International Business Digital Technology Limited
國際商業數字技術有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1782)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

FINANCIAL HIGHLIGHTS

During the year ended 31 December 2023, the operations and business of the Group have recorded the following changes when compared with those for the year ended 31 December 2022.

- Revenue for the year ended 31 December 2023 amounted to approximately RMB120,205,000, representing an increase of approximately 15.8% from approximately RMB103,767,000 for the year ended 31 December 2022.
- Loss attributable to owners of the Company for the year ended 31 December 2023 amounted to approximately RMB47,155,000, as compared to the loss attributable to owners of the Company for the year ended 31 December 2022 of approximately RMB11,929,000.
- Basic loss per share for the year ended 31 December 2023 was approximately RMB7.05 cents (for the year ended 31 December 2022: basic loss per share was approximately RMB1.85 cents).
- The Board does not recommend the payment of a final dividend for the year ended 31 December 2023 (final dividend for the year ended 31 December 2022: nil).

The board (the "**Board**") of directors (the "**Directors**") of International Business Digital Technology Limited (the "**Company**") announced the consolidated financial results of the Company and its subsidiaries (collectively, the "**Group**" or "**We**") for the year ended 31 December 2023 together with the audited comparative figures for the year ended 31 December 2022 as follow:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2023

	Notes	**2023**	2022
		RMB'000	*RMB'000*
REVENUE	*4*	**120,205**	103,767
Cost of sales		**(65,060)**	(55,715)
Gross profit		**55,145**	48,052
Other income and gains	*4*	**9,326**	12,677
Selling and distribution expenses		**(29,173)**	(14,224)
Research and development costs		**(38,922)**	(36,592)
Administrative expenses		**(43,304)**	(24,310)
Impairment losses on financial and contract assets, net	*5*	**(572)**	(243)
Other expenses		**(87)**	(16)
Finance costs	*6*	**(367)**	(357)
LOSS BEFORE TAX	*5*	**(47,954)**	(15,013)
Income tax credit	*8*	**641**	888
LOSS FOR THE YEAR		**(47,313)**	(14,125)
OTHER COMPREHENSIVE LOSS		**–**	–
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(47,313)**	(14,125)
Attributable to:			
Owners of the parent		**(47,155)**	(11,929)
Non-controlling interest		**(158)**	(2,196)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*10*		
Basic and Diluted			
– For loss for the year (in RMB cents)		**(7.05)**	(1.85)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2023

	Notes	**2023** **RMB'000**	2022 RMB'000
NON-CURRENT ASSETS			
Property and equipment		**2,749**	789
Right-of-use assets		**4,296**	2,919
Other intangible assets		**21,535**	10,169
Contract assets	*12*	**3,341**	1,998
Long term deposits		**64**	45
Deferred tax assets		**896**	–
Restricted cash		**647**	129
Total non-current assets		**33,528**	16,049
CURRENT ASSETS			
Inventories		**5,989**	4,531
Trade and bills receivables	*11*	**12,844**	25,862
Contract assets	*12*	**96,059**	99,342
Prepayments, other receivables and other asset		**14,365**	7,889
Pledged time deposits		**4,200**	4,200
Restricted cash		**252**	133
Cash and cash equivalents		**122,620**	171,366
Total current assets		**256,329**	313,323
CURRENT LIABILITIES			
Trade payables	*13*	**9,819**	2,687
Other payables and accruals		**23,518**	23,933
Interest-bearing bank borrowings		**10,000**	10,000
Lease liabilities		**3,948**	1,499
Total current liabilities		**47,285**	38,119
NET CURRENT ASSETS		**209,044**	275,204
TOTAL ASSETS LESS CURRENT LIABILITIES		**242,572**	291,253

	Notes	**2023** *RMB'000*	2022 *RMB'000*
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**429**	689
Other payables and accruals		**–**	30
Lease liabilities		**81**	1,159
Total non-current liabilities		**510**	1,878
Net assets		**242,062**	289,375
EQUITY			
Share capital		**6,686**	6,686
Reserves		**235,933**	283,088
		242,619	289,774
Non-controlling interests		**(557)**	(399)
Total equity		**242,062**	289,375

1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands on 10 November 2015 as an exempted company with limited liability under the Companies Law (2013 Revision) of the Cayman Islands. The address of the registered office of the Company is Windward 3, Regatta Office Park PO Box 1350, Grand Cayman KY1-1108 Cayman Islands. The shares of the Company were listed on GEM of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 15 December 2016.

The Company has successfully transferred listing from GEM to the Main Board of the Stock Exchange on 29 November 2018 (the "**Listing Date**").

The Company is an investment holding company. Currently, the business of the Group consists of two sectors. The first sector is a new business market under exploration for the Central Bank Digital Currencies ("**CBDC**") network system by utilising cutting-edge digital technology. The second sector is to provide Application Performance Management ("**APM**") products and service solutions to telecommunication operators and large enterprises in Chinese Mainland (the "**PRC**" or "**China**").

The CBDC business under exploration is to provide the target customers with integrated systems, including primarily: (1) software development services; (2) technical services; and (3) sales of hardware.

The business of providing APM products and service solutions for telecommunication operators and large enterprises includes (1) integrated APM system solutions; (2) software development services; (3) technical services; and (4) sales of embedded hardware and standard APM software.

2.1 BASIS OF PRESENTATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all 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 disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. These financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

HKFRS 17	*Insurance Contracts*
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*
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*

The nature and the impact of the new and revised HKFRSs that are applicable to the Group are described below:

(a) Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. 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. Amendments to HKFRS Practice Statement 2 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.

(b) Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.

