IngDan 硬蛋
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INGDAN, INC.
硬蛋創新

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 400)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2023

The board (the "**Board**") of directors (the "**Directors**") of Ingdan Inc. (the "**Company**") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended December 31, 2023 (the "**Reporting Period**") and comparison with the operating results for the year ended December 31, 2022.

In this announcement "we", "us" and "our" refer to the Company (as defined above) and where the context otherwise requires, the Group (as defined above).

FINANCIAL PERFORMANCE HIGHLIGHTS

	Year ended		
	December 31, 2023	December 31, 2022	Year-on-year change
	*(Renminbi (“**RMB**”) in millions, unless specified)*		
Revenue	**8,863.4**	9,535.5	(7.0)%
Gross profit	**1,029.9**	1,113.3	(7.5)%
Profit from operations	**465.4**	535.2	(13.0)%
Profit for the year	**319.9**	452.4	(29.3)%
Profit attributable to equity shareholders of the Company	**210.7**	314.4	(33.0)%
Earnings per share (“**EPS**”) (RMB per share)			
— basic	**0.154**	0.224	(31.3)%
— diluted	**0.154**	0.224	(31.3)%

BUSINESS REVIEW AND OUTLOOK

Overall Business and Financial Performance of the Group

We are an iPaaS (Integration Platform as a Service) technology services platform serving the global integrated circuit (“**IC**”) industry and Artificial Intelligence of Things (“**AIoT**”) ecosystem in China. The Group’s core businesses are Comtech (“**Comtech**”), a technology services platform for the chip industry, and Ingdan (“**Ingdan**”), a platform providing AIoT technology and services.

In 2023, the rapid development of artificial intelligence (“**AI**”) technologies has driven the digitalization of various industries, resulting in an increase in demand for AI chips. Accordingly, the demand for the Group’s AI chips has increased. However, as affected by supply shortage of AI chips and coupled with the slowdown in the growth of demand for chips in the consumer electronics category, the overall sales dropped. Therefore, as the market demand returns to normal industry level in the Reporting Period from last year’s chips shortage, the Company’s profit has declined during the Reporting Period as compared with the same period last year. For the Reporting Period, the Group recorded revenue of approximately RMB8,863.4 million, compared to approximately RMB9,535.5 million for the corresponding period in 2022, representing a decrease of approximately 7.0% year-on-year. The Group recorded a decrease of approximately 29.3% in net profit after tax as compared to the corresponding period in 2022. Gross profit was approximately RMB1,029.9 million, representing a decrease of approximately 7.5% year-on-year. Profit from operations was approximately RMB465.4 million, representing a decrease of approximately 13.0% year-on-year.

In 2023, the popularity of Generative AI such as ChatGPT has once again driven the AI boom. The thriving AI market trend in China has driven the growth in demand for AI orders from Comtech. However, due to the impact of supply shortage and coupled with the slowdown in the growth of demand for chips in industries such as consumer electronics, the overall annual sales volume was affected. As a technology service platform for the chip industry, Comtech focuses on the application, design, and distribution of IC chips. It covers over 50% of global major high-end chip suppliers and many leading domestic chip makers upstream, as well as tens of thousands of enterprises in five major fields downstream, including smart vehicles, digital infrastructure, industrial interconnection, energy control and big consumption. According to the report from the International Data Corporation ("**IDC**"), the global semiconductor industry is expected to rebound due to increased inventory rationalization, visibility in the channel, and increasing demand pull from AI server and end point device manufacturers. The outlook for the global chip market has been revised from "Trough" to "Sustainable Growth", and IDC estimated that global semiconductor sales will achieve a year-on-year growth of 20.2% to $632.8 billion in 2024.[1] With the gradual recovery of the domestic economy, the continuous development of the technology industry, and favorable national policies, the outlook for China's semiconductor industry is optimistic, as it meets the increasing demand for chips and brings more growth momentum to the chip business.

Comtech continued to actively push for the development of chips applications during the Reporting Period, and has achieved technological breakthroughs in cutting-edge technological features in the industries of artificial intelligence-generated content ("**AIGC**"), logistics robots and electronic rearview mirrors for smart vehicles, empowering a number of China's innovative enterprises, so as to prepare for capitalizing on future market recovery.

Ingdan focuses on the new energy industry and is committed to developing the industry for two-wheeler battery replacement and re-utilization. By building a reliable asset management platform for traceable lithium battery life-cycle data, it provides customized solutions for two-wheeler battery replacement, power re-utilization and energy storage, etc. Ingdan's proprietary smart battery management platform can monitor real-time battery status, effectively improve battery usage efficiency and cycle, realizing the smart management of the whole battery life cycle from production calibration, safe operation, asset management, efficiency management to recycling tracking, etc.

According to analysis by CICC Qixin International Consulting, the penetration rate of battery swapping for electric two-wheelers in China was 22.5% in 2022. With the successive implementation of mandatory policies such as "No Indoor Charging Policy" in various regions, coupled with the rapid development of the domestic instant delivery market, and the continuous improvement of battery swapping facilities, the penetration rate of battery swapping services continues to rise. The market for battery swapping services for electric two-wheelers in China is expected to experience rapid development. The report predicts that from 2022 to 2026, the market size of battery swapping services for electric two-wheelers in China will increase from RMB4.24 billion to RMB20.5 billion, and the penetration rate of the swapping market will reach 54.1% by 2026.[2] In line with China's "double

[1] Worldwide Semiconductor Market Outlook Upgraded to GROWTH from TROUGH: Semiconductor Market to Grow 20.2% in 2024 to $ 633 Billion, According to IDC
https://www.idc.com/getdoc.jsp?containerId=prUS51383823

[2] 2023年中國電動兩輪車換電行業市場規模現狀分析及"十四五"產業發展趨勢研究預測
https://www.gtdcbgw.com/index/show/catid/94/id/8472.html

carbon" national goal of reaching carbon peak in 2030 and realizing carbon neutrality in 2060, the upgrade of the energy industry structure is expected to bring about rapid changes in the industry layout. Ingdan strategically focuses on the two-wheeler battery cloud services, aiming at the new market trend of new energy smart battery cloud in order to seize the RMB100 billion "blue ocean" market opportunity, which would enable the Group to sustain profitability while contributing to the advocacy of the product standardization of China's two-wheeler battery replacement industry, and support the realization of the national "double carbon" goal.

