: HK$868,000)*. Accordingly, provisions made in previous years against the carrying value of inventories of HK$270,000 *(2023: HK$868,000)* have been reversed and recognised as a reduction in the amount of inventories recognised as expense.

25. LOANS RECEIVABLE

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

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

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

A further loan extension was granted subject to certain conditions to be fulfilled by the borrower, details of which were set out in the Company's announcement dated 16 December 2021. None of the terms under the conditions was completed and the loan extension had not become effective. The Group has continually issued demand letters to the borrower since the date the loan defaulted. A partial repayment was received during the year ended 31 December 2022. Neither the interest nor the principal was settled by the borrower subsequently. As at the date of this report, no consent to the repayment schedule was reached by both parties.

At the end of the reporting period, the principal of RMB86,000,000 (equivalent to HK$96,272,000) *(2023: RMB86,000,000 (equivalent to HK$96,272,000))* and accrued interest receivable of HK$18,693,000 *(2023: HK$18,693,000)* were recognised as loans receivable under current assets. Loss allowance of HK$114,965,000 *(2023: HK$114,965,000)* in respect of this credit impaired loan receivable had been recognised at the end of the reporting period. Details of the loan were set out in the Company's announcements dated 19 December 2019, 18 September 2020, 17 December 2020, 16 December 2021 and 11 February 2022 respectively.

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

At the end of the reporting period, the principal of HK$41,000,000 *(2023: HK$41,000,000)* and accrued interest receivable of HK$2,453,000 *(2023: HK$2,453,000)* were recognised as loans receivable under current assets. Loss allowance of HK$37,613,000 *(2023: HK$37,361,000)* in respect of this loan receivable had been recognised at the end of the reporting period. Details of the loan were set out in the Company's announcements dated 9 December 2019, 12 December 2019, 29 June 2020, 31 December 2020, 31 December 2021, 30 September 2022 and 13 July 2023 respectively.

25. LOANS RECEIVABLE *(Continued)*

(c) A HK$60,000,000 loan to an independent third party borrower, which was secured by corporate guarantees provided by two independent third parties, interest-bearing at 5% per annum and was further extended to be repayable in March 2024. Pursuant to the extension of the loan agreement, the loan is secured by accounts receivable and deposits of the borrower of HK$55,403,000 as collateral, with other terms remain unchanged.

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

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

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

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

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

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

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

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

26. TRADE AND OTHER RECEIVABLES AND PREPAYMENT FOR CONSTRUCTION

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

Information about the Group's exposure to credit risks and loss allowance for trade and other receivables is included in note 6(a).

Notes:

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

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

(b) Earnest money of RMB57,000,000 (equivalent to HK$61,555,000) *(2023: RMB57,000,000 (equivalent to HK$62,900,000))* was paid for the procurement of hash-rate capacity which was recognised as intangible assets of the Group which was fully impaired in prior years. The earnest money will be refunded to the Group upon settlement of the remaining outstanding payables for the procurement of hash-rate capacity (note 28(c)(i)). Details of the procurement of hash-rate capacity are set out in the Company's announcements dated 14 May 2021, 31 May 2021 and 2 June 2021, respectively.

26. TRADE AND OTHER RECEIVABLES AND PREPAYMENT FOR CONSTRUCTION *(Continued)*

Notes: (Continued)

(c) Included in other receivables were prepayments made for data centre facilities amounting to HK$7,800,000 as at 31 December 2023 which are subsequently utilised during the year ended 31 December 2024.

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

As at 31 December 2024, a total sum of RMB190,082,000 (equivalent to HK$205,272,000) *(2023: RMB190,082,000 (equivalent to HK$209,757,000))* before loss allowances were paid to Zhongda Bocheng Energy Technology (Shenzhen) Limited* (中達博誠能源科技(深圳)有限公司) ("Zhongda Bocheng"), an independent third party as trading deposits for the purchase of cryptocurrency mining machines which will be held for trading purpose. On the other hand, RMB110,000,000 (equivalent to HK$118,790,000) *(2023: RMB110,000,000 (equivalent to HK$121,386,000))* were received from Zhongda Bocheng as a performance bond, which is not available to set-off against the trading deposits aforesaid and recognised as other payables (note 28(c)(ii)). The Group partially terminated the purchase of cryptocurrency mining machines and the trading deposits of RMB49,977,000 (equivalent to HK$55,150,000) will be refunded to the Group before 30 June 2025 in accordance with the termination agreement signed with Zhongda Bocheng. For the remaining prepayments of RMB140,105,000 (equivalent to HK$154,607,000), the Group and Zhongda Bocheng entered into an extension agreement during the reporting period to extend the delivery of the cryptocurrency machines to December 2025.

