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**Crypto Flow**

**Crypto Flow Technology Limited**

**加幂科技有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8198)**

**ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023**

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

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

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

*This announcement, for which the directors (the “**Directors**”) of Crypto Flow Technology Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

The board (the “**Board**”) of the Directors hereby announces the audited consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2023 (the “**Year**”), together with the comparative figures for the corresponding year in 2022 as follows:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*For the year ended 31 December 2023*

	<i>Notes</i>	<b>2023</b> <b>HK\$’000</b>	2022 HK\$’000
<b>CONTINUING OPERATIONS</b>			
<b>REVENUE</b>	3	<b>25,187</b>	29,550
Cost of sales and services rendered		<u>(9,436)</u>	<u>(18,017)</u>
<b>Gross profit</b>		<b>15,751</b>	11,533
Other income and gains		87	3,159
Administrative expenses		(28,742)	(21,066)
Provision of expected credit losses		(11,782)	(97)
Impairment of property, plant and equipment		–	(5,256)
Loss on disposal of property, plant and equipment		(583)	(892)
Write-off of trade receivables		–	(1,243)
Finance costs		(569)	(342)
Share of results of associates		<u>(993)</u>	<u>–</u>
<b>LOSS BEFORE TAX</b>		<b>(26,831)</b>	(14,204)
Income tax expense	4	<u>(319)</u>	<u>–</u>
<b>LOSS FOR THE YEAR FROM CONTINUING OPERATIONS</b>	5	<u><b>(27,150)</b></u>	<u>(14,204)</u>
<b>DISCONTINUED OPERATIONS</b>			
Loss for the year from discontinued operations	6	<u>(3,398)</u>	<u>(42,690)</u>
<b>LOSS FOR THE YEAR</b>		<u><b>(30,548)</b></u>	<u>(56,894)</u>

<i>Notes</i>	<b>2023</b> <b>HK\$'000</b>	2022 HK\$'000
<b>OTHER COMPREHENSIVE INCOME (EXPENSE)</b>		
<b>Items that may be reclassified to profit or loss:</b>		
Exchange differences on translation of foreign operations	67	(3,398)
Reclassification upon disposal of foreign operations	<u>3,398</u>	<u>–</u>
	<u>3,465</u>	<u>(3,398)</u>
<b>OTHER COMPREHENSIVE INCOME (EXPENSE) FOR THE YEAR, NET OF TAX</b>	<u>3,465</u>	<u>(3,398)</u>
<b>TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR</b>	<u>(27,083)</u>	<u>(60,292)</u>
<b>LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY:</b>		
– from continuing operations	(27,150)	(14,203)
– from discontinued operations	<u>(3,398)</u>	<u>(42,690)</u>
	<u>(30,548)</u>	<u>(56,893)</u>
<b>LOSS FOR THE YEAR ATTRIBUTABLE TO NON-CONTROLLING INTERESTS:</b>		
– from continuing operations	–	(1)
– from discontinued operations	<u>–</u>	<u>–</u>
	<u>–</u>	<u>(1)</u>
	<u>(30,548)</u>	<u>(56,894)</u>

	<i>Notes</i>	<b>2023</b> <b>HK\$'000</b>	2022 HK\$'000
<b>TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR ATTRIBUTABLE TO:</b>			
Owners of the Company		(27,083)	(60,291)
Non-controlling interests		<u>          –</u>	<u>          (1)</u>
		<b><u>(27,083)</u></b>	<b><u>(60,292)</u></b>
<b>TOTAL COMPREHENSIVE EXPENSE ATTRIBUTABLE TO OWNERS OF THE COMPANY:</b>			
– from continuing operations		(27,083)	(14,203)
– from discontinued operations		<u>          –</u>	<u>          (46,088)</u>
		<b><u>(27,083)</u></b>	<b><u>(60,291)</u></b>
<b>LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (HK cents)</b>			
– Basic and diluted (from continuing and discontinued operations)	8	(5.57)	(10.37)
– Basic and diluted (from continuing operations)		<b><u>(4.95)</u></b>	<b><u>(2.59)</u></b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	<i>Notes</i>	<b>2023</b> <b>HK\$'000</b>	2022 <i>HK\$'000</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>20,174</b>	3,487
Right-of-use assets		<b>5,481</b>	2,724
Loan receivables		<b>2,898</b>	30,000
Investments in associates		<b>185</b>	–
Deferred tax assets		<b>1,101</b>	–
<b>TOTAL NON-CURRENT ASSETS</b>		<b>29,839</b>	36,211
<b>CURRENT ASSETS</b>			
Loan and interest receivables	<i>9</i>	<b>23,848</b>	2,250
Trade receivables	<i>10</i>	<b>9,916</b>	3,503
Prepayments, deposits and other receivables	<i>11</i>	<b>3,288</b>	3,649
Cash and cash equivalents		<b>3,251</b>	9,522
		<b>40,303</b>	18,924
Assets classified as held for sale	<i>6</i>	–	54,581
<b>TOTAL CURRENT ASSETS</b>		<b>40,303</b>	73,505
<b>CURRENT LIABILITIES</b>			
Trade payables	<i>12</i>	<b>3,026</b>	476
Accruals and other payables	<i>13</i>	<b>6,851</b>	8,027
Lease liabilities		<b>2,220</b>	3,091
Tax payable		<b>3,636</b>	3,278
		<b>15,733</b>	14,872
Liabilities associated with assets classified as held for sale	<i>6</i>	–	17,581
<b>TOTAL CURRENT LIABILITIES</b>		<b>15,733</b>	32,453
<b>NET CURRENT ASSETS</b>		<b>24,570</b>	41,052
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>54,409</b>	77,263