(c) Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions.

    Upon the application of the amendments, the Group has determined the temporary differences arising from right-of-use assets and lease liabilities. However, they did not have any material impact on the overall deferred tax balances presented in the consolidated statement of financial position as the related deferred tax balances qualified for offsetting under HKAS 12.

(d) Amendments to HKAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

3. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the provision of APM solutions in Mainland China.

Under HKFRS 8 *Operating Segments,* it is required that operating segments be identified on the basis of internal reporting about components of the Group that are regularly reviewed by the chief operating decision-maker in order to allocate resources to segments and to assess their performance. The information reported to the directors of the Company, who are the chief operating decision-makers, for the purpose of resource allocation and assessment of performance does not contain discrete operating segment financial information and the directors reviewed the financial results of the Group as a whole. Therefore, no further information about the operating segment is presented.

Geographical information

(a) Revenue from external customers

	2023	2022
	RMB'000	*RMB'000*
Chinese Mainland	**119,223**	102,483
Taiwan	**846**	481
Hong Kong	**136**	803
	120,205	103,767

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	2023	2022
	RMB'000	*RMB'000*
Chinese Mainland	**32,880**	16,049
Hong Kong	**648**	–
	33,528	16,049

The non-current asset information of continuing operations above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

Information about major customers

Revenue of approximately RMB100,790,000 (2022: RMB71,691,000) was derived from sales to a single state-owned telecommunication operator group, including sales to a group of entities which are known to be under common control with that group.

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2023	2022
	RMB'000	*RMB'000*
Revenue from contracts with customers	**120,205**	103,767

Revenue from contracts with customers

(a) Disaggregated revenue information

	2023	2022
	RMB'000	*RMB'000*
Types of goods services		
Integrated APM system solutions	**48,723**	44,627
Software development services	**50,974**	27,714
Technical services	**15,031**	14,051
Sales of embedded hardware and standard APM software	**5,477**	17,375
Total	**120,205**	103,767

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	2023	2022
	RMB'000	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Technical services	**137**	702

(b) Performance obligations

Information about the Group's performance obligations is summarised below:

Integrated APM system solutions and software development services

The performance obligation is satisfied over time as services are rendered and payment is generally due within 30 days to 60 days upon issuance of invoice and receipt of certain forms of acceptance. A certain percentage of payment is retained by customers until the end of the retention period.

Technical services

The performance obligation is satisfied over time as services are rendered and the credit period granted to the customers is normally due upon completion of the service. Technical service contracts are for periods of one year or less, or are billed based on the time incurred, except for one contract where payment in advance was received.

Sales of embedded hardware and standard APM software

The performance obligation is satisfied upon acceptance of the hardware and software and payment is generally due within 30 to 60 days from acceptance by customers, except for new customers where payment in advance is normally required.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	2023	2022
	RMB'000	*RMB'000*
Amounts expected to be recognised as revenue:		
Within one year	**28,369**	27,060
After one year	**356**	587
	28,725	27,647

The amount of transaction prices allocated to remaining performance obligations which are expected to be recognised as revenue after one year relates to integrated APM system solutions, software development services and technical services, of which the performance obligations are to be satisfied within two years. All the other amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year. The amounts disclosed above do not include variable consideration which is constrained.

	2023	2022
	RMB'000	*RMB'000*
Other income and gains		
Bank interest income	**2,296**	821
Interest income arising from revenue contracts	**77**	62
Investment income from financial assets at fair value through profit or loss	**422**	580
Government grants – related to income*	**5,542**	4,146
Foreign exchange gains	**989**	7,068
	9,326	12,677

* Government grants received from the government of the PRC mainly represent the refund of the value added tax previously paid. There are no unfulfilled conditions or contingencies relating to the grants.

5. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	Notes	2023 RMB'000	2022 RMB'000
Cost of inventories sold*		**2,430**	10,238
Cost of services rendered*		**62,630**	45,477
Depreciation of property and equipment		**980**	429
Depreciation of right-of-use assets		**3,677**	1,650
Research and development costs:			
Deferred expenditure amortised**		**3,871**	4,457
Current year expenditure		**38,922**	36,592
		42,793	41,049
Lease payments not included in the measurement of lease liabilities		**7,178**	987
Auditor's remuneration		**1,250**	1,200
Employee benefit expense (excluding directors' and chief executive's remuneration):			
Wages and salaries		**80,973**	62,171
Pension scheme contributions (defined contribution scheme)***		**3,765**	2,948
Equity-settled share award expense		**–**	1,843
		84,738	66,962
Foreign exchange differences, net		**(989)**	(7,068)
Impairment of financial and contract assets, net:			
Impairment of trade and bills receivables, net	*11*	**(30)**	28
Impairment of contract assets, net	*12*	**602**	215
		572	243
Investment income from financial assets at fair value through profit or loss		**(422)**	(580)
Bank interest income		**(2,296)**	(821)

* Cost of inventories sold and Cost of services rendered represent "Cost of sales" in the consolidated statement of profit or loss and other comprehensive income.

** The amortisation of patents and licences and the amortisation of deferred development costs for the year are included in "Cost of sales" in the consolidated statement of profit or loss and other comprehensive income.

*** There are no forfeited contributions that may be used by the employer to reduce the existing level of contributions.

6. FINANCE COSTS

An analysis of finance costs from continuing operations is as follows:

	2023	2022
	RMB'000	*RMB'000*
Interest on bank loans	**202**	305
Interest on lease liabilities	**165**	52
	367	357

7. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

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

	2023	2022
	RMB'000	*RMB'000*
Fees	**2,810**	2,145
Other emoluments:		
Salaries, allowances and benefits in kind	**826**	1,731
Pension scheme contributions	**16**	81
	842	1,812
	3,652	3,957

8. INCOME TAX

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Company Law of the Cayman Islands and is not subject to income tax.