As at 31 December 2024, an aggregate of US$3,200,000 (equivalent to HK$29,496,000) *(2023: US$3,200,000 equivalent to HK$29,496,000)* before loss allowance was paid by the Group to an independent third party (the "Vendor") as earnest money (the "Earnest Money") for a global sale project under a corporation agreement (the "Agreement"). The interest of a wholly-owned subsidiary of the Vendor was charged as collateral of the Earnest Money. During the year ended 31 December 2023, the Group had notified the Vendor for termination of the Agreement and is in negotiation with the Vendor in the refund of the Earnest Money. The Group has issued force enforcement notices to the Vendor during the year ended 31 December 2024 and subsequent to the end of the reporting period.

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

27. ASSETS CLASSIFIED AS HELD-FOR-SALE

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

On 12 July 2023, the Disposal was approved by the shareholders in a special general meeting of the Company. Details of the Disposal are set out in the Company's announcement dated 29 May 2023, the circular dated 23 June 2023 and the poll result announcement dated 12 July 2023.

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

* English names for identification purpose only

28. TRADE AND OTHER PAYABLES

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

Notes:

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

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

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

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

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

As at 31 December 2024 and 2023, no contract liabilities are expected to be settled after more than 12 months.

Unsatisfied or partially unsatisfied performance obligations

All the performance obligations that are unsatisfied (or partially unsatisfied) at 31 December 2024 and 2023 are part of contracts that have an original expected duration of one year or less. Given that the Group applies the practical expedient in paragraph 121(a) of HKFRS 15, the transaction price allocated to these performance obligations is not disclosed.

28. TRADE AND OTHER PAYABLES *(Continued)*

Notes: (Continued)

(c) Included in other payables are the following balances:

(i) Outstanding payable of RMB67,000,000 (equivalent to HK$79,748,000) *(2023: RMB67,000,000 (equivalent to HK$79,748,000))* for the procurement of hash-rate capacity, which has been recognised as intangible assets of the Group in prior years. The outstanding payable, which is repayable on demand, is not available to set-off against the earnest money of RMB57,000,000 (equivalent to HK$61,555,000) *(2023: RMB57,000,000 (equivalent to HK$62,900,000))* paid for the procurement of hash-rate capacity in prior years (note 26(b)).

(ii) A performance bond, which is repayable on demand, received from Zhongda Bocheng in relation to the purchase of cryptocurrency mining machines amounted to RMB110,000,000 (equivalent to HK$118,790,000) *(2023: RMB110,000,000 (equivalent to HK$121,386,000))* (note 26(d)).

(iii) Outstanding payables of HK$8,804,000 *(2023: HK$12,304,000)* for the purchase of cryptocurrency mining machines, which was recognised as property, plant and equipment of the Group. The outstanding payable is repayable on demand.

29. BANK AND OTHER LOANS

	Note	**2024 HK$'000**	2023 HK$'000
Current and secured			
Bank loans with repayment on demand clause	(a)	**–**	11,035
Term loans from banks with repayment on demand clause	(a)	**952**	1,238
Current and unsecured			
Other loan	(b)	**2,000**	2,000
		2,952	14,273
Analysis of the amounts due based on scheduled payment dates set out in the loan agreements (ignoring the effect of any repayment on demand clause) is as follows:			
On demand or within one year		**2,088**	13,320
After one but within two years		**90**	85
After two but within five years		**286**	274
After five years		**488**	594
		2,952	14,273

Notes:

(a) As at 31 December 2024, the bank loans carried variable interest rates ranging from 3.03% to 3.53% *(2023: 3.33% to 3.53%)* per annum. The bank loans are secured by the assets of the Group as set out in note 35.