	<i>Notes</i>	<b>2023</b> <b>HK\$'000</b>	2022 HK\$'000
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities		<b>3,468</b>	302
Deferred tax liabilities		<b>1,063</b>	–
		<u><b>4,531</b></u>	<u>302</u>
<b>NET ASSETS</b>		<u><b>49,878</b></u>	<u>76,961</u>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	<i>14</i>	<b>54,841</b>	54,841
Reserves		<b>(4,963)</b>	22,353
		<u><b>49,878</b></u>	<u>77,194</u>
<b>Non-controlling interests</b>		<u>–</u>	<u>(233)</u>
<b>TOTAL EQUITY</b>		<u><b>49,878</b></u>	<u>76,961</u>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*For the year ended 31 December 2023*

	Attributable to owners of the Company							Non- controlling interests	Total equity
	Issued capital	Share premium	Share- based payment reserve	Other reserve*	Exchange reserve	Accumulated losses	Sub-Total		
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 January 2022	54,838	422,524	10,989	(24,221)	26,930	(353,827)	137,233	(232)	137,001
Loss for the year	-	-	-	-	-	(56,893)	(56,893)	(1)	(56,894)
Other comprehensive expense for the year	-	-	-	-	(3,398)	-	(3,398)	-	(3,398)
Total comprehensive loss for the year	-	-	-	-	(3,398)	(56,893)	(60,291)	(1)	(60,292)
Equity-settled share-based payment expense	-	-	244	-	-	-	244	-	244
Lapse and cancellation of share options	-	-	(185)	-	-	185	-	-	-
Exercise of share options	3	9	(4)	-	-	-	8	-	8
At 31 December 2022	<u>54,841</u>	<u>422,533</u>	<u>11,044</u>	<u>(24,221)</u>	<u>23,532</u>	<u>(410,535)</u>	<u>77,194</u>	<u>(233)</u>	<u>76,961</u>
At 1 January 2023	54,841	422,533	11,044	(24,221)	23,532	(410,535)	77,194	(233)	76,961
Loss for the year	-	-	-	-	-	(30,548)	(30,548)	-	(30,548)
Other comprehensive income for the year	-	-	-	-	3,465	-	3,465	-	3,465
Total comprehensive income (loss) for the year	-	-	-	-	3,465	(30,548)	(27,083)	-	(27,083)
Transfer on disposal of subsidiaries (note)	-	-	-	-	(26,997)	26,764	(233)	233	-
At 31 December 2023	<u>54,841</u>	<u>422,533</u>	<u>11,044</u>	<u>(24,221)</u>	<u>-</u>	<u>(414,319)</u>	<u>49,878</u>	<u>-</u>	<u>49,878</u>

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2023*

## 1. GENERAL INFORMATION

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

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

As at 31 December 2021, the Company’s immediate holding company was BIT Mining Limited (formerly known as 500.com Limited), which is a company incorporated in the Cayman Islands with its shares listed on the New York Stock Exchange (Stock Code: BTCM).

On 25 July 2022, Manful Kingdom Limited, a company incorporated in Hong Kong with limited liability and beneficially owned as to 35% by Mr. Fu Jiepin, as to 55% by Ms. Mak Lam (of which, 25% is held by Ms. Mak Lam on trust as a nominee for Mr. Li Hongbin), as to 5% by Ms. Liang Yun and as to 5% by Mr. Liu Weihong, has purchased 279,673,200 shares of the Company, representing approximately 51% of the entire issued share capital of the Company from BIT Mining Limited, accordingly, Manful Kingdom Limited has become the immediate holding company of the Company.

During the year ended 31 December 2023, the functional currency of the Company was changed from Renminbi (“**RMB**”) to Hong Kong dollars (“**HK\$**”) as there was no longer any revenues of the Group generated in the People’s Republic of China (the “**PRC**”) due to the suspension from power supply for the data centres in the PRC. Accordingly, the directors of the Company have determined that HK\$ better reflects the economic substance of the Company and its business activity as an investment holding company primarily holding subsidiaries with primary economic environment in Hong Kong for the years ended 31 December 2022 and 2023. Accordingly, the functional currency of the Company was changed prospectively from 1 January 2022. This change in functional currency of the Company did not result in material impact on the consolidated financial statements of the Group.