In the era of rapid AI development, iPaaS is required to realize data and technology integration as industries accelerate their pace in digital transformation. According to a report by Verified Market Research (VMR), the global iPaaS market size was US$6.68 billion in 2023, and is expected to reach US$61.67 billion by 2030. The CAGR for the period from 2024 to 2030 is projected to be 35.2%.[3] Ingdan is actively expanding into the iPaaS market. In particular, its iPaaS platform mainly provides iPaaS services including solutions for technology integration and plans for sales and marketing to core technology providers along the "chip-device-cloud" industry chain, for the purpose of proactively deploying investment in the five major smart hardware fields, namely smart vehicles, digital infrastructure, industrial interconnection, energy control and big consumption.

As technology advances rapidly, there is sustainable demand for operating system improvements. OpenHarmony's open-source technology platform has become an industry ecosystem and a standard, as it serves to safeguard China's information security as well as the autonomy and control of industries with core technologies. As an ecosystem, OpenHarmony has 31 software releases from 17 vendors and launched more than 140 commercial devices, covering a wide range of industries such as education, finance, transport, digital government, and manufacturing industries.[4] During the Reporting Period, Shenzhen Comtech Limited (深圳市科通技術股份有限公司) ("**Shenzhen Comtech**") was again awarded a "Platinum Donor of OpenAtom Foundation" (開放原子開源基金會白金捐贈人). After becoming a Platinum Donor of OpenAtom Foundation in 2020, the Group has been committed to facilitating the use of open-source research in hardware and software and has actively joined hands with different technology giants to build an industry ecosystem and industry standards that can be self-managed by the industry through OpenHarmony. The Group has also actively expanded the application of "OpenHarmony +" solutions to various key areas such as power batteries, intelligent driving and communications, while facilitating the standardisation of intelligent hardware and technology applications in various industries. Ingdan has also introduced OpenHarmony opensource technologies into iPaaS services to enhance and upgrade standards.

3 Integration Platform As A Service (IPAAS) Market Size And Forecast
https://www.verifiedmarketresearch.com/product/integration-platform-as-a-service-ipaas-market

4 開源鴻蒙已有140款商業設備落地，覆蓋工業、金融、交通等行業
https://www.chinanews.com.cn/cj/2023/06-12/10023607.shtml

Future prospects

The Group's goal is to become the world's leading technology integration service platform for the smart hardware industry, using the Group's "Comtech + Ingdan" business model to form a "chip-device-cloud" closed loop of the smart hardware industry. The Group strives to serve China's growing tech market. We intend to pursue the following growth strategies to achieve our goal:

I. *Capture Business Opportunities in AI*

Driven by market development, AI technologies continue to be implemented commercially. AI has become an important feature for enterprises' digitalization and intelligentization, while chip applications, intelligent hardware and big data are the strong support for various industries to accelerate their pace in digital transformation. According to a report released by Grand View Research, market research firm, the global AI market was estimated to reach a market size of US$196.63 billion in 2023, with a CAGR of 37.3% from 2023 to 2030[5]. According to the IDC Worldwide Artificial Intelligence Spending Guide issued by IDC in the second half of 2023, the spending in China's AI market would be over US$15 billion in 2023 and is expected to reach US$38.1 billion in 2027, accounting for about 9% of the global total.[6] It can be seen that, under the advent of concepts such as the new economy, smart cities, digital transformation, meta-universe, and AIGC, the commercial value and strategic significance of AI technology application in enterprises' business operations are becoming more significant, with the growth in both supply and demand side of the market. In the future, AI will be further applied to the real economy and innovation, in which case both scientific and technological transformation can be possible and there will be more new opportunities.

China is also actively promoting its development of science and technology to enhance China's competitiveness. The Central Economic Working Conference convened at the end of 2023 specified the overall requirements for the 2024 economic work, including the construction of modern industrial system led by technological innovations, particularly leveraging disruptive technologies and cutting-edge technologies to drive new industries, models, and momentums and develop new quality productivity. This fully illustrates the importance of developing high-tech industries in promoting high-quality domestic development.[7] The Group believes that, with the strong support of the government, the AI industry will also see a new round of substantial growth, which opens up a new chapter in the development of the digital intelligence industry, thereby driving the demand for both chips and chip applications.

5 Artificial Intelligence Market Size & Trends
https://www.grandviewresearch.com/industry-analysis/artificial-intelligence-ai-market

6 IDC：2027年中國人工智能市場IT總投資規模預計超380億美元
https://www.idc.com/getdoc.jsp?containerId=prCHC51172823

7 【專家觀點】解讀中央經濟工作會議：用「以進促穩」思維前瞻布局未來產業
https://www.ndrc.gov.cn/wsdwhfz/202312/t20231222_1362865.html

The Group will also actively accelerate its development in the AI industry chain to seize new market opportunities. Capitalizing on its industrial strengths, the Group will cater for the AI industry chain through Comtech and Ingdan and speed up its construction of an innovation-driven development in order to capture opportunities in the new round of AI development. Comtech, as the technology service platform for the chip industry, will continue to research and develop and enhance the design of chip application solutions in order to meet the demand for high-performance chip applications in AI. Meanwhile, Ingdan Cloud under Ingdan can fully utilize its capabilities in big data analysis to effectively integrate the complete smart hardware application solutions with products, so as to speed up the successful application of AI products. The Group will continue to upgrade its service platform in order to provide complete coverage of the entire AI industry chain and seize the business opportunities that may arise during the smart transformation in the People's Republic of China (the "**PRC**").