No Hong Kong profits tax has been provided since no assessable profit arose in Hong Kong during the year.

Pursuant to the PRC Corporate Income Tax Law and the respective regulations, Vixtel Technologies Limited, Vixtel Software Limited, Depuda (Wuxi) Technologies Limited and Vixtel Yunwang Technologies Limited are subject to corporate income tax at a rate of 25% on the taxable profit. A preferential tax treatment is available to Vixtel Technologies Limited, which was recognised as a High and New Technology Enterprise in 2010 in Mainland China, and a lower corporate income tax of 15% has been applied since then. The certificate of High and New Technology Enterprise must be renewed every three years and Vixtel Technologies Limited must re-apply for it every six years. Vixtel Technologies Limited has re-applied for and obtained the certificate of High and New Technology Enterprise on 30 December 2022. A preferential tax treatment is available to Vixtel Yunwang Technologies Limited, which was recognised as a software enterprise in 2021 in Mainland China, that it can be exempted from the income taxation in the first year and the second year; it should only pay half of the income taxation from the third year to the fifth year.

	2023	2022
	RMB'000	*RMB'000*
Current–Mainland China	**115**	(19)
Deferred	**(756)**	(869)
Tax tax credit for the year	**(641)**	(888)

9. DIVIDENDS

No dividends had been paid or declared by the Group during the year (2022: nil).

10. LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

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

The calculations of basic and diluted loss per share are based on:

	2023	2022
	RMB'000	*RMB'000*
Loss attributable to ordinary equity holders of the parent, used in the basic and diluted loss per share calculations	**(47,155)**	(11,929)

	Number of shares	
	2023	2022
Weighted average number of ordinary shares in issue less shares held for the share award scheme during the year used in the basic loss per share calculation	**762,000,000**	643,467,123

11. TRADE AND BILLS RECEIVABLES

	2023	2022
	RMB'000	*RMB'000*
Trade receivables	**12,056**	26,292
Bills receivable	**871**	94
	12,927	26,386
Impairment	**(83)**	(524)
Trade and bills receivables	**12,844**	25,862

Trade receivables represented the outstanding contracted values for integrated APM system solutions, software development services, technical services and sales of embedded hardware and standard APM software receivable from the customers.

The Group's trading terms with its customers are mainly on credit. For integrated APM system solutions and software development services, the credit period granted to the customers is normally 30 to 60 days upon issuance of invoice and receipt of certain forms of acceptance from its customers during the course of contracts. The forms of acceptance evidence the satisfaction from the customers of the progress of completion. For sales of embedded hardware and standard APM software, the credit period granted to the customers is normally 30 to 60 days when the goods were accepted by the customers, except for new customers, where payment in advance is normally required. For technical services, the credit period granted to the customers is normally due upon completion of the service, except for one contract where payment in advance is received.

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. In view of the aforementioned and the fact that the Group's trade receivables relate to a number of the largest state-owned telecommunication operators in the PRC and a large number of their independently-operated provincial subsidiaries, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the billing date and net of loss allowance, is as follows:

	2023	2022
	RMB'000	*RMB'000*
Within 90 days	**5,163**	15,105
91 to 180 days	**2,032**	3,020
181 days to 1 year	**3,343**	5,173
Over 1 year	**2,306**	2,564
	12,844	25,862

The movements in the loss allowance for impairment of trade and bill receivables are as follows:

	2023	2022
	RMB'000	*RMB'000*
At the beginning of the year	**524**	496
Impairment losses, net	**(30)**	28
Amount written off as uncollectible	**(411)**	–
At the end of the year	**83**	524

An impairment analysis is performed at each reporting date using a loss rate approach to measure expected credit losses. The loss rates are based on groupings of various customer segments with similar loss patterns (i.e., customer type and rating). The Group develops loss-rate statistics on the basis of the amount expected to be written off over the life of the financial assets by reference to the credit rating of the customers, and also adjusted these loss trends for current conditions and expectations about the future. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of future recovery.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a loss rate approach:

As at 31 December 2023	**Trade receivables arising from state-owned telecommunications operator groups**	**Trade receivables arising from other customers**	**Default receivables**	**Total**
Expected credit loss rate	**0.45%**	**2.30%**	**100.00%**	
Gross carrying amount *(RMB'000)*	**11,602**	**1,325**	**–**	**12,927**
Expected credit losses *(RMB'000)*	**52**	**31**	**–**	**83**

As at 31 December 2022	Trade receivables arising from state-owned telecommunications operator groups	Trade receivables arising from other customers	Default receivables	Total
Expected credit loss rate	0.10%	2.79%	100.00%	
Gross carrying amount *(RMB'000)*	22,738	3,237	411	26,386
Expected credit losses *(RMB'000)*	23	90	411	524

12. CONTRACT ASSETS

	31 December 2023 *RMB'000*	31 December 2022 *RMB'000*	1 January 2022 *RMB'000*
Contract assets arising from:			
Integrated APM system solutions	**47,479**	61,274	64,144
Software development services	**53,184**	41,210	32,416
Sales of embedded hardware and standard APM software	**633**	743	522
Total contract assets	**101,296**	103,227	97,082
Impairment	**(1,896)**	(1,887)	(1,672)
	99,400	101,340	95,410
Analysed into:			
Current portion	**96,059**	99,342	92,374
Non-current portion	**3,341**	1,998	3,036

Contract assets are initially recognised for revenue earned from integrated APM system solutions and software development services as the receipt of consideration is conditional on the successful acceptance by the customers. Upon completion of the contracts and acceptance by the customers, the amounts recognised as contract assets are reclassified to trade receivables. The Group's trading terms and credit policy with customers are disclosed in note 11 to this financial statements.