## 2. APPLICATION OF AMENDMENTS HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

### New and amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform-Pillar Two model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

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

### ***Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies***

The Group has applied the amendments for the first time in the current year. HKAS 1 *Presentation of Financial Statements* is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 *Making Materiality Judgements* (the “**Practice Statement**”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group’s financial positions and performance but has affected the disclosure of the Group’s major accounting policies set out in this Note below.

In accordance with the guidance set out in the amendments, accounting policy information that is standardised information, or information that only duplicates or summarises the requirements of the HFRSs, is considered immaterial accounting policy information and is no longer disclosed in the notes to the consolidated financial statements so as not to obscure the material accounting policy information disclosed in the notes to the consolidated financial statements.

### Amendments to HKFRSs in issue but not yet effective

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

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>1</sup>
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback <sup>2</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>2</sup>
Amendments to HKAS 1	Non-current Liabilities with Covenants <sup>2</sup>
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements <sup>2</sup>
Amendments to HKAS 21	Lack of Exchangeability <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2024.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2025.

The directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

### 3. REVENUE

	<b>2023</b>	2022
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
<b>Continuing operations</b>		
Provision of big data centre services	<u>22,037</u>	<u>26,550</u>
Revenue from contracts with customers		
– recognised on point in time basis	22,037	26,550
Interest income from money lending business	<u>3,150</u>	<u>3,000</u>
	<u><b>25,187</b></u>	<u>29,550</u>
Disaggregated by geographical location of customers:		
Hong Kong	21,151	29,550
United States of America (“USA”)	<u>4,036</u>	<u>–</u>
	<u><b>25,187</b></u>	<u>29,550</u>

## Provision of big data centre services

During the year ended 31 December 2023, the Group operated big data centres (the “Big Data Centres”), providing storage, electricity and related services in relation to data machines of customers placed in the data centres, in Hong Kong and USA (2022: Hong Kong) and charging the customers for these services based on the electricity consumptions of their data machines.

Following the decline in crypto market in Hong Kong, the Group has decided to expand its business overseas. To concentrate on its overseas market expansion, the Group has entered into an agreement with an independent third party (“Party A”) during the year ended 31 December 2023 to locate potential customers for the Big Data Centres in Hong Kong. Under the agreement, the Group received a fixed monthly fee from Party A for the provision of the data centre services to the customers of Party A, which includes a predetermined level of electricity consumptions of the data machines placed in the Group’s Big Data Centres in Hong Kong. When the level of electricity consumptions exceeds the predetermined level, additional service fee is charged by the Group on Party A based on the exceeded electricity consumptions. No such additional service fee was recognised by the Group for the year ended 31 December 2023.

Revenue is measured at the amounts billed to the customers which are based on meter readings, and is recognised on a point in time basis. After the rendering of the big data centre services, there is no unfulfilled obligation that could affect the customer’s acceptance of the service.

## 4. INCOME TAX EXPENSE

	<b>2023</b> <b>HK\$’000</b>	2022 HK\$’000
Current tax		
Hong Kong	<b>357</b>	–
Deferred tax		
Current year	<u>(38)</u>	–
	<b><u>319</u></b>	<b><u>–</u></b>

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

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

No provision for USA profits tax has been made as the USA subsidiary did not generate any assessable profits arising in USA.

## 5. LOSS FOR THE YEAR

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

	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
<b>Continuing operations</b>		
Auditors' remuneration	<b>908</b>	880
Cost of sales and services rendered ( <i>note i</i> )	<b>9,436</b>	18,017
Staff costs (including directors' remuneration):		
Salaries and other benefits	<b>7,910</b>	7,391
Bonus	<b>150</b>	–
Pension scheme contributions	<b>271</b>	163
Equity-settled share option expense	<b>–</b>	244
	<b>8,331</b>	7,798
Depreciation of property, plant and equipment	<b>2,954</b>	7,957
Depreciation of right-of-use assets	<b>3,883</b>	2,182
Loss on disposal of property, plant and equipment	<b>583</b>	892
Impairment of property, plant and equipment ( <i>note ii</i> )	<b>–</b>	5,256
Write-off of trade receivables	<b>–</b>	1,243

*Notes:*

- (i) Cost of sales and services rendered mainly included cost of electricity amounting to HK\$3,174,000 (2022: HK\$12,601,000).
- (ii) Due to the political turmoil and power outages in Kazakhstan during the year ended 31 December 2022, the Group's data processors in Kazakhstan were unable to be used during the year. The management of the Company therefore had made full impairment on these assets.

## 6. DISCONTINUED OPERATIONS/DISPOSAL GROUP HELD FOR SALE

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

As the directors of the Company were committed to the disposal plan to sell the Discontinued Operations, accordingly, the Discontinued Operations have been classified as a disposal group held for sale as at 31 December 2022, and the assets and liabilities of the Discontinued Operations were presented separately in the consolidated statement of financial position as assets and liabilities classified as held for sale in current assets and current liabilities respectively.