(b) As at 31 December 2024, other loan represented a short-term loan from a non-controlling interest of a subsidiary with principal of HK$2,000,000 *(2023: HK$2,000,000)*. The other loan was unsecured, interest-free and has no fixed repayment term.

30. CHANGES IN OWNERSHIP INTERESTS IN A SUBSIDIARY THAT DO NOT RESULT IN A LOSS OF CONTROL

(a) Acquisition of additional interest in a subsidiary

	2024
	HK$'000
Net consideration paid	**(4)**
Acquisition of additional interests in a subsidiary	**(1,279)**
Difference recognised in equity	**(1,283)**

On 6 June 2024, the Group acquired the remaining 40% of the issued shares of Grand InfoTech (HK) Limited ("Grand InfoTech") at a consideration of HK$4,000 from independent third parties of the Group.

The Group now holds 100% of the equity share capital of Grand InfoTech. The carrying amount of the non-controlling interests in Grand InfoTech on the date of acquisition was HK$1,279,000. The Group derecognised non-controlling interests of negative HK$1,279,000 and recognised directly in equity attributable to owners of the Company of HK$1,283,000 for the difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid.

(b) Allotment of shares in a subsidiary without loss of control

	2023
	HK$'000
Net consideration received	–
Disposal of interests in a subsidiary without loss of control	2
Difference recognised in equity	2

On 2 May 2023, the Group allotted 40% equity interest out of the 100% interest held in Grand InfoTech at a consideration of HK$4,000 to independent third parties of the Group. The carrying amount of the non-controlling interests in Grand InfoTech on the date of share allotment was net liabilities of HK$2,000. This resulted in a decrease in non-controlling interests and an increase in equity attributable to owners of the Company of HK$2,000.

31. SHARE CAPITAL

	Number of Shares		Amount	
	2024	2023	**2024**	2023
	'000	'000	**HK$'000**	HK$'000
Authorised:				
At beginning and end of the reporting period				
Ordinary Shares of HK$0.025 each	**8,000,000**	8,000,000	**200,000**	200,000
Issued and fully paid:				
At beginning of the reporting period				
Ordinary Shares of HK$0.025 each	**2,487,705**	2,487,705	**62,193**	62,193
At end of the reporting period				
Ordinary Shares of HK$0.025 each	**2,487,705**	2,487,705	**62,193**	62,193

32. RESERVES

	Share premium HK$'000 (Note (a)(i))	Statutory reserves HK$'000 (Note (a)(ii))	Contributed surplus HK$'000 (Note (a)(iii))	Property revaluation reserves HK$'000 (Note (a)(iv))	Translation reserves HK$'000 (Note (a)(v))	Other reserves HK$'000 (Note (a)(vi))	Retained profits HK$'000	Total HK$'000
As at 1 January 2023	280,057	8,668	234,621	84,992	16,136	4,201	1,136,291	1,764,966
Loss for the year	–	–	–	–	–	–	(113,654)	(113,654)
Other comprehensive loss:								
Exchange differences arising on translation of the foreign operations	–	–	–	–	(7,803)	–	–	(7,803)
Total other comprehensive loss	–	–	–	–	(7,803)	–	–	(7,803)
Total comprehensive loss for the year	–	–	–	–	(7,803)	–	(113,654)	(121,457)
Transactions with owners:								
Changes in ownership interest								
Changes in ownership interests in a subsidiary that do not result in a loss of control *(note 30(b))*	–	–	–	–	–	2	–	2
Total transactions with owners	–	–	–	–	–	2	–	2
As at 31 December 2023 and as at 1 January 2024	280,057	8,668	234,621	84,992	8,333	4,203	1,022,637	1,643,511
Loss for the year	–	–	–	–	–	–	(61,970)	(61,970)
Other comprehensive loss:								
Exchange differences arising on translation of the foreign operations	–	–	–	–	(3,439)	–	–	(3,439)
Total other comprehensive loss	–	–	–	–	(3,439)	–	–	(3,439)
Total comprehensive loss for the year	–	–	–	–	(3,439)	–	(61,970)	(65,409)
Transactions with owners:								
Changes in ownership interest								
Changes in ownership interests in a subsidiary that do not result in a loss of control *(note 30(a))*	–	–	–	–	–	(1,283)	–	(1,283)
Total transactions with owners	–	–	–	–	–	(1,283)	–	(1,283)
As at 31 December 2024	**280,057**	**8,668**	**234,621**	**84,992**	**4,894**	**2,920**	**960,667**	**1,576,819**

32. RESERVES *(Continued)*

Notes:

(a) *Nature and purpose of reserves*

(i) Share premium

The application of the share premium account is governed by Section 46(2) of the Companies Act 1981 of Bermuda.