The expected timing of recovery or settlement for contract assets as at 31 December is as follows:

	2023 *RMB'000*	2022 *RMB'000*
Within one year	**96,059**	99,342
After one year	**3,341**	1,998
Total contract assets	**99,400**	101,340

The movements in the loss allowance for impairment of contract assets are as follows:

	2023	2022
	RMB'000	*RMB'000*
At beginning of year	**1,887**	1,672
Impairment losses, net	**602**	215
Amount written off as uncollectible	**(593)**	–
At the end of year	**1,896**	1,887

An impairment analysis is performed at each reporting date using a loss rate approach to measure expected credit losses. The loss rates for the measurement of the expected credit losses for the contract assets are based on those of the trade receivables as the contract assets and the trade receivables are from the same customer bases, and groupings of various customer segments with similar loss patterns (i.e., customer type and rating). These loss trends determined by referencing to credit rating data are then adjusted for current conditions and expectations about the future. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's contract assets using a loss rate approach:

	2023			
	Contract assets arising from state-owned telecommunications operator groups	**Contract assets arising from other customers**	**Default receivable**	**Total**
Expected credit loss rate	**1.35%**	**6.93%**	**100.00%**	
Gross carrying amount *(RMB'000)*	**91,785**	**9,511**	**–**	**101,296**
Expected credit losses *(RMB'000)*	**1,236**	**660**	**–**	**1,896**

	2022			
	Contract assets arising from state-owned telecommunications operator groups	Contract assets arising from other customers	Default receivable	Total
Expected credit loss rate	1.00%	3.66%	100.00%	
Gross carrying amount *(RMB'000)*	92,570	10,064	593	103,227
Expected credit losses *(RMB'000)*	926	368	593	1,887

13. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2023	2022
	RMB'000	*RMB'000*
Within 90 days	**6,940**	1,057
91 to 180 days	**1,845**	857
181 days to 1 year	**580**	405
Over 1 year	**454**	368
Total	**9,819**	2,687

The trade payables are non-interest-bearing and are normally settled on 180-day terms.

BUSINESS REVIEW

This Group is a pioneering enterprise in the field of digital technology in China. It possesses multiple core digital and information technologies and has earned industry accolade over years of experience in software development. The management's latest strategy is to build upon the Group's existing business while continuously to explore the expansion into broader and more promising development opportunities by leveraging its technological and experiential advantages. Currently, the business of the Group consists of two sectors. The first sector is a new business market under exploration for the Central Bank Digital Currencies ("**CBDC**") network system by utilizing cutting-edge digital technology. The second sector is to provide Application Performance Management ("**APM**") products and service solutions to telecommunication operators and large enterprises in China.

The CBDC business under exploration is to provide the target customers with integrated systems, including primarily: (1) software development services; (2) technical services; and (3) sales of hardware.

The business of providing APM products and service solutions for telecommunication operators and large enterprises includes (1) integrated APM system solutions; (2) software development services; (3) technical services; and (4) sales of embedded hardware and standard APM software.

In 2023, the Group's revenue increased by approximately 15.8% as compared with last year, mainly from APM business. Meanwhile, the Group kicked off the development of CBDC business.

CBDC Business

In 2023, the Group acquired a number of software copyrights, which was the essential element to the further development of the CBDC system and solution products. Technical personnel are synthesising and revamping in order to generate several CBDC product modules.

The Group is liaising with departments such as the respective local ministry of finance and central bank, commercial banks and other financial institutions in various regions and countries, in an effort to establish collaborative working relations, while some others are in progress on negotiating cooperations, all such moves are paving the way for materializing our projects.

APM Business

In terms of APM business, the Group increased its investment in emerging business directions. The information technology industry is experiencing a significant trend of updates and upgrades. With the PRC central government promoting the integration of the digital economy and the real economy, it is a promising prospect for the field which the Group engages. The digital economy is characterized by information networks, data resources, information technology, and integrated applications. Through technological innovation, the Group strengthened the integrated application and promotion of existing solutions, achieving significant results in strategic industries such as energy, transportation, and fully connected factories.

OUTLOOK

China's investment in high-tech industries in the first two months of 2024 rose 9.4 percent year-on-year, with investment in high-tech manufacturing growing by 10 percent and high-tech services rising by 7.8 percent, based on the data from the National Bureau of Statistics, underscoring the nation's ramped-up efforts in propelling new quality productive forces.

China will formulate plans to develop emerging industries including big data and Artificial Intelligence ("**Artificial Intelligence**" or "**AI**") and continue striving to achieve self-sufficiency in technology, according to the Government Work Report submitted to the Second Session of the 14th National People's Congress in early March 2024. China also set a GDP growth rate of 5% for 2024 in the same Government Work Report. Digitalization and telecommunication are two indispensable new quality productive forces.

CBDC Business

CBDC stands for the Central Bank Digital Currencies, representing the digital form of the lawful currency of a sovereign state. CBDC are becoming the primary force in reforging the global financial landscape. According to survey data from the Bank for International Settlements, approximately 90% of the central banks in the world are currently promoting CBDC plans to address current challenges and facilitate the digital economy. The GDP of those countries accounted for over 95% globally, and the CBDC of over 50 countries are in the R&D stage, pilot stage, or formal promoting stage. In this historical process, we will fully leverage our technical and innovative advantages and deeply collaborate with the central banks in various countries to jointly propel the construction of CBDC, dawning a new era of the digital economy.