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

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

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

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

	<b>2023</b> <b>HK\$'000</b>	2022 <i>HK\$'000</i>
<b>REVENUE</b>	–	–
Cost of sales and services rendered	–	(5,714)
<b>Gross loss</b>	–	(5,714)
Interest income	–	150
Other income and gains	–	319
Administrative expenses	–	(13,385)
Impairment of property, plant and equipment	–	(713)
Impairment of other receivables	–	(18,697)
Other expenses	–	(274)
Share of results of associates	–	84
<b>LOSS BEFORE TAX</b>	–	(38,230)
Income tax credit	–	–
<b>LOSS AFTER TAX</b>	–	(38,230)
Loss on remeasurement of disposal group to fair value less costs to sell	–	(4,460)
Loss recognised upon disposal due to reclassification of cumulative translation reserve	<b>(3,398)</b>	–
<b>LOSS FOR THE YEAR</b>	<b>(3,398)</b>	(42,690)

Loss for the year from discontinued operations includes the following:

	<b>2023</b> <b>HK\$'000</b>	2022 <i>HK\$'000</i>
Auditors' remuneration	–	–
Depreciation of property, plant and equipment	–	6,669

During the year ended 31 December 2023, the discontinued Big Data Centre Services in the PRC had no cash inflow or outflow in any of the operating (2022: net outflow of HK\$2.7 million), investing (2022: nil) or financing (2022: outflow of HK\$0.03 million) activities.

The major classes of assets and liabilities of the Big Data Centre Services in the PRC as at 31 December 2022, which had been presented separately in the consolidated statement of financial position, are as follows:

	2022 <i>HK\$'000</i>
Property, plant and equipment	10,859
Investment in associates	3,500
Trade receivables	239
Prepayments, deposits and other receivables	15,170
Cash and cash equivalents	<u>24,813</u>
Assets classified as held for sale	<u><u>54,581</u></u>
Trade payables	876
Accruals and other payables	<u>16,705</u>
Liabilities associated with assets classified as held for sale	<u><u>17,581</u></u>

#### 7. DIVIDEND

The Directors do not recommend the payment of any dividend for each of the years ended 31 December 2023 and 2022.

#### 8. LOSS PER SHARE

##### **From continuing operations**

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

No adjustment has been made to the basic loss per share amounts presented for the years ended 31 December 2023 and 2022 in respect of the impact of the share options outstanding as these options had an anti-dilutive effect on the basic loss per share amounts presented.

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

	<b>2023</b> <b>HK\$'000</b>	2022 HK\$'000
<i>Loss</i>		
Loss for the year attributable to owners of the Company	<b>(30,548)</b>	(56,893)
Less: loss for the year from discontinued operations attributable to owners of the Company	<u>3,398</u>	<u>42,690</u>
Loss for the purposes of calculating basic and diluted loss per share from continuing operations	<u><b>(27,150)</b></u>	<u>(14,203)</u>
	<b>2023</b> <b>'000</b>	2022 '000
<i>Number of shares</i>		
Weighted average number of ordinary shares in issue during the year for the purposes of the basic and diluted loss per share	<u><b>548,409</b></u>	<u>548,385</u>

#### **From continuing and discontinued operations**

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

	<b>2023</b> <b>HK\$'000</b>	2022 HK\$'000
Loss for the year attributable to owners of the Company for the purpose of basic loss per share	<u><b>(30,548)</b></u>	<u>(56,893)</u>

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

#### **From discontinued operations**

For the year ended 31 December 2023, basic and diluted loss per share for the discontinued operation is HK\$0.62 cents (2022: HK\$7.78 cents) per share, based on the loss for the year attributable to owners of the Company from the discontinued operations of HK\$3,398,000 (2022: HK\$42,690,000) and the denominators used are the same as those detailed above for basic and diluted loss per share from continuing operations.



## 9. LOAN AND INTEREST RECEIVABLES

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Fixed-rate loan receivables	33,000	30,000
Interest receivables	<u>2,400</u>	<u>2,250</u>
	<b>35,400</b>	32,250
Less: Impairment allowance	<u>(8,654)</u>	<u>–</u>
	<b>26,746</b>	32,250
Analysed as:		
Current portion	23,848	2,250
Non-Current portion	<u>2,898</u>	<u>30,000</u>
	<u><b>26,746</b></u>	<u>32,250</u>

The Group recognised impairment allowance of HK\$8,654,000 (2022: nil) on loan and interest receivables for the current year.

## 10. TRADE RECEIVABLES

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade receivables – contracts with customers	13,036	3,503
Less: Allowance for credit losses	<u>(3,120)</u>	<u>(97)</u>
	<u><b>9,916</b></u>	<u>3,406</u>

As at 1 January 2022, trade receivables from contracts with customers amounted to HK\$10,125,000.

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

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within 30 days	4,323	3,406
31 days to 90 days	799	–
91 days to 180 days	3,595	–
181 days to 365 days	<u>1,199</u>	<u>–</u>
	<u><b>9,916</b></u>	<u>3,406</u>

Reconciliation of allowance for credit losses for trade receivables:

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
At 1 January	97	837
Reclassified as held for sale	–	(837)
Increase in allowance for credit losses for the year	<u>3,023</u>	<u>97</u>
At 31 December	<u><u>3,120</u></u>	<u><u>97</u></u>

The Group's trading terms with its customers are usually on credit, however, in some instances, payment in advance is required. The credit period is generally 7 to 30 days from invoice date (2022: 30 days invoice date). Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances.