(ii) Statutory reserves

Statutory reserves comprise statutory surplus reserves fund of the subsidiaries in the PRC and form part of shareholders' fund. According to the articles of association of certain subsidiaries, the subsidiaries are required to transfer 10% of the profit after tax to the statutory surplus reserves fund until the fund balance reaches 50% of the registered capital. The transfer to the funds must be made before distributing dividends to Shareholders.

(iii) Contributed surplus

The contributed surplus represents the difference between the underlying net assets of the subsidiaries which were acquired by the Company and the nominal amount of Shares issued by the Company for each acquisition at the time of the Group reorganisation.

Under the Companies Act 1981 of Bermuda, the contributed surplus of the Company is available for distribution. However, the Company cannot declare or pay a dividend or make a distribution out of contributed surplus if:

(a) it is, or would after the payment be, unable to pay its liabilities as they become due; or

(b) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium account.

(iv) Property revaluation reserves

The property revaluation reserves comprise the net changes in fair value arising on the revaluation of properties held for own use upon transfer to investment properties.

(v) Translation reserves

The translation reserves comprise all foreign exchange differences arising from the translation of the financial statements of foreign operations.

(vi) Other reserves

The other reserves have been set up and dealt with in accordance with the accounting policies adopted for the changes in ownership interests in subsidiaries that do not result in a loss of control.

33. OTHER CASH FLOW INFORMATION

Changes in liabilities arising from financing activities

Details of the changes in the Group's liabilities from financing activities are as follows:

	Bank and other loans HK$'000	Lease liabilities HK$'000
As at 1 January 2023	12,888	3,484
New leases	–	1,412
Lease modification	–	2,711
Net cash flows	1,107	(3,451)
Interest accrued	437	157
Exchange differences	(159)	(51)
As at 31 December 2023 and as at 1 January 2024	14,273	4,262
New leases	–	11,300
Lease modification	–	(1,679)
Net cash flows	(11,412)	(3,332)
Interest accrued	327	222
Exchange differences	(236)	(57)
As at 31 December 2024	**2,952**	**10,716**

34. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Note	2024 HK$'000	2023 HK$'000
NON-CURRENT ASSETS			
Interests in subsidiaries		**1,782,276**	1,793,990
CURRENT ASSETS			
Prepayments, deposits paid and other receivables		**15,996**	19,702
Financial assets at fair value through profit or loss		**418**	539
Cash and bank balances		**2,236**	8,280
		18,650	28,521
CURRENT LIABILITIES			
Other payables		**5,370**	2,414
Dividend payables		**31**	31
Amounts due to subsidiaries		**1,506,560**	1,481,649
		1,511,961	1,484,094
NET CURRENT LIABILITIES		**(1,493,311)**	(1,455,573)
TOTAL ASSETS LESS CURRENT LIABILITIES		**288,965**	338,417
NON-CURRENT LIABILITIES			
Income tax payable		**6,192**	8,532
NET ASSETS		**282,773**	329,885
CAPITAL AND RESERVES			
Share capital		**62,193**	62,193
Reserves	(a)	**220,580**	267,692
TOTAL EQUITY		**282,773**	329,885

This statement of financial position was approved and authorised for issue by the Board on 25 March 2025 and signed on its behalf by:

Li Qiang
Director

Cong Yu
Director

34. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

(a) Reserves

	Share premium HK$'000 (note 32(a)(i))	Contributed surplus HK$'000 (note 32(a)(iii))	Accumulated losses HK$'000	Total HK$'000
As at 1 January 2023	280,057	380,621	(279,162)	381,516
Loss for the year and total comprehensive loss for the year	–	–	(113,824)	(113,824)
As at 31 December 2023 and as at 1 January 2024	280,057	380,621	(392,986)	267,692
Loss for the year and total comprehensive loss for the year	–	–	(47,112)	(47,112)
As at 31 December 2024	**280,057**	**380,621**	**(440,098)**	**220,580**

35. PLEDGE OF ASSETS

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

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

36. SHARE OPTION SCHEME

The Company adopted a share option scheme (the "Share Option Scheme") pursuant to the ordinary resolutions passed by the Shareholders at the special general meeting ("SGM") on 14 January 2015 (the "Option Adoption Date"). The Share Option Scheme is valid for ten years from the Option Adoption Date and shall expire at the close of business on the day immediately preceding the 10 anniversary thereof unless terminated earlier by Shareholders in general meeting. As at the date of this report, the Share Option Scheme was expired.

The purpose of the Share Option Scheme is to enable the Company to grant share options to the selected eligible participants as incentives or rewards for their contribution or potential contribution to the growth and development of the Group.

The Directors may, at their absolute discretion, invite any person belonging to any of the following categories of participants (the "Eligible Participants") to take up share options to subscribe for the Shares:

Category A Eligible Participants

(a) any Director or proposed Director (whether executive or non-executive, including any independent non-executive director), employee or proposed employee (whether full-time or part-time) of any member of the Group or any substantial Shareholder or any company controlled by a substantial Shareholder; or

(b) any individual for the time being seconded to work for any member of the Group or any substantial Shareholder or any company controlled by a substantial Shareholder.

Category B Eligible Participants

Any person or entity that provides research, development or other technological support or any advisory, consultancy, professional or other services to any member of the Group and shall include any company controlled by one or more persons belonging to any of the above classes of participants.

Options granted to the Eligible Participants are subject to vesting conditions. Options granted to an eligible participant who has joined the Group for more than three years are subject to a vesting scale in tranches of 40%, 30% and 30% each per annum starting from the date of grant and will become fully vested on the third anniversary of the grant. Options granted to an eligible participant who has joined the Group for less than three years are subject to a vesting scale in tranches of 10%, 20%, 35% and 35% each per annum from the second to the fifth year after the grant and will become fully vested on the fifth anniversary of the grant.

The total number of Shares which may be issued upon the exercise of all share options to be granted under the Share Option Scheme and any other share option schemes of the Company must not in aggregate exceed 10% of the total issued share capital of the Company on the Option Adoption Date (the "Scheme Mandate") unless the Company obtains an approval from the Shareholders to renew the 10% limit on the basis that the maximum number of Shares in respect of which share options may be granted under the Share Option Scheme together with any share options outstanding and yet to be exercised under the Share Option Scheme and any other share option schemes shall not exceed 30% of the total issued share capital of the Company from time to time. At the SGM which was held on the Option Adoption Date, the Scheme Mandate was approved by the Shareholders and the total number of Shares that may be allotted and issued under the Share Option Scheme would be 179,211,680 Shares, representing 10% of the total number of Shares in issue as at the Option Adoption Date and 7.20% of the total number of Shares in issue as at the date of this report.

36. SHARE OPTION SCHEME *(Continued)*

Category B Eligible Participants *(Continued)*

The maximum number of Shares issued and to be issued upon the exercise of the share options granted under the Share Option Scheme and any other share option schemes of the Company to any eligible participant (including cancelled, exercised and outstanding share options), in any 12-month period up to the date of grant shall not exceed 1% of the number of Shares in issue, without prior approval from the Shareholders. Any grant of a share option to a Director, chief executive of the Company or substantial Shareholder (or any of their respective associates) must be approved by the Independent Non-Executive Directors. Where any grant of share options to a substantial Shareholder or an Independent Non-Executive Director (or any of their respective associates) will result in the total number of Shares issued and to be issued upon the exercise of the share options already granted and to be granted to such person under the Share Option Scheme and any other share option schemes of the Company (including share options exercised, cancelled and outstanding) in any 12-month period up to and including the date of grant: (i) representing in aggregate over 0.1% of the Shares in issue; and (ii) having an aggregate value, based on the closing price of the Shares at each date of grant, in excess of HK$5,000,000, such further grant of share options is required to be approved by the Shareholders in general meeting.