CBDC are of significant value to the development of the economy and finance for a country and are the most significant upgrade and transformation to the global financial infrastructure.

1. Improvement in payment system: CBDC can provide a more effective and secure payment system. CBDC can implement instant clearing and settlement, reducing intermediary stages, accelerating transactions, lowering transaction costs, and improving the reliability of the payment system.

2. Finance inclusivity: CBDC can provide financial services for people without bank accounts, facilitating the finance inclusivity. Through CBDC, the public can directly hold the digital currencies issued by the central bank, without relying on traditional bank accounts, which lowered the barrier of financial service and enabled more people to engage in the financial system.

3. Regulation and compliance: the issuance of CBDC is controlled by the central bank, which can enhance the regulation and compliance of currency issuance and circulation, and improve the security and stability of the financial system.

4. Monetary policy tool: CBDC can become a new type of monetary policy tool for the central bank. The central bank can implement monetary policies by adjusting parameters such as the issuance and interest rates of CBDC, which can affect economic activities and inflation levels more accurately. That helped the central bank to formulate more scientific and effective monetary policies.

5. Technological innovation and competitiveness: the issuance of CBDC has promoted the innovation and development of FinTech. The launch of the CBDC has encouraged research and application in fields such as smart contracts and payment technology, which is beneficial to the country's competitiveness and innovation ability in the field of financial technology.

These reforms and upgrades in CBDC place the Group in a favorable period of opportunity. The CBDC solution that the Group intends to develop includes a new generation of digital financial system with technologies such as distributed ledger technology, digital encryption, smart contracts, digital identity authentication, centralization and decentralization, and cross-border payment technology. The Group plans to develop a CBDC system to be provided to the central banks of various countries which contains a number of modules including: issuance module, wallet module, authentication module, transaction processing module, completion of the recording of CBDC transaction process and enquiry system, regulatory and compliance module, data analysis and reporting module, etc. On top of the base configuration of the Group's CBDC solution, tailormade and all-encompassing solutions are also available, which can provide CBDC services covering the entire process. These solutions fit into this CBDC reforms and upgrades.

The Group plans to expand the CBDC products and services to a number of countries. Our goal is to make our CBDC products and services available globally to provide better digital financial services to local users.

APM Business

The Board expects the APM business to have a steady growth in revenue for coming years. The innovation of products and technologies will continue to bring new business opportunities to the Group, further enhancing the Group's leading advantages and breakthroughs in niche segments, including smart mines, smart factories, smart transportation, smart cities, autonomous driving and smart healthcare. In the home market, we will deeply explore application scenarios for smart homes, achieving a dual growth in quantity and quality while enhancing user perception and satisfaction. The Group is committed to overcoming challenges posed by the complex external environment and seizing the opportunity presented by the deepening digital transformation of the entire society and the vigorous development of the digital economy, and the Group actively participated in the national big data strategy. In terms of the vertical industry ecosystem and innovative application scenarios of AI technology, the orders are expected to maintain a rapid growth momentum in coming years.

FINANCIAL REVIEW

Revenue

The Group's revenue for the year ended 31 December 2023 amounted to approximately RMB120.2 million, representing an increase of approximately RMB16.4 million or 15.8% as compared with approximately RMB103.8 million for the year ended 31 December 2022. The increase was mainly attributable to the combined effect of: (i) the increase in revenue generated from provision of integrated APM system solutions of approximately RMB4.1 million; (ii) the increase in revenue generated from provision of software development services of approximately RMB23.3 million; (iii) the increase in revenue generated from provision of technical services of approximately RMB1.0 million; and (iv) the decrease in revenue generated from sales of embedded hardware and standard APM software of approximately RMB11.9 million.

The following analysis sets forth a breakdown of the Group's revenue by service type for the years ended 31 December 2022 and 2023 respectively:

Integrated APM system solutions

This segment provides integrated APM system solutions by tailor-making our APM products to allow our customers to better manage and monitor their applications and networks. The Group has recorded an increase in the revenue generated from integrated APM system solutions of approximately 4.1% from approximately RMB44.6 million for the year ended 31 December 2022 to approximately RMB48.7 million for the year ended 31 December 2023. The increase was mainly because the Group's and customers' operations were gradually returning to normal in the post-COVID-19 period, and the time to deliver system solutions shortened and the project completion accelerated.

The demands for integrated APM system solutions are mainly from: (i) various new mobile applications in the market, such as video applications, instant messaging applications, games applications and e-Bank applications etc.; (ii) relocation from traditional applications like websites, email system, enterprise resources planning and customer relation management system etc. to newly-built cloud platform; and (iii) the digital experience management brought by the rapid increase in the number of Internet of Things (IOT) household users equipped with smart home applications and internet TV/video applications. Those new web applications, newly-built cloud platform and the home application of the IoT require the customers to have stable network with excellent performance to realize its commercial purposes.

Software development services

The Group's software development services typically involve developing customized supporting software for upgrade and expansion of the APM products which are already integrated with our customers' systems and networks. Our revenue derived from the provision of software development services has increased by approximately 83.9% from approximately RMB27.7 million for the year ended 31 December 2022 to approximately RMB51.0 million for the year ended 31 December 2023. Such increase was due to increased customer demand for the 5G private network project software development services provided by the company.

Technical services

This segment provides operational support, system maintenance, network analysis and optimization of full-chain of internet application and research study of specific topics on application and network performance. Our revenue derived from the provision of technical services has increased by approximately 6.4% from approximately RMB14.1 million for the year ended 31 December 2022 to approximately RMB15.0 million for the year ended 31 December 2023. Such increase was primarily because the Group's and customers' operations were gradually returning to normal in the post-COVID-19 period, and the project completion was accelerated.