As at 31 December 2023, included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK\$5,593,000 (2022: nil) which are past due as at the reporting date. Out of the past due balances, HK\$4,794,000 (2022: nil) has been past due 90 days or more and HK\$3,023,000 of impairment loss was recognised since there is significant increase in credit risk. The entire gross carrying amount of trade receivables of HK\$13,036,000 has been settled subsequently.

**11. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES**

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Other receivables, net of allowance for credit losses	145	73
Other deposits	2,705	3,016
Prepayments	<u>438</u>	<u>560</u>
	<u><u>3,288</u></u>	<u><u>3,649</u></u>

**12. TRADE PAYABLES**

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

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within 30 days	<u><u>3,026</u></u>	<u><u>476</u></u>

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

### 13. ACCRUALS AND OTHER PAYABLES

	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
Other payables	<b>2,824</b>	626
Amount due to an associate ( <i>note 1</i> )	<b>118</b>	–
Amount due to a shareholder of a joint venture ( <i>note 2</i> )	<b>2,334</b>	2,334
Deposit received in relation to the Disposal ( <i>note 3</i> )	–	4,160
Accruals	<u><b>1,575</b></u>	<u>907</u>
	<u><b>6,851</b></u>	<u>8,027</u>

*Notes:*

1. Amount due to an associate is interest free, unsecured and repayable on demand.
2. Amount due to a shareholder of a joint venture is interest free, unsecured and repayable on demand.
3. Amount represented the deposit received from the purchaser in relation to the Disposal as disclosed in Note 6.

## 14. SHARE CAPITAL

	<b>2023</b> <b>HK\$'000</b>	2022 <i>HK\$'000</i>
Authorised		
2,000,000,000 ordinary shares of HK\$0.1 each	<u><b>200,000</b></u>	<u>200,000</u>
	<b>2023</b> <b>HK\$'000</b>	2022 <i>HK\$'000</i>
Issued and fully paid:		
548,408,822 ordinary shares of HK\$0.1 each	<u><b>54,841</b></u>	<u>54,841</u>

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

	<b>Number of shares in issue</b>	<b>Share Capital</b> <i>HK\$'000</i>
At 1 January 2022	548,378,822	54,838
Exercise of share options	<u>30,000</u>	<u>3</u>
At 31 December 2022 and 2023	<u><b>548,408,822</b></u>	<u><b>54,841</b></u>

By an ordinary resolution passed by the shareholders of the Company on 26 March 2021, the authorised share capital of the Company was increased from HK\$55,000,000 to HK\$65,000,000 by the creation of 100,000,000 additional shares of the Company of HK\$0.1 each, such new shares rank pari passu in all respects with the existing shares of the Company.

By an ordinary resolution passed by the shareholders of the Company on 28 December 2022, the authorised share capital of the Company was increased from HK\$65,000,000 divided into 650,000,000 shares of the Company of HK\$0.1 each to HK\$200,000,000 divided into 2,000,000,000 shares by the creation of an additional 1,350,000,000 shares, such new shares rank pari passu in all respects with the existing shares of the Company.

## **CHAIRMAN'S STATEMENT**

Dear Shareholders,

In the face of ongoing industry transformations, we have navigated through a challenging year. On behalf of the Board, I am pleased to present to you the results of the Group for the Year.

The cryptocurrency industry continued its trajectory of growth and innovation in 2023. With increasing mainstream adoption and institutional interest, cryptocurrencies gained further credibility as legitimate assets. The Group remained at the forefront of this evolution, contributing to the security and decentralisation of various blockchain networks through providing services for mining activities.

### **Cryptocurrency Mining Market**

The cryptocurrency mining market in 2023 witnessed both challenges and opportunities. Despite regulatory uncertainties and fluctuations in market prices, the Group navigated through these hurdles with resilience and adaptability. We continued to optimise our big data centres for mining operations, leveraging the latest technologies and strategies to enhance efficiency and maintain competitiveness in the market.

After the Group completed the disposal of relevant companies and ceased the operations of the big data centres in mainland China, the Group continued to consolidate its business in the infrastructure aspect of the crypto asset industry. On the one hand, we continued to maintain the business of the existing big data centre and introduced customers with low energy prices relative to the mining costs according to the characteristics of Hong Kong, so as to stay resilience on the relative quiet period on crypto industry especially on the first half of 2023. On the other hand, we developed our business in Indiana, the USA, where electricity prices and rents are relatively low and industry policies are stable. During the Year, we invested in the construction of our first big data centre in Indiana, the USA in less than six months and commissioned it, and approximately 90% of the capacity has been sold so far and it has been in stable operation for three months.