An offer for the grant of share options must be accepted within 30 days inclusive of the day on which such offer was made. The amount payable by the grantee of a share option to the Company on acceptance of the offer for the grant of a share option is HK$1.0. A share option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period commencing on such date on or after the date on which the share option is granted as the Board may determine in granting the share options and expiring at the close of business on such date as the Board may determine in granting the share options but in any event shall not exceed ten years from the date of grant (which is the date of offer of grant if the offer for the grant of the share options is accepted). The exercise price of the share option is to be determined by the Board provided always that it shall be at least the higher of: (i) the closing price of the Shares on the date of offer of grant; and (ii) the average closing price of the Shares for the five business days immediately preceding the date of offer of grant, provided that the option price per Share shall in no event be less than the nominal amount of the Shares.

No share options were granted or exercised during the years ended 31 December 2024 and 2023 or outstanding at 31 December 2024 and 2023. As at 1 January 2024 and 31 December 2024, no share options were available for grant under the Share Option Scheme.

37. RETIREMENT BENEFITS SCHEME

The Group operates a MPF for all eligible employees in Hong Kong. The assets of the MPF are held separately from those of the Group in funds under the control of trustees. The Group contributes 5% of the relevant payroll costs of each eligible employee to the MPF, subject to a maximum amount of HK$1,500 per month. Since 1 July 2017, the Group has made voluntary contributions to the MPF for executive Directors and senior management up to 5% of their relevant monthly income.

Hong Kong employees that have been employed continuously for at least five years are entitled to LSP in accordance with the EO under certain circumstances. These circumstances include where an employee is dismissed for reasons other than serious misconduct or redundancy, that employee resigns at the age of 65 or above, or the employment contract is of fixed term and expires without renewal. The amount of LSP payable is determined with reference to the employee's final salary (capped at HK$22,500) and the years of service, reduced by the amount of any accrued benefits derived from the Group's contributions MPF scheme, with an overall cap of HK$390,000 per employee.

In June 2022, the Hong Kong Government gazetted the Employment and Retirement Scheme Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 ("Amendment Ordinance"), which will eventually abolish the statutory right of an employer to reduce its LSP payable to a Hong Kong employee by drawing on its mandatory contributions to the MPF scheme (the "Abolition").

In April 2023, the Chief Executive of the Hong Kong Government announced that the Amendment Ordinance will come into effect from 1 May 2025 (the "Transition Date"). At the same time, the Hong Kong Government has indicated that it would launch a scheme to subsidise the post-transition portion of LSP payable by employers. On 22 November 2024, the Finance Committee of the Legislative Council approved the creation of a commitment for implementing the subsidy scheme for the Abolition.

Among other things, once the Abolition takes effect, an employer can no longer use any of the accrued benefits derived from its mandatory MPF contributions (irrespective of the contributions made before, on or after the Transition Date) to reduce the LSP in respect of an employee's service from the Transition Date. However, where an employee's employment commenced before the Transition Date, the employer can continue to use the above accrued benefits to reduce the LSP in respect of the employee's service up to that date. In addition, the LSP in respect of the service before the Transition Date will be calculated based on the employee's monthly salary immediately before the Transition Date and the years of service up to that date.

As at 31 December 2024 and 2023, it is considered that the Amendment Ordinance has no material impact on the Group's LSP liability with respect to employees that participate in the MPF scheme.

The employees of the Group's subsidiaries in the PRC are members of the state-managed retirement benefits scheme operated by the government of the PRC. The subsidiaries are required to contribute certain percentage of their payroll costs to the retirement benefits scheme to fund the benefits. The principal obligation of the Group with respect to the retirement benefits scheme is to make the specified contributions. At the end of the reporting period, there was no forfeited contribution available to reduce the contribution payable in future years.

The Group has made voluntary contributions to the 401(K) retirement plan for all eligible employees in the United States since 1 August 2020. The group contributes up to 6% of the relevant monthly income of each eligible employee to the plan. The assets of the pension fund are held separately from those of the Group in funds under the control of trustees.