Sales of embedded hardware and standard APM software

We have from time to time sold embedded hardware and standard APM software to customers who do not require tailor-making services. Our revenue generated from the sales of embedded hardware and standard APM software has decreased by approximately 68.4% from approximately RMB17.4 million for the year ended 31 December 2022 to approximately RMB5.5 million for the year ended 31 December 2023. Such decrease was primarily due to the combined effect of the increasing customers' purchases of full system integration solutions and their decreasing purchases of embedded hardware and standard software correspondingly.

Gross profit and gross profit margin

The Group's gross profit has increased by approximately 14.6% from approximately RMB48.1 million for the year ended 31 December 2022 to approximately RMB55.1 million for the year ended 31 December 2023, mainly due to the increase in overall business volume, especially software development services. The Group's gross profit margin was recorded at approximately 46.3% and approximately 45.9% for the years ended 31 December 2022 and 2023, respectively. Such slight decrease reflected that the Group's APM business was generally stable.

Other income and gains

The Group recorded other income and gains of approximately RMB12.7 million and approximately RMB9.3 million for the years ended 31 December 2022 and 2023, respectively. Such decrease was mainly due to the decrease in the exchange gain of approximately RMB6.1 million, partly offset by the increase in government grants by approximately RMB1.4 million and increase in interest income by approximately RMB1.5 million.

Selling and distribution expenses

The Group's selling and distribution expenses has increased by approximately 105.6% from approximately RMB14.2 million for the year ended 31 December 2022 to approximately RMB29.2 million for the year ended 31 December 2023. Such increase was primarily due to our enlarged marketing activities in post COVID-19 era in China and the need of further business developments for our software development services and technical services into a new business market of the CBDC network system, in an attempt to expand the Group's clientele and diversify its sources of income.

Research and development costs

The Group's R&D costs has increased by approximately 6.3% from approximately RMB36.6 million for the year ended 31 December 2022 to approximately RMB38.9 million for the year ended 31 December 2023. The increase was mainly attributable to the increase of R&D staff costs as a result of the increase in headcounts in relation to 5G related business and AI research team in order to improve its competitiveness.

Administrative expenses

The Group's administrative expenses has increased by approximately 78.2% from approximately RMB24.3 million for the year ended 31 December 2022 to approximately RMB43.3 million for the year ended 31 December 2023. The increase was mainly attributable to the need of further business developments for our software development services and technical services into a new business market of the CBDC network system, in an attempt to expand the Group's clientele and diversify its sources of income.

Loss attributable to the owners of the Company

Due to the foregoing reasons, the Group recorded a loss attributable to the owners of the Company of approximately RMB47.2 million for the year ended 31 December 2023 as compared to a loss attributable to the owners of the Company of approximate RMB11.9 million for the year ended 31 December 2022.

LIQUIDITY AND FINANCIAL RESOURCES

For the year ended 31 December 2023, the Group's cash and cash equivalents, together with available credit facilities and expected cash flow from operations, were sufficient to satisfy the current operational requirements and the capital expenditures of the Group.

The Group's net current assets decreased from approximately RMB275.2 million as at 31 December 2022 to approximately RMB209.0 million as at 31 December 2023. Our cash and cash equivalents were approximately RMB122.6 million as at 31 December 2023 (as at 31 December 2022: approximately RMB171.4 million).

The Group's current ratio, calculated based on current assets over current liabilities, decreased from 8.2 as at 31 December 2022 to 5.4 as at 31 December 2023. The Group's debt to equity ratio increased from 3.5% as at 31 December 2022 to 4.1% as at 31 December 2023. The calculation of debt-equity ratio is based on the total interest-bearing borrowings divided by total equity and multiplied by 100%.

The decrease in current ratio and the increase in debt to equity ratio was primarily due to the resources used in further business developments for our software development services and technical services into a new business market of the CBDC network system, in an attempt to expand the Group's clientele and diversify its sources of income.

TREASURY POLICY

The Group has adopted a prudent financial management approach towards its treasury policy and thus maintained a healthy liquidity position for the year ended 31 December 2023. To manage the liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

EXPOSURE TO EXCHANGE RATE FLUCTUATION

The Group's main operations are in China with most of its transactions being settled in RMB. Certain portion of the Group's cash and bank deposits are denominated in Hong Kong dollars ("**HK$**") and US dollars ("**US$**"). The balance of cash and cash equivalents of approximately RMB122.6 million as at 31 December 2023 included HK$69.5 million (equivalent to approximately RMB63.0 million) and US$74,000 (equivalent to approximately RMB0.5 million) held in licenced banks in Hong Kong and Mainland China. The Group did not experience any impact or difficulties in liquidity on its operations resulting from currency exchange and no hedging transaction or forward contract arrangement was made by the Group during the year ended 31 December 2023. In this respect, the management of the Company will closely monitor foreign exchange risk to ensure that appropriate measures are implemented in a timely and effective manner.

CAPITAL STRUCTURE

There was no change in the capital structure of the Company during the year ended 31 December 2023. The capital structure of the Group mainly consists of shareholders' equity, which includes share capital and reserves, and bank borrowings. As at 31 December 2023, the Company's issued share capital comprises only 762,000,000 ordinary shares of HK$0.01 each and amounted to HK$7,620,000 (equivalent to RMB6,686,000). Total shareholders' equity of the Company amounted to approximately RMB242.6 million as at 31 December 2023 (as at 31 December 2022: approximately RMB289.8 million).