II. ***Enhanced revenue streams from Ingdans***

The Group intends to further enhance Ingdan's revenue streams. In this regard, the Group will actively focus on the development of a new energy smart battery cloud business and the deployment of resources for cloud services for two-wheel vehicle batteries to capitalize on the new market trend. In addition, the Group has built an iPaaS technology integration platform in order to capture the opportunities in the AI era, and developed into a core technology provider serving the AloT "chip-device-cloud" industry chain, while focusing on five smart hardware fields: smart vehicles, digital infrastructure, industrial interconnection, energy control and big consumption. As an enterprise service platform, the Group acquires a large number of customers, their purchasing demands and data on the online platforms, and provides powerful data analysis tools to provide enterprise services offline. The Group has created a "chip-device-cloud" industrial closed loop to meet the needs of the AI industry chain. "Chip" is to provide, through Comtech, suppliers in the upstream of the chip industry with application design and distribution services for chips to expand the downstream market. Ingdan focuses on "device" and "cloud" services. Using big data resource analysis and mature integration solutions, Ingdan provides technical integration support from modules and terminals to the cloud, delivering tailor-made solutions for various emerging industries. "Chip-device-cloud" industrial closed loop creates synergy, facilitating Ingdan to drive greater contributions to the Group in the future. As Ingdan's research and development projects are becoming more sophisticated, our proprietary products will contribute even more momentum to the Group's performance. The Group also plans to further enhance the Group's performance by providing value-added services to customers, including but not limited to the provision of corporate and technology services, as well as investment services such as incubation programs.

III. ***Developing an ecosystem for the electronics manufacturing value chain***

The Group plans to develop an open, collaborative, and prosperous electronic manufacturing industry ecosystem that will benefit the business operations of our customers and suppliers. We believe this will also drive our long-term business growth. We intend to broaden our platforms' value-added services by extending into related businesses that serve the electronics manufacturing value chain, such as supply chain financing, insurance, and cloud computing services.

Additionally, the Group plans to monetize the vast amount of data we collect from our customers and suppliers and offer data driven services, which will include marketing and advertising planning, merchandising, product customization, fulfilment management, and third party data services. We believe these complementary services will become natural extensions of the Group's service mix, and will help attract and retain customers.

IV. ***Further enhance customer loyalty and increase purchases per customer***

The Group plans to continue to enhance its customer loyalty and generate more sales from existing customers. We intend to leverage our advanced market analytics tools to make our online and offline platforms more efficient and relevant to our customers. The Group will continue to enhance customized content on our platforms, by continuously collecting and analyzing our customers' data and feedbacks to gain a better understanding of their needs for services and products, so as to refer suitable products or develop new customized products according to customers' business needs and market trends.

We plan to continue to develop new complementary services aiming to offer a complete range of products and solutions for customers. Accordingly, we invested more resources in customer services, order fulfilment and delivery capabilities in order to enhance our service reliability and shorten our customer response time, further enhancing overall performance of our platforms. To increase the repeat purchase rates of newly acquired customers, we will continue to provide the key procurement personnel of our new customers with powerful online tools, enterprise resource planning, and other complementary services. These services will enable us to maintain constant interactive communications with key personnel, which in turn will allow us to better understand customers' demands and their product development. Accordingly, we will be able to create customized marketing plans targeting new customers, while cross-selling other products.

V. ***Pursuing strategic partnerships and acquisition opportunities***

In addition to growing our business through internal initiatives, we plan to expand our business through strategic partnerships and acquisitions. The Group will continue to look across enterprises in different segments with great potentials for investment, collaboration or acquisition, so as to further enhance our business operations, helping us expand our user and revenue base, widen our geographic coverage, enhance our product and service offerings, improve our technology infrastructure, as well as strengthen our talent pool. The Group's diversified business portfolio will enhance its market strengths by targeting different segments of the market. The Group also plans to leverage our market position and business model to seek attractive cross-marketing, and licensing opportunities to enhance the sales ability and seize the market expansion opportunities brought by AI.

Year of 2023 compared to year of 2022

The following table sets forth the comparative figures for the year of 2023 and the year of 2022:

	Year ended December 31, 2023	December 31, 2022
	(RMB in millions)	
Revenue	**8,863.4**	9,535.5
Cost of sales	**(7,833.5)**	(8,422.2)
Gross profit	**1,029.9**	1,113.3
Other income	**52.9**	17.3
Selling and distribution expenses	**(199.8)**	(140.7)
Research and development expenses	**(102.6)**	(155.7)
Administrative and other operating expenses	**(315.0)**	(299.0)
Profit from operations	**465.4**	535.2
Finance costs	**(109.3)**	(67.7)
Gain on disposal of subsidiaries	**—**	48.9
Share of results of associates	**4.4**	(0.5)
Profit before tax	**360.5**	515.9
Income tax expenses	**(40.6)**	(63.5)
Profit for the year	**319.9**	452.4
Profit for the year attributable to:		
Owners of the Company	**210.7**	314.4
Non-controlling interests	**109.2**	138.0
Profit for the year	**319.9**	452.4

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

For the year ended December 31, 2023, profit from operations decreased and amounted to approximately RMB465.4 million, representing a decrease of approximately RMB69.8 million as compared with approximately RMB535.2 million for the corresponding period of 2022. Profit of the Group amounted to approximately RMB319.9 million, representing a decrease of approximately RMB132.5 million as compared with approximately RMB452.4 million in 2022. Profit attributable to equity shareholders of the Company amounted to approximately RMB210.7 million, representing a decrease of approximately RMB103.7 million compared with approximately RMB314.4 million in 2022.