The total cost charged to profit or loss of HK$2,792,000 for the year ended 31 December 2024 *(2023: HK$3,669,000)* represents contributions paid and payable to these schemes by the Group in respect of the current year.

38. RELATED PARTY TRANSACTIONS

(a) Significant related party transactions

During the year, the Group had the following transactions with related parties:

	2024 HK$'000	2023 HK$'000
Chengdu Ganluhai		
– Rental income	**4,489**	1,873
Mr. Zhu Weisha, a substantial shareholder of the Company		
– Consultancy fee expenses	**2,283**	2,283

(b) Key management compensation

The emoluments of the executive Directors and other members of key management during the year are as follows:

	2024 HK$'000	2023 HK$'000
Salaries	**8,571**	9,157
Discretionary bonus	**2,450**	–
Retirement benefits scheme contributions	**418**	363
	11,439	9,520

39. EVENTS AFTER THE REPORTING PERIOD

Finance lease with Chengdu Ganluhai

On 13 March 2025, the Group, entered into a finance lease agreement (the "Finance Lease Agreement") with Chengdu Ganluhai to purchase and lease back certain machinery and equipment used in pharmaceutical production (the "Leased Assets"). In accordance with the Finance Lease Agreement, the Group agreed to purchase the Leased Assets at a consideration of RMB5,960,000 (equivalent to HK$6,512,000) and to lease the Leased Assets to Chengdu Ganluhai for a term of five years at an aggregated rental of RMB6,900,000 (equivalent to HK$7,560,000). Details of the provision of finance lease are set out in the Company's announcement dated 13 March 2025.

Changes in market price of cryptocurrencies

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

40. PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries as at 31 December 2024 are as follows:

Name of subsidiary	Place of incorporation/ kind of legal entity	Principal activities/ place of operation	Particulars of issued and paid-up capital	2024 Interest held	2023 Interest held
Direct subsidiaries:					
Billion State Limited	British Virgin Islands ("BVI")/limited liability company	Trustee/Hong Kong ("HK")	100 ordinary shares of US$1 each	**100%**	100%
Yuxing Capital Limited	BVI/limited liability company	Investment holding/HK	100 ordinary shares of US$1 each	**100%**	100%
Yuxing Treasury Limited	BVI/limited liability company	Investment holding/HK	100 ordinary shares of US$1 each	**100%**	100%
Cloud Rich Holdings Limited	BVI/limited liability company	Investment holding/HK	100 ordinary shares of US$1 each	**100%**	100%
Yuxing Group (International) Limited	BVI/limited liability company	Investment holding/the PRC and HK	2,000 ordinary shares of US$1 each	**100%**	100%
Wealthy Well Limited	Cayman Islands/ limited liability company	Investment/HK	100 ordinary shares of US$1 each	**100%**	100%
Golden Rich Asia Investment Limited	HK/limited liability company	Investment holding/HK	1 ordinary share of HK$1	**100%**	100%
HyBroad Vision Holdings Limited	HK/limited liability company	Investment holding/HK	1 ordinary share of HK$1	**100%**	100%
Rich Universe International Limited	HK/limited liability company	Investment/HK	100 ordinary shares of HK$1 each	**100%**	100%
Full Profit Enterprises Limited	BVI/limited liability company	Investment/HK	100 ordinary shares of US$1 each	**100%**	100%
Grand Choice Developments Limited	BVI/limited liability company	Investment/HK	1 ordinary share of US$1	**100%**	100%
Indirect subsidiaries:					
Harmony Wealthy Investments Limited	BVI/limited liability company	Investment/HK	1 ordinary share of US$1	**100%**	100%
Up Spacious Global Investments Limited	BVI/limited liability company	Trading of securities/HK	3 ordinary shares of US$1 each	**100%**	100%