Looking ahead, we remain optimistic about the future of the cryptocurrency mining industry. As the ecosystem matures and evolves, we anticipate greater efficiency and sustainability in mining operations.

## **Blockchain and Web3 Applications Market in 2023**

The year 2023 saw a proliferation of blockchain and Web3 applications across diverse sectors. From decentralised finance (DeFi) platforms and decentralised autonomous organisations (DAOs), the potential of blockchain technology continued to expand. Our commitment to supporting the development of these applications remained unwavering, as we recognised their transformative impact on industries ranging from finance to supply chain management. The blockchain and Web3 applications hold enormous potential to revolutionize various aspects of our society and economy. We will collaborate with industry partners and innovators to harness the potential of blockchain technology, thereby paving the way for the next era of the internet.

### **In Appreciation**

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

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

**Li Hongbin**  
*Chairman*

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

The Group is principally engaged in (i) the provision of storage, electricity and related services (the “**Big Data Centre Services**”) and (ii) money lending business in Hong Kong (the “**Money Lending Business**”).

#### **Big Data Centre Services**

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

The big data centre in Hong Kong (the “**HK Data Centre**”), with a maximum processing capacity of approximately 1,400 kilowatts (“**kW**”), commenced business in November 2021 (the “**Continued Operations**”) generated a revenue of approximately HK\$18.0 million.

During the Year, the construction of big data centre in the USA (the “**USA Data Centre**”) was completed. With an area of 5 acres and a maximum processing capacity of approximately 11 megawatts (“**MW**”), the USA Data Centre commenced business in December 2023 and generated a revenue of approximately HK\$4.0 million for the Year.

As disclosed in the announcements of the Company dated 3 January 2023, 11 January 2023 and 7 February 2023, and in the circular of the Company dated 28 February 2023, the Group disposed the entire equity interests of Brighten Express Limited, the then wholly-owned subsidiary of the Company, and its subsidiaries (collectively, the “**Disposal Group**”) on 11 January 2023 (the “**Disposal**”). The Disposal Group was principally engaged in the operation of three big data centres in Sichuan Province, the People’s Republic of China (the “**PRC**”). To comply with the relevant PRC laws and regulations, all said big data centres in the Sichuan Province ceased operation before 2022 and generated no revenue since June 2021.

During the Year, the Big Data Centre Services generated a revenue of approximately HK\$22.0 million, representing a decrease of approximately HK\$4.6 million as compared to the corresponding period in 2022, which was primarily due to the volatility of cryptocurrency industry and the supply chain problem.

## Money Lending Business

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

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

As at 31 December 2023, provision of approximately HK\$8.7 million was made on the Loan due to the reducing value in the valuation of pledged asset.

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

As at 31 December 2023, no substantial changes on the 2nd Loan were detected in the credit status and credentials of the Group's loan and interest receivables. Therefore, no significant impairment losses were identified for the Year in question.

During the Year, the Money Lending Business generated a revenue of approximately HK\$3.2 million.

### Internal control procedures

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

#### **1. Credit risk assessment**

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



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

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

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

## **2. Credit approval**

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

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

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

- a. Regarding the clients who have borrowed money, the financial department establishes a separate sub-account for each client in its loan register, which includes updated information such as the principal loan amount, repayment schedule for principal and interest, and repayment records. These records undergo review and approval by the financial controller and the chief executive officer.
- b. Upon receipt of clients' repayments, the financial department is responsible for verifying the repayment amount against the repayment schedule. If any discrepancy is identified, the TMLCT will be notified to follow up with the relevant client.
- c. To mitigate the Group's credit risk exposure, the management and the TMLCT perform quarterly reviews to monitor loan collection and recoverability, identify potential risks and issues, and develop mitigating measures.

- d. In the event of a default by a client, the financial department will issue an overdue notice to the defaulting client and report the case to the management and the TMLCT. The TMLCT will closely monitor the situation by reviewing the reasons for the default, assessing the loan's recoverability, and directing appropriate action on a case-by-case basis. If the overdue persists after the issuance of the overdue notice, the TMLCT may instruct its legal representative to issue demand letters to the defaulting clients, including a final warning. If warranted, the TMLCT may consider initiating legal action against the defaulting client after seeking legal advice.

## **FINANCIAL REVIEW**

The Group is engaged in two operating segments which are (1) Big Data Centre Services and (2) Money Lending Business. The Group recorded a total revenue of approximately HK\$25.2 million during the Year (2022: HK\$29.6 million), representing a decrease of HK\$4.4 million, which comprised the following:

### **(1) Big Data Centre Services**

Revenue contributed by the Big Data Centre Services amounted to approximately HK\$22.0 million for the Year, representing a decrease of HK\$4.6 million as compared to the corresponding year in 2022 (2022: HK\$26.6 million).

### **(2) Money Lending Business**

Revenue generated from the Money Lending Business amounted to approximately HK\$3.2 million for the Year, representing an increase of HK\$0.2 million as compared to the corresponding year in 2022 (2022: HK\$3.0 million).