Revenue

For the year ended December 31, 2023, revenue of the Group amounted to approximately RMB8,863.4 million, representing a decrease of approximately RMB672.1 million or approximately 7.0% as compared with approximately RMB9,535.5 million in 2022. The Group's revenue comprised approximately RMB8,817.0 million of sales of IC, other electronic components, AIoT products and proprietary and semi-conductor products, approximately RMB4.6 million of service revenue from software licensing and approximately RMB41.8 million of revenue from IngFin Financing Services. The decrease was primarily due to the slowdown in the growth of demand for chips in the consumer electronics category.

Cost of Revenue

Cost of revenue for the year ended December 31, 2023 was approximately RMB7,833.5 million, representing a decrease of approximately 7.0% from approximately RMB8,422.2 million for the year ended December 31, 2022. The decrease in cost of revenue was due to a decrease in revenue described under the paragraph headed "Revenue".

Gross Profit

Gross profit for the year ended December 31, 2023 was approximately RMB1,029.9 million, representing a decrease of approximately 7.5% from approximately RMB1,113.3 million compared with the figures in 2022. The decrease was primarily driven by the results of revenue and cost of sales for the reasons described under the paragraph headed "Revenue".

Other Income

For the year ended December 31, 2023, other income of the Group amounted to approximately RMB52.9 million, representing a decrease of approximately RMB13.3 million or approximately 20.1% as compared with approximately RMB66.2 million in 2022. Included in other income for the year ended December 31, 2022 was a non-operating one-time gain on disposal of subsidiaries of approximately RMB48.9 million. Further details of the disposal are set out in the announcement of the Company dated March 31, 2022. If such non-operating gain were excluded, other income in 2022 would have amounted to approximately RMB17.3 million. The change in other income was also primarily due to bank interest income and government grants of approximately RMB15.0 million and RMB19.8 million respectively recorded for the year of 2023 as compared to approximately RMB5.5 million and RMB5.4 million respectively recorded in the corresponding period of 2022.

Selling and Distribution Expenses

Selling and distribution expenses for the year ended December 31, 2023 amounted to approximately RMB199.8 million, representing an increase of approximately RMB59.1 million or 42.0% from approximately RMB140.7 million in 2022. This was primarily due to loss allowance on trade receivables of approximately RMB24.1 million recorded for the year of 2023 as compared to reversal of loss allowance on trade receivables of approximately RMB4.1 million recorded in the corresponding period of 2022.

Research and Development Expenses

Research and development expenses for the year ended December 31, 2023 amounted to approximately RMB102.6 million, representing a decrease of approximately RMB53.1 million or approximately 34.1% from approximately RMB155.7 million in 2022. This was primarily due to less expenses spent on the research and development of IC chip distribution and application design, AIoT products and technologies, as well as customized technical solutions for proprietary products such as V2X and 5G applications.

Administrative and Other Operating Expenses

During the year ended December 31, 2023, administrative and other operating expenses amounted to approximately RMB315.0 million, representing an increase of approximately RMB16.0 million or approximately 5.4% from approximately RMB299.0 million in 2022, which was primarily due to depreciation of investment properties of approximately RMB15.3 million recorded for the year of 2023 as compared to approximately RMB0.3 million recorded in the corresponding period of 2022.

Income Tax

Our income tax decreased by approximately 36.0% from approximately RMB63.5 million for the year ended December 31, 2022 to approximately RMB40.6 million for the year ended December 31, 2023, primarily due to a decrease in profit before tax as a result of the decreased profit from operations. The effective tax rate for the year ended December 31, 2023 was 11.3%, as compared to 12.3% for the year ended December 31, 2022. The decrease in effective tax rate was mainly due to decreased ratio of profits contributed by both Hong Kong and PRC subsidiaries to profits contributed by PRC subsidiaries with tax exemptions. The profits tax rate in Hong Kong is 16.5% while the income tax rate in the PRC is 25%.

Profit Attributable to Equity Shareholders of the Company for the Reporting Period

For the year ended December 31, 2023, profit attributable to equity shareholders of the Company amounted to approximately RMB210.7 million, representing a decrease of approximately RMB103.7 million or approximately 33.0% as compared to approximately RMB314.4 million in 2022. The decrease was primarily due to gain on disposal of subsidiaries amounting to approximately RMB48.9 million for the year ended December 31, 2022 whilst no such gain was recorded for the corresponding period of 2023. The decrease was also contributed by an increase in finance costs by approximately

RMB41.6 million, from RMB67.7 million for the year ended December 31, 2022 to RMB109.3 million for the corresponding period of 2023. The increase in finance costs was resulted from an increase in bank borrowings. In addition, the decrease in profit attributable to owners of the Company was also resulted from a decrease in profit from operations from RMB535.2 million to RMB465.4 million year-on-year.

Liquidity and Source of Funding

As of December 31, 2023, the current assets of the Group amounted to approximately RMB7,588.4 million, which mainly comprised cash and bank balances (including pledged deposits), inventories and trade and other receivables, in the amount of approximately RMB725.5 million, RMB4,506.1 million and approximately RMB1,932.2 million, respectively. Current liabilities of the Group amounted to approximately RMB5,024.4 million, of which approximately RMB1,597.4 million was bank loans and approximately RMB3,304.9 million was trade and other payables. As of December 31, 2023, the current ratio (the current assets to current liabilities ratio) of the Group was 1.51, representing an increase of approximately 8.6% as compared with 1.39 as of December 31, 2022. The change in the current ratio was primarily due to an increase in trade receivables and inventories, and change from non-current portion to current portion of loan receivables, offset by an increase in bank loans. The increase in trade receivables was resulted from more sales made in the second half of 2023 when compared to the corresponding period in 2022. The increase in inventories was to cope with expected sales demand in 2024.