As at 31 December 2023, the Group's interest-bearing bank borrowings which were repayable within one year amounted to RMB10.0 million (as at 31 December 2022: RMB10.0 million). There is no material seasonality of borrowing requirements for the Group. The interest rates of the Group's total interest-bearing bank borrowings were denominated in RMB and fixed at approximately 2.25% per annum during the year ended 31 December 2023.

USE OF PROCEEDS

On 20 June 2022, the Company completed a rights issue (the "**Rights Issue**") to raise net proceeds of approximately HK$138.0 million (equivalent to approximately RMB118.0 million) by issuing additional 254,000,000 Rights Shares at the subscription price of HK$0.55 per Rights Share. For further information, please refer to the announcements of the Company dated 21 April 2022 and 17 June 2022 respectively, as well as the prospectus of the Company containing details of the Rights Issue dated 26 May 2022 (the "**Rights Issue Prospectus**").

As disclosed in the Right Issue Prospectus, the Company initially intended to apply approximately HK$117.7 million (equivalent to approximately RMB100.6 million) of the net proceeds towards the investment in and upgrade of big data and AI analysis technologies to expand its existing APM business (the "**Initial Intended Use**"). As discussed in the announcement of the Company dated 16 August 2023 (the "**Announcement**"), the Board considered that the Initial Intended Use will not be sufficiently profitable to the Group. After due and careful consideration of the current business and development needs of the Group, the Board had resolved that the Initial Intended Use shall be changed to the investment in or upgrade of digital technologies (including but not limited to CBDC, big data, AI and their related technologies) to expand the businesses of all its existing business segments. For further details, please refer to the Announcement.

The following table sets out the details of the said net proceeds that were utilised and unutilised as of 31 December 2023 with reference to the revised intended utilisation of net proceeds in accordance with the Announcement (the "**Change in Use of Proceeds**"):

Intended use of proceeds	**Original intended utilisation of net proceeds (unutilised as at 31 December 2022)** *RMB million*	**Net proceeds utilised up to 30 June 2023** *RMB million*	**Intended utilisation of net proceeds as revised in the Announcement** *RMB million*	**Net proceeds utilised from 1 July 2023 to 31 December 2023** *RMB million*	**Unutilised net proceeds as at 31 December 2023** *RMB million*	**Expected timeline for utilising unutilised net proceeds** *(Note 1)*
(a) Investment in and upgrade of big data and AI analysis technologies to expand its existing APM business	100.6	17.4	– *(Note 2)*	– *(Note 2)*	– *(Note 2)*	
(b) Investment in and upgrade of digital technologies (including but not limited to CBDC, big data, AI and their related technologies) to expand the businesses of all its existing business segments	–	–	83.2	37.4	45.8	The unutilised amount of approximately RMB45.8 million of which will be utilised during the year ending 31 December 2024
(c) General corporate and working capital purposes	17.4	3.0	14.4	5.0	9.4	The unutilised amount of approximately RMB9.4 million of which will be utilised during the year ending 31 December 2024
Total	**118.0**	**20.4**	**97.6**	**42.4**	**55.2**	

Notes:

1. The expected timeline for utilising the unutilised net proceeds is based on the best estimation of the Board assuming there are not any unforeseeable circumstances. It may be subject to change based on the current and future development of market conditions.

2. Due to the change in use of proceeds in accordance with the Announcement, the unutilised net proceeds for item (a) shall be reallocated to item (b) in this table.

The Board considers that the Initial Intended Use will not be sufficiently profitable to the Group. After due and careful consideration of the current business and development needs of the Group, the Board is of the view that the Change in Use of Proceeds is to provide with the Group with more flexibility, including to develop cutting-edge digital technologies such as smart contract and privacy computing in new business market of the CBDC network system. Save for the aforementioned changes, there is no change in other intended use of net proceeds from the Rights Issue.

The Board considers that the Change in Use of Proceeds (i) will not have any material adverse impact on the existing business and operations of the Group; (ii) is fair and reasonable as this will allow the Group to deploy its financial resources more effectively to better enhance the profitability of the Group; (iii) is in line with the business strategies of the Group; and (iv) is in the interests of the Group and the Shareholders as whole.

CAPITAL EXPENDITURES

For the year ended 31 December 2023, the Group's capital expenditures amounted to approximately RMB18.8 million (2022: RMB0.7 million), mainly comprising approximately RMB15.9 million for the purchase of a number of software copyrights and approximately RMB2.9 million for purchase of other fixed assets.

MATERIAL COMMITMENTS OR CONTINGENT LIABILITIES

As at 31 December 2023, the future lease payments for the Groups' non-cancellable lease contracts are RMB0.2 million (2022: RMB0.2 million) due within one year.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in the prospectus of the Company dated 30 November 2016 (the "**2016 Prospectus**") and the Rights Issue Prospectus, the Group did not have other substantial future plans for material investments and capital assets.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

For the year ended 31 December 2023, the Group did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures.

SIGNIFICANT INVESTMENTS AND ACQUISITION OF CAPITAL ASSETS

For the year ended 31 December 2023, the Group did not hold any significant investments nor made any significant acquisition of capital assets.

CHARGE ON GROUP'S ASSETS

As at 31 December 2023, apart from bank deposits amounting to RMB4.2 million that were pledged to banks mainly in relation to a short term bank loan and RMB0.9 million were pledged in relation to a letter of guarantee (31 December 2022: RMB4.2 million in relation to a short term bank loan, RMB0.3 million in relation to the guarantee), no other Group's assets were charged to any financial institutions.