## ***Operating Results***

The Group recorded a loss of approximately HK\$30.5 million for the Year, representing a decrease of HK\$26.4 million or 46.4% as compared to a loss of HK\$56.9 million for the corresponding period in 2022, which was mainly attributable to the combined effect of:

- (i) increase in gross profit of approximately HK\$4.2 million of the Big Data Centre Services owing to the lower usage of electricity by customers affected by the volatility of cryptocurrency industry and the supply chain problem during the Year;

- (ii) decrease in the provision of impairment of fixed assets of approximately HK\$5.3 million which was mainly due to the provision made for the idle data processors in Kazakhstan in 2022;
- (iii) decrease in staff cost of approximately HK\$0.9 million attributable to the reduction of staff benefit of senior management for cost saving;
- (iv) decrease in the loss of approximately HK\$39.3 million from the Disposal;
- (v) offset by the increase in provision of approximately HK\$11.7 million under expected credit loss model on trade receivables, loan receivables and other receivables;
- (vi) offset by the increase in the consultant fee of approximately HK\$6.8 million which was due to the construction of big data centre by Your Choice Investment Inc. (“YCI”), an indirect wholly owned subsidiary of the Company;
- (vii) offset by the decrease of other income and gains of approximately HK\$3.1 million due to the forfeiture of deposit, rent concession and government’s wage subsidies in 2022; and
- (viii) offset by the increase in the loss of approximately HK\$1.0 million from an associate.

## **MATERIAL ACQUISITION AND DISPOSAL AND SIGNIFICANT INVESTMENTS**

### **(1) The Disposal**

The Company entered into a sales and purchase agreement with an independent third party to dispose the entire equity interests of Brighten Express Limited and its subsidiaries at a consideration of HK\$37,000,000 on 3 January 2023. All conditions precedent under the sales and purchase agreement had been fulfilled and the Disposal took place on 11 January 2023 accordingly. Details about the Disposal have been disclosed in the Company’s announcements dated 3 January 2023, 11 January 2023 and 7 February 2023, and in the Company’s circular dated 28 February 2023.

## **(2) Termination and lapse of a major transaction (the “Acquisition”)**

On 16 March 2023, the Company (as the purchaser) entered into a sales and purchase agreement with independent third parties (as the sellers) to purchase 55% equity interest in Your Choice Ever Best, Inc. (“**Your Choice**”), a company incorporated in the state of Delaware of the USA with limited liability and the loans borrowed by Your Choice due to the sellers at a consideration of US\$4,311,913 (equivalent to approximately HK\$33,848,515). The consideration shall be settled by the Company issuing and allotting 80,591,701 of the Company’s shares at the issue price of HK\$0.42 to the sellers upon completion. Your Choice is principally engaged in the operation of the big data centre in the USA. As certain conditions precedent under the sales and purchase agreement were not satisfied (or waived) by the expiry of the extended long stop date of 31 December 2023 pursuant to the sales and purchase agreement, the sales and purchase agreement was automatically terminated. Details about the Acquisition and the conditions precedent under the Acquisition have been disclosed in the Company’s announcements dated 16 March 2023, 25 April 2023, 31 May 2023, 30 June 2023, 30 August 2023 and 1 January 2024.

## **(3) Capital injection in Cyberflow**

On 3 March 2023, the Group invested US\$150,000 (approximately HK\$1,177,500) in Cyberflow Digital Inc. (“**Cyberflow**”), a company incorporated in the state of Delaware of the USA. Immediately after the completion of the capital injection, the Group holds 30% equity interest in Cyberflow, which is principally engaged in developing and operating mobile applications and communication platforms in Web3.0.

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

## **ADDITION TO PROPERTY, PLANT AND EQUIPMENT**

During the Year, the Group increased HK\$18,201,000 on machinery and equipment and HK\$2,310,000 on leasehold improvement for new big data centre in the USA.

## LOAN RECEIVABLES

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

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

As at 31 December 2023, provision of approximately HK\$8.7 million was made on the Loan due to the reducing value in the valuation of pledged asset.

On 6 July 2023, the Group entered into the 2nd Loan Agreement with an independent third party, Victoria Yachting Management Co., Limited (the "**2nd Borrower**"), in the principal amount of HK\$3 million at an interest rate of 10% per annum for a term of 24 months. The repayment of the 2nd Loan was guaranteed by a director and the sole beneficial owner of the 2nd Borrower. Interests for the first 12 months shall be repaid in the first year and the principal amount and interests for the next 12 months shall have been repaid on or before 5 July 2025.

As at 31 December 2023, no substantial changes on the 2nd Loan were detected in the credit status and credentials of the Group's loan and interest receivables. Therefore, no significant impairment losses were identified for the Year in question.

## **LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

The Group continues to manage its balance sheet carefully and maintains conservative policies in cash and financial management. As at 31 December 2023, the Group's cash and bank balances (including bank deposits with original maturity over three months) amounted to HK\$3.3 million for continuing operations (2022: HK\$9.5 million for continuing operations), representing a decrease of HK\$6.2 million as compared to that as at 31 December 2022. As at 31 December 2023, about 54.2% (2022: 0.3%) and 45.8% (2022: 99.7%) of the cash and cash equivalents were denominated in United States dollars (“USD” or “US\$”) and Hong Kong dollars (“HKD” or “HK\$”) respectively. The decrease in cash and bank balances was mainly due to the expenses and addition of property, plant and equipment in USA.