Pursuant to the subscription agreements entered into on September 10, 2020, September 25, 2020, October 16, 2020 and June 29, 2021 (together, the "**Subscriptions**"), a redemption right is granted by the Group to each investor. The redemption right constituted a contract that contains an obligation for the Group to repurchase the equity instruments of the subsidiaries of the Group and gives rise to a redemption financial liability recognized at the present value of the redemption price, being RMB610.7 million, and subsequently measured at amortized cost. Further details of the Subscriptions are set out in the announcements of the Company dated September 10, 2020, September 25, 2020, October 16, 2020 and June 29, 2021.

The Group does not have other debt financing obligations as of December 31, 2023 or the date of this annual results announcement and does not have any breaches of financial covenants.

Capital Expenditure

For the year ended December 31, 2023, the capital expenditure of the Group amounted to approximately RMB168.0 million, representing a decrease of approximately RMB102.5 million or approximately 37.9% compared with approximately RMB270.5 million in 2022. The decrease in the capital expenditure was primarily due to a decrease in purchases of intangible assets for R&D of proprietary products.

Net Gearing Ratio

As of December 31, 2023, the net gearing ratio of the Group, which was calculated by dividing net debt (total bank loans, lease liabilities and other financial liabilities minus cash and cash equivalents and pledged deposits) by the sum of net debt and total equity was approximately 25.1% as compared with approximately 12.3% as of December 31, 2022. The increase was primarily due to an increase in bank loans during the Reporting Period.

Significant Investments

The Group did not make any material investments (including any investment in an investee company with a value of 5% or more of the Company's total assets as at December 31, 2023) for the Reporting Period.

Material Acquisitions and Disposals

As disclosed in the announcement of the Company dated January 10, 2023, Shenzhen Comtech and Shenzhen SDMC Technology Co., Ltd (深圳市華曦達科技股份有限公司) have jointly participated in a tender for the land use right and won the bid on January 10, 2023 and on the same day, entered into a letter of confirmation (成交確認書) with Shenzhen Trading Group Co., Ltd. — Land Mining Rights Business Branch (深圳交易集團有限公司土地礦業權業務分公司) and a land use right agreement (深圳市國有建設用地使用權出讓合同) together with the Shenzhen Municipal Bureau of Planning and Natural Resources Baoan Administration (深圳市規劃和自然資源局寶安管理局) to finalize the purchase of the land use right to a plot of land located at Xin'an Street, Bao'an District, Shenzhen, China (中國深圳市寶安區新安街道) with a land site area of 10,302.25 square meters for a term of 30 years at an aggregate consideration of RMB129.0 million (the "**Purchase of Land Use Right**"). For further details of the Purchase of Land Use Right, please refer to the announcement of the Company dated January 10, 2023.

Save as disclosed, the Group did not have any material acquisitions and disposals during the Reporting Period.

Future Plans for Material Investments and Capital Assets

Shenzhen Comtech has submitted its listing application to the Shenzhen Stock Exchange for the Proposed A-Share Listing (the "**Proposed A-Share Listing**") on the ChiNext Board of the Shenzhen Stock Exchange on June 28, 2022 and was notified by the Shenzhen Stock Exchange on June 30, 2022 that the application for the Proposed A-Share Listing was acknowledged.

As of the date of this announcement, the Proposed A-Share Listing are subject to, among other things, the approval from the Shenzhen Stock Exchange and the completion of issuance registration procedures with China Securities Regulatory Commission.

Further details of the Proposed A-Share Listing can be referred to the announcements of the Company dated September 30, 2021, December 7, 2021, June 30, 2022, February 28, 2023, June 27, 2023, and January 31, 2024 and the circular of the Company dated March 10, 2022 in relation to the Proposed Spin-off and the Proposed A-Share Listing of Shenzhen Comtech on a stock exchange in the PRC.

The financial data of Comtech referred to in this announcement is based on the separately managed business segments identified and allocated by the Company and therefore is not equivalent to the financial data of Shenzhen Comtech for the Proposed A-Share Listing. The Group currently holds approximately 66.84% of Shenzhen Comtech, which financial statements will continue to be consolidated into the Group's consolidated financial statements.

Employees and Remuneration Policies

As at December 31, 2023, the Group had 580 full-time employees (2022: 568), of which 18 employees work part-time (2022: 19). The number of employees employed by the Group varies from time to time depending on need. Employee remuneration is determined in accordance with prevailing industry practice and employees' educational backgrounds, experiences and performance. The remuneration policy and package of the Group's employees are periodically reviewed. Apart from pension funds, in-house training programs, discretionary bonuses, medical insurance and mandatory provident fund, share awards may be granted to employees according to the assessment of individual performance.

Compensation of key executives of the Group is determined by the Company's remuneration committee which reviews and determines executives' compensation based on the Group's performance and the executives' respective contributions to the Group.

The Company also has a restricted share unit scheme, of which eligible participants include employee participants, related entity participants and service provider participants, details of which are disclosed in the circular of the Company dated May 18, 2023.

The total remuneration cost incurred by the Group for the year ended December 31, 2023 was approximately RMB206.1 million (2022: RMB195.7 million).

Pledge of Assets

Except for the pledged bank deposits of approximately RMB287.7 million and approximately RMB190.5 million as of December 31, 2023 and December 31, 2022, respectively, the Group did not pledge any assets for the year ended December 31, 2023. The pledged bank deposits were placed as security for credit facilities granted by several banks in Hong Kong and PRC.

Contingent Liabilities

Neither the Group nor the Company had any significant contingent liabilities as of December 31, 2023.