40. PRINCIPAL SUBSIDIARIES *(Continued)*

Name of subsidiary	Place of incorporation/ kind of legal entity	Principal activities/ place of operation	Particulars of issued and paid-up capital	2024 Interest held	2023 Interest held
Indirect subsidiaries: *(Continued)*					
Yield Lasting Investments Limited	BVI/limited liability company	Property holding/HK	1 ordinary share of US$1	**100%**	100%
Cloud Digit Investment LP	BVI/limited partnership	Investment/HK	HK$60,000,000	**100%**	100%
RiCloud Corp.	The United States/ limited liability company	IDC/the United States	100 common stock of US$0.01 each	**100%**	100%
Cloud Digital Co., Limited	HK/limited liability company	IDC/HK	100 ordinary shares of HK$1 each	**100%**	100%
HyBroad Vision (HK) Technology Company Limited	HK/limited liability company	Trading and distribution of IHA and electronic components/HK	10,000,000 ordinary shares of HK$1 each	**100%**	100%
Yuxing Technology Company Limited	HK/limited liability company	Investment holding and provision of administrative services/HK	2 ordinary shares of HK$1 each	**100%**	100%
HK Orient Phoenix Limited	HK/limited liability company	Technology development and software design/HK	10,000,000 ordinary shares of RMB1 each	**51%**	51%
Shenzhen Orient Phoenix Limited	The PRC/foreign wholly owned enterprise	Distributed storage, technology development and software design/ the PRC	RMB10,000,000	**51%**	51%
Beijing E'rich Investment Management Co., Ltd*	The PRC/foreign wholly owned enterprise	Investment consultancy/ the PRC	RMB14,000,000	**100%**	100%
Beijing Yuxing Software Company Limited*	The PRC/foreign wholly owned enterprise	Research and development ("R&D") and software design/the PRC	HK$15,000,000	**100%**	100%

* English names for identification purpose only

40. PRINCIPAL SUBSIDIARIES *(Continued)*

Name of subsidiary	Place of incorporation/ kind of legal entity	Principal activities/ place of operation	Particulars of issued and paid-up capital	2024 Interest held	2023 Interest held
Indirect subsidiaries: *(Continued)*					
Guangdong HyBroad Vision Electronics Technology Company Limited*	The PRC/domestic wholly owned enterprise	Manufacturing, distribution and sales of IHA and R&D and software design/the PRC	RMB90,000,000	**100%**	100%
Zhongshan HyBroad Vision Trading Company Limited*	The PRC/domestic wholly owned enterprise	Trading and distribution of IHA and electronic components/the PRC	RMB5,000,000	**100%**	100%
Sheng Bang Qiang Dian Electronics (Zhongshan) Company Limited*	The PRC/foreign wholly owned enterprise	Property holding/ the PRC	RMB123,000,000	**100%**	100%
Tibetan Crane (Shenzhen) Investment Company Limited*	The PRC/foreign wholly owned enterprise	Investment consultancy/ the PRC	RMB74,400,000	**100%**	100%
Beijing Fifth Forces Technology Ltd*	The PRC/domestic wholly owned enterprise	Technology development and software design/the PRC	RMB13,265,176	**100%**	100%
Meishan E-rich Shengda Medical Service Co., Ltd*	The PRC/domestic wholly owned enterprise	Property holding/the PRC	RMB28,000,000	**100%**	100%

The above table contains only the particulars of subsidiaries of the Company which principally affected the results, assets or liabilities of the Group. To give details of other subsidiaries would result in particulars of excessive length.

None of the subsidiaries had issued any debt securities at the end of the reporting period or at any time during the year.

* English names for identification purpose only

PARTICULARS OF PROPERTIES

Location	Usage	Tenure	Attributable interest of the Group
Investment properties			
No. a, b, c, d, Building B6, Yaoxing Tianfu Pioneering Park, South Section of Bencao Avenue, Dongpo District, Meishan City, Sichuan Province, the PRC	An industrial complex for rental and/or capital appreciation	Medium-term	100%
Yuxing Industrial Park, Yanjiang Road East, Torch Development Zone, Zhongshan, the PRC	An industrial complex for rental and/or capital appreciation	Medium-term	100%
6580 Via Del Oro, San Jose, California, the United States	Internet data centre for rental and/or capital appreciation	Freehold interest	100%
Land and Building			
Land Register of Baden-Baden, Sheet 5320 district of Baden-Baden, parcel of land 256019, yard and building space, zeppe-linstraBe 5, Germany	Office complex	Freehold interest	100%