EMPLOYEES, TRAINING AND REMUNERATION POLICIES

As of 31 December 2023, the Group had 305 employees (2022: 299). The staff costs including Directors' emoluments were approximately RMB88.4 million for the year ended 31 December 2023 (2022: approximately RMB69.1 million).

The employees' compensation of the Group includes basic salary, bonuses, cash subsidies and pension scheme contributions. The Group determines employees' compensation based on each employee's performance, qualifications, position and seniority.

The Company adopted a share option scheme (the "**Share Option Scheme**") on 21 November 2016 to provide incentives and rewards to eligible persons for their contribution to, and continuing efforts to promote the interest of the Group.

The Company recognizes the importance of keeping the Directors updated with the latest information of duties and obligations of a director of a company whose shares are listed on the Stock Exchange and the general regulatory and environmental requirements for such listed company. To meet this goal, the Group is committed to our employees' continuing education and development.

The Group provides various training programs to the employees, such as corporate culture training and initial training for new employees with a view to improving staff knowledge in a number of important areas of our services, on a quarterly basis. Internal training programs of our Group are also dynamic and tailored in accordance with the particular stage of the Group's development.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and to the best knowledge of the Directors, the Directors confirm that at least 25% of the Company's total issued share capital was held by the public (as defined under the Listing Rules) as at the date of this announcement.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2023.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

The Group recognises the importance of compliance with regulatory requirements and the risk of non-compliance with relevant requirements which could lead to adverse impact on the business operation and financial position of the Group. The Board is responsible for ensuring that the Group is in compliance with the relevant laws and regulations. The laws and regulations which have a significant impact on the Group include, among others, the Copyright Law of the PRC, the Regulations on Computer Software Protection, the Patent Law of the PRC, the Trademark Law of the PRC and the provisions on protection of personal Information of Telecommunication and Internet User. To the best knowledge of the Board, the Group has complied with relevant laws and regulations during the year ended 31 December 2023.

EVENTS AFTER THE REPORTING PERIOD

There is no significant event of the Group after 31 December 2023 and up to the date of this announcement.

CORPORATE GOVERNANCE PRACTICES

The Group's corporate governance practices are based on the principles and the code provisions in the Corporate Governance Code (the "**CG Code**") as set out in Appendix C1 to the Listing Rules.

The Board recognizes the value and importance of achieving high corporate governance standards and is committed to upholding good corporate standards and procedures for the best interest of its shareholders.

During the year ended 31 December 2023, the Group has applied the principles of and is in compliance with all code provisions of the CG Code (the "**Code Provisions**") save as disclosed below.

Code Provision C.2.1 provides that the roles of Chairman and Chief Executive should be separate and should not be performed by the same individual. The division of responsibilities between the Chairman and Chief Executive should be clearly established and set out in writing. Currently, Mr. Shi Zhimin is both the Chairman and Chief Executive Officer of the Company. In view of the fact that Mr. Shi Zhimin possesses extensive management experience in listed companies, the Board considers that vesting the roles of both the Chief Executive Officer and the Chairman in the same person has the benefit of ensuring consistent leadership with the Company and enables more effective and efficient overall strategic planning for the Company. The Board believes that under the supervision of the Board and its independent non-executive Directors, the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and efficiently. The Board shall nevertheless review the structure from time to time and it will consider the appropriate move to take should suitable circumstance arise.

DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2023 (final dividend for the year ended 31 December 2022: nil).

CLOSURE OF THE REGISTER OF MEMBERS

The forthcoming annual general meeting (the "**AGM**") is scheduled to be held on Friday, 24 May 2024. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 21 May 2024 to Friday, 24 May 2024, both days inclusive, during which period no transfer of Shares will be registered. In order to attend and vote at the AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the share registrar of the Company in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Monday, 20 May 2024.

DIRECTORS' SECURITIES TRANSACTIONS

The Group has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules as the code of conduct for dealing in securities of the Company by the Directors.

During the year ended 31 December 2023, the Group has made specific enquiry to all Directors, who have confirmed that, each of them was in compliance with the Model Code.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") was established on 21 November 2016 with written terms of reference revised by the Board with effect from 29 November 2018 and 30 December 2023 in compliance with Rules 3.21 and 3.22 of the Listing Rules and Code Provision D.3.3 of the CG Code.

During the year ended 31 December 2023, the Audit Committee comprised Mr. Yeung Man Simon, Mr. Hu Jianjun and Ms. Ru Tingting, all of them were independent non-executive Directors. The chairman of the Audit Committee was Mr. Yeung Man Simon, who holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules.

During the year ended 31 December 2023, none of the members of the Audit Committee are former partners of the Company's existing external auditors.

The Group's consolidated financial results for the year ended 31 December 2023 have been reviewed by the Audit Committee and the management of the Company, which were of the view that the preparation of such financial results has complied with the applicable accounting standards, the requirements under the Listing Rules and other applicable legal requirements, and that adequate disclosures have been made.

SCOPE OF WORK OF ERNST & YOUNG

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 the announcement have been agreed by the Group's auditor, Ernst & Young ("**EY**"), to the amounts set out in the Group's draft consolidated financial statement for the year. The work performed by EY in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by EY on the results announcement.

By Order of the Board
International Business Digital Technology Limited
Shi Zhimin
Chairman, Chief Executive Officer and executive Director

Hong Kong, 28 March 2024

As at the date of this announcement, the Board comprises Mr. Shi Zhimin as executive Director; Mr. Guan Haiqing as non-executive Director and Mr. Yeung Man Simon, Mr. Hu Jianjun and Ms. Ru Tingting as independent non-executive Directors.