Foreign Exchange Exposure

Foreign currency transactions during the year ended December 31, 2023 are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling as at December 31, 2023. Exchange gains and losses are recognized as profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates when the fair value was determined.

The results of operations with functional currency other than RMB are translated into RMB at the exchange rates approximating the foreign exchange rates ruling at the dates of transactions. Consolidated statements of financial position items are translated into RMB at the closing foreign exchange rates as at December 31, 2023. The resulting exchange differences are recognized in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of an operation with functional currency other than RMB, the cumulative amount of the exchange differences relating to that operation with functional currency other than RMB is reclassified from equity to profit or loss when the profit or loss on disposal is recognized.

During the year ended December 31, 2023, the Group did not use any derivative financial instruments to hedge against the volatility associated with foreign currency transactions and other financial assets and liabilities arising in the ordinary course of business. The Group's management monitors foreign exchange exposure closely and will consider hedging significant foreign currency exposure should the need arise.

Events After the Reporting Period

As disclosed in the announcement of the Company dated January 31, 2024, as part of the Proposed A-Share Listing, Shenzhen Comtech has submitted, among other things, an updated version of the prospectus of Shenzhen Comtech (committee meeting version), sponsor's letter (committee meeting version), reply of inquiries and the audited consolidated financial statements of Shenzhen Comtech for the years ended December 31, 2020, 2021 and 2022 and the six months ended June 30, 2023 to the Shenzhen Stock Exchange, which have been published on the website of the Shenzhen Stock Exchange.

Save as disclosed in this announcement, there were no other significant events that might affect the Group since the end of the year ended December 31, 2023.

FINANCIAL INFORMATION

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
Revenue	3	**8,863,382**	9,535,519
Cost of sales		**(7,833,461)**	(8,422,214)
Gross profit		**1,029,921**	1,113,305
Other income, gains and losses	5	**52,845**	66,163
Selling and distribution expenses		**(199,828)**	(140,725)
Research and development expenses		**(102,582)**	(155,691)
Administrative and other operating expenses		**(315,031)**	(298,960)
Finance costs	6	**(109,295)**	(67,746)
Share of results of associates		**4,435**	(451)
Profit before tax		**360,465**	515,895
Income tax expenses	7	**(40,595)**	(63,475)
Profit for the year		**319,870**	452,420
Profit for the year attributable to:			
Owners of the Company		**210,700**	314,414
Non-controlling interests		**109,170**	138,006
		319,870	452,420

	Note	2023 RMB'000	2022 RMB'000
Other comprehensive expense			
Items that will not be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of financial statements from functional currency to presentation currency		**(23,131)**	(71,961)
Net change in fair value of equity investments at fair value through other comprehensive income		**(182,617)**	(283,395)
		(205,748)	(355,356)
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of financial statements of foreign operations		**(5,296)**	(27,281)
		(5,296)	(27,281)
Other comprehensive expense for the year		**(211,044)**	(382,637)
Total comprehensive income for the year		**108,826**	69,783
Total comprehensive income (expense) for the year attributable to:			
Owners of the Company		**12,575**	(725)
Non-controlling interests		**96,251**	70,508
		108,826	69,783
EARNINGS PER SHARE			
Basic (RMB)	*9*	**0.154**	0.224
Diluted (RMB)		**0.154**	0.224

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
Non-current assets			
Plant and equipment		**14,569**	8,306
Right-of-use assets		**122,702**	29,549
Investment properties		**222,403**	237,653
Intangible assets		**445,154**	1,027,026
Goodwill		**607,007**	607,007
Financial assets at fair value through other comprehensive income		**884,596**	646,024
Loans receivables	*11*	**284,612**	704,002
Interests in associates		**26,839**	22,404
Interest in a joint venture		**—**	—
		2,607,882	3,281,971
Current assets			
Inventories		**4,506,058**	4,080,543
Trade, bills and other receivables	*10*	**1,932,233**	1,469,767
Loan receivables	*11*	**424,635**	—
Financial assets at fair value through profit or loss ("FVTPL")		**—**	6,000
Pledged bank deposits		**287,705**	190,539
Cash and cash equivalents		**437,777**	676,419
		7,588,408	6,423,268
Current liabilities			
Trade and other payables	*12*	**3,304,924**	3,423,946
Lease liabilities		**19,193**	12,555
Contract liabilities		**101,700**	262,551
Income tax payables		**1,249**	33,866
Bank loans		**1,597,377**	888,116
		5,024,443	4,621,034
Net current assets		**2,563,965**	1,802,234
Total assets less current liabilities		**5,171,847**	5,084,205

	Note	2023 RMB'000	2022 RMB'000
Non-current liabilities			
Deferred tax liabilities		**33,878**	41,530
Other financial liabilities		**610,699**	571,347
Lease liabilities		**12,550**	17,976
		657,127	630,853
Net assets		**4,514,720**	4,453,352
Capital and reserves			
Share capital	*13*	**1**	1
Reserves		**3,993,792**	4,028,675
		3,993,793	4,028,676
Non-controlling interests		**520,927**	424,676
Total equity		**4,514,720**	4,453,352

1. GENERAL INFORMATION

Ingdan, Inc. (the "Company") is a limited company incorporated on 1 February 2012 in the Cayman Islands under the Companies Law (Chapter 22, Law 3 of 1961, as consolidated and revised) of the Cayman Islands as an exempted company and its shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 18 July 2014.

The address of the registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of the principal place of business of the Company is 11/F., Microsoft Comtech Tower, No. 55 Gaoxin South 9th Road, Nanshan District, Shenzhen, the PRC.

In the opinion of the directors of the Company, the immediate holding company and the ultimate holding company of the Group are Envision Global Investments Limited, which was incorporated in the British Virgin Islands (the "BVI").