As at 31 December 2023, the Group's current assets exceeded its current liabilities by HK\$24.6 million (2022: HK\$41.1 million). The Group had a capital surplus of HK\$49.9 million as at 31 December 2023 (2022: HK\$77.0 million).

The Group had no bank borrowings in 2023 (2022: Nil) and generally finances its operations with internal resources.

## **OUTLOOK**

In response to the “Policy Statement on the Development of Virtual Assets in Hong Kong” released by The Hong Kong Finance and Treasury Bureau, the Company has been performing research on the technology of blockchain, the technological application of Web3.0 and the business models of support platforms. The Company also recruited certain talents in blockchain related technology. Going forward, the Company would devote resources into the research and development of blockchain technology and the technological application of Web3.0, with an aim to provide blockchain related application services. In order to achieve a balance of opportunities and risk management, the Company would adhere and follow all rules and regulations in relation to the sectors of blockchain and Web3.0.

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

The Company continuously commits to the development of big data centres in line with the Group's overall development strategy in order to seize opportunities to meet market demand and expand our big data centre business. The Company will expand the existing businesses of the Group through, among others, the development of big data centre(s) in the overseas markets including, but not limited to, the North America and Southeast Asia regions.

During the Year, the Company entered an agreement with an independent third party to locate potential customers to have their data machines placed in the data centre in Hong Kong due to the management in need of spending resources to explore the overseas market, especially the construction of new data centre in the USA. In December 2023, the operation of data centre in the USA was completed and commenced business.

### **CHARGES ON GROUP ASSETS**

None of the Group's assets were pledged as at 31 December 2023 and 2022.

### **EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES**

As at 31 December 2023 and 2022, all assets and liabilities of the Group were denominated in USD, HKD and RMB. During the Year, the business activities of the Group were mainly denominated in HKD and USD. Since the impact of foreign exchange exposure has been insignificant, no hedging or other alternatives have been implemented.

### **STAFF AND REMUNERATION POLICY**

As at 31 December 2023, the Group had a total of 18 employees (2022: 10). For the year ended 31 December 2023, total Directors' emoluments were approximately HK\$2 million (2022: HK\$3.7 million), including nil non-cash share-based payments to the Directors in 2023 (2022: HK\$0.2 million). The Group continues to provide remuneration packages to employees that are in line with market practices and past performance. The Group also provides employees with other benefits such as mandatory provident fund, medical insurance scheme, staff training programs and share option schemes.

### **CAPITAL COMMITMENT AND CONTINGENT LIABILITIES**

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

	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
Property, plant and equipment contracted, but not provided for	<u>                    —</u>	<u>                    —</u>

### **IMPORTANT EVENTS AFTER THE FINANCIAL YEAR**

There have been no important events significantly affecting the Group that have occurred since the end of the financial year.



## **CORPORATE GOVERNANCE**

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

Under the code provision D.1.2 of the CG Code, the management of the Company should provide all members of the Board with monthly updates to enable the Board as a whole and each Director to discharge their duties. Although the management of the Company has not provided the Board with monthly updates during the Year, the Company has based on business situation, provided the Board, from time to time, with updated business information giving a balanced and understandable assessment of the Company's performance, position and prospectus in sufficient detail to enable the Board as a whole and each Director to discharge their duties under rule 5.01 and Chapter 17 of the GEM Listing Rules.

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

## **SECURITIES DEALINGS BY DIRECTORS AND EMPLOYEES**

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

## **AUDIT COMMITTEE**

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

The annual results and the audited consolidated financial statements of the Group for the year ended 31 December 2023 have been reviewed by the Audit Committee.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

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

## **CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING**

The annual general meeting of the Company is scheduled to be held on Friday, 10 May 2024. For determining the entitlement to attend and vote at the annual general meeting, the register of members of the Company will be closed from Tuesday, 7 May 2024 to Friday, 10 May 2024 (both days inclusive), during which period no share transfers will be registered. In order to be eligible to attend and vote at the above annual general meeting, all transfer forms accompanied by relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Monday, 6 May 2024.

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

## **SCOPE OF WORK OF MOORE CPA LIMITED (FORMERLY KNOWN AS MOORE STEPHENS CPA LIMITED) ON THIS PRELIMINARY ANNOUNCEMENT**

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

## **PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This results announcement is published on the Company's website at [www.cryptoflowhk.com](http://www.cryptoflowhk.com) and the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk). The annual report for the year ended 31 December 2023 will be available on the above websites and disseminated to the Shareholders in due course.

By order of the Board  
**Crypto Flow Technology Limited**  
**Huang Yibin**  
*Chief Executive Officer and Executive Director*

Hong Kong, 27 March 2024

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

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