The Group was principally engaged in the sales of integrated circuits ("IC"), other electronic components, Artificial Intelligence and Internet of Things ("AIoT") products and proprietary and semi-conductor products, commission fees charged to third-party merchants for using the e-commerce marketplaces ("marketplace income"), service revenue from software licensing and provision of supply chain financing services, namely IngFin Financing Services ("IngFin Financing Services").

The functional currency of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") incorporated in Hong Kong is United States dollars ("US$") while the functional currency of the subsidiaries established in the PRC are Renminbi ("RMB"). The consolidated financial statements are presented in RMB for the convenience of users of the consolidated financial statements as the central management of the Group was located in the PRC.

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

In the current year, the Group has applied, for the first time, the following new and amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") which are effective for the Group's financial year beginning 1 January 2023:

HKFRS 17 (including the October 2020 and February 2022 amendments to 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 application of the new and amendments to HKFRSs in the current year has had no material effect on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these consolidated financial statements.

Amendments to HKFRSs issued but not yet effective

The Group has not early applied the following 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[3]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[1]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and the related amendments to Hong Kong Interpretation 5 (2020) Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[1]
Amendments to HKAS 1	Non-current Liabilities with Covenants[1]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements[1]
Amendments to HKAS 21	Lack of Exchangeability[2]

1 Effective for annual periods beginning on or after 1 January 2024
2 Effective for annual periods beginning on or after 1 January 2025
3 Effective for annual periods beginning on or after a date to be determined

The directors of the Company anticipate that the application of the amendments to HKFRSs will have no material impact on the results and the financial position of the Group.

3. REVENUE

Revenue represents revenue arising on sales of IC, other electronic components, AIoT products and proprietary and semi-conductor products, service revenue from software licensing and interest income generated from IngFin Financing Services. An analysis of the Group's revenue for the year is as follows:

	2023	2022
	RMB'000	*RMB'000*
Revenue from contracts with customers within the scope of HKFRS 15:		
— Sales of IC, other electronic components, AIoT products and proprietary and semi-conductor products	**8,816,984**	9,490,407
— Service revenue from software licensing	**4,622**	9,244
	8,821,606	9,499,651
Revenue from other sources:		
— Interest income from IngFin Financing Services	**41,776**	35,868
	8,863,382	9,535,519

Set out below is the disaggregation of the Group's revenue from contracts with customers by (i) timing of recognition; and (ii) geographical markets, arising from different reporting segments:

	Comtech	**Ingdan**	**Total**
	RMB'000	***RMB'000***	***RMB'000***
For the year ended 31 December 2023			
Revenue from goods and services:			
— Sales of IC, other electronic components, AIoT products and proprietary and semi-conductor products	**7,835,381**	**981,603**	**8,816,984**
— Service revenue from software licensing	**—**	**4,622**	**4,622**
	7,835,381	**986,225**	**8,821,606**
Timing of revenue recognition:			
— At a point in time	**7,835,381**	**981,603**	**8,816,984**
— Over time	**—**	**4,622**	**4,622**
	7,835,381	**986,225**	**8,821,606**
Geographical markets:			
— The PRC (including China Hong Kong)	**7,835,381**	**986,225**	**8,821,606**

	Comtech	Ingdan	Total
	RMB'000	*RMB'000*	*RMB'000*
For the year ended 31 December 2022			
Revenue from goods and services:			
— Sales of IC, other electronic components, AIoT products and proprietary and semi-conductor products	8,186,573	1,303,834	9,490,407
— Service revenue from software licensing	—	9,244	9,244
	8,186,573	1,313,078	9,499,651
Timing of revenue recognition:			
— At a point in time	8,186,573	1,303,834	9,490,407
— Over time	—	9,244	9,244
	8,186,573	1,313,078	9,499,651
Geographical markets:			
— The PRC (including China Hong Kong)	8,186,573	1,313,078	9,499,651

Transaction price allocated to the remaining performance obligations

As at 31 December 2023, the aggregate amount of transaction price allocated to the performance obligations that are unsatisfied is approximately RMB101,700,000 (2022: RMB262,511,000). The amount represents revenue expected to be recognised in the future from sales of IC and service revenue from software licensing.

The Group expected to recognise revenue within 12 months (2022: 21 months) upon the completion of sales of IC and over time for software licensing.

4. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision maker (the "CODM"), for the purpose of resource allocation and assessment of segment performance focuses on types of goods or services provided. The executive directors of the Company have chosen to organise the Group around differences in products and services.

In a manner consistent with the way in which information is reported internally to the Group's CODM for the purposes of resource allocation and performance assessment, the Group has identified two reportable segments:

Comtech:	Sales of IC, other electronic components and AIoT products
Ingdan:	Sales of proprietary and semi-conductor products, Ingfin Financing Services, marketplace operation and software licensing

Operating segments in Comtech and Ingdan, as identified by the CODM, have been aggregated in arriving at reportable segments of the Group.

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable segments.

For the year ended 31 December 2023

	Comtech	**Ingdan**	**Total**
	RMB'000	***RMB'000***	***RMB'000***
Segment revenue			
— External sales	**7,838,952**	**1,057,361**	**8,896,313**
— Inter-segment sales	**(3,571)**	**(29,360)**	**(32,931)**
Segment revenue	**7,835,381**	**1,028,001**	**8,863,382**
Segment profit	**352,358**	**156,642**	**509,000**
Unallocated income			**52,845**
Unallocated corporate expenses			**(96,520)**
Unallocated finance costs			**(109,295)**
Share of results of associates			**4,435**
Profit before tax			**360,465**

For the year ended 31 December 2022

	Comtech *RMB'000*	Ingdan *RMB'000*	Total *RMB'000*
Segment revenue			
— External sales	8,212,767	1,387,179	9,599,946
— Inter-segment sales	(26,194)	(38,233)	(64,427)
Segment revenue	8,186,573	1,348,946	9,535,519
Segment profit	497,602	124,362	621,964
Unallocated income			66,163
Unallocated corporate expenses			(104,035)
Unallocated finance costs			(67,746)
Share of results of associates			(451)
Profit before tax			515,895

The accounting policies of the operating segments are the same as the Group's accounting policies described. Segment profit represents the profit earned by each segment without allocation of central administrative and certain other operating expenses, other income, finance costs, gain on disposal of subsidiaries, and share of results of associates. This is the measure reported to the CODM for the purpose of resource allocation and performance assessment.

Inter-segment sales are charged at prevailing market rates.

5. OTHER INCOME, GAINS AND LOSSES

	2023 ***RMB'000***	2022 *RMB'000*
Bank interest income	**14,991**	5,461
Gain on disposal of subsidiaries, net	**—**	48,913
Government grants	**19,777**	5,438
Exchange gain, net	**3,766**	5,901
Other	**14,311**	450
	52,845	66,163

6. FINANCE COSTS

	2023	2022
	RMB'000	*RMB'000*
Interest on other financial liabilities	**39,352**	39,352
Interests on bank loans	**65,787**	25,644
Interests on lease liabilities	**2,486**	2,025
Factoring costs	**1,670**	725
	109,295	67,746

7. INCOME TAX EXPENSES

	2023	2022
	RMB'000	*RMB'000*
Current tax:		
PRC Enterprises Income Tax	**37,598**	53,897
Hong Kong Profits Tax	**10,649**	17,229
	48,247	71,126
Deferred tax	**(7,652)**	(7,651)
	40,595	63,475

8. DIVIDEND

2022 final dividend of HK$0.04 per share of a total amounting to approximately RMB50,402,000 (2022: nil) was recognised as distribution out of the Company's share premium during the year ended 31 December 2023. No dividend has been proposed since the end of the reporting period.

9. EARNINGS PER SHARE

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

	2023	2022
	RMB'000	*RMB'000*
Earnings		
Earnings for the purpose of basic and diluted earnings per share, representing profit for the year attributable to owners of the Company	**210,700**	314,414

	2023	2022
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,368,853**	1,401,033
Effect of dilutive potential ordinary shares:		
Deemed issue of shares under the Company's RSU scheme for nil consideration	**2,175**	4,337
Weighted average number of ordinary shares for the purpose of dilutive earnings per share	**1,371,028**	1,405,370

10. TRADE, BILLS AND OTHER RECEIVABLES

	2023	2022
	RMB'000	*RMB'000*
Receivables at amortised cost comprise:		
— Trade receivables	**1,795,527**	1,022,422
— Bills receivables	**22,196**	29,265
Trade and bills receivables	**1,817,723**	1,051,687
Less: loss allowance on trade receivables	**(115,747)**	(91,632)
	1,701,976	960,055
Loan interest receivables	**28,574**	28,877
Trade deposits and prepayments	**168,633**	444,597
Other receivables	**33,050**	36,238
	1,932,233	1,469,767

The Group allows credit period ranging from 30 to 120 days (2022: 30 to 120 days) from the date of billing. The following is an ageing analysis of trade and bills receivables, net of loss allowance on trade receivables, presented based on the dates of delivery of goods or rendering services, which approximates the respective revenue recognition dates, at the end of the reporting period.

	2023	2022
	RMB'000	*RMB'000*
Within 1 month	**1,595,943**	886,551
1 to 2 months	**71,024**	55,778
2 to 3 months	**7,468**	6,754
Over 3 months	**27,541**	10,972
	1,701,976	960,055

11. LOANS RECEIVABLES

The following is a maturity profile of loans receivables, presented based on their contractual or renewed maturity dates:

	2023	2022
	RMB'000	*RMB'000*
6–12 months	**424,635**	—
Over 1 year	**284,612**	704,002
	709,247	704,002

12. TRADE AND OTHER PAYABLES

	2023	2022
	RMB'000	*RMB'000*
Trade payables	**3,244,183**	3,353,641
Accrued staff costs	**29,896**	31,958
Other payables	**30,845**	38,347
	3,304,924	3,423,946

The following is an ageing analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2023	2022
	RMB'000	*RMB'000*
Within 1 month	**377,855**	2,620,111
1 to 3 months	**2,819,350**	406,842
Over 3 months	**46,978**	326,688
	3,244,183	3,353,641

The average credit period granted to the Group is 30 days (2022: 30 days). The Group has financial risk management in place to ensure that all payables are settled within the credit timeframe.

13. SHARE CAPITAL

	Number of shares	Amount in original currency	Shown in the consolidated financial statements
		US$	*RMB'000*
Ordinary shares of US$0.0000001 each			
Authorised:			
At 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	500,000,000,000	50,000	N/A
Issued and fully paid:			
At 1 January 2022	1,416,184,732	142	1
Cancellation of repurchased shares (note (i))	(21,922,000)	(3)	—
At 31 December 2022 and 2023	1,394,262,732	139	1

Notes:

(i) During the year ended 31 December 2022, the Company repurchased its own shares through the Stock Exchange as follows:

Month	Number of ordinary shares of US$0.0000001 each	Price per share		Aggregate amount paid
		Highest	Lowest	
		HK$	*HK$*	*HK$'000*
January 2022	3,418,000	2.15	1.96	8,151
April 2022	2,627,000	2.42	2.15	5,369
May 2022	5,805,000	2.35	2.15	13,099
June 2022	3,257,000	2.45	2.29	7,313
July 2022	2,100,000	2.27	2.13	4,627
September 2022	4,715,000	1.84	1.57	8,070
	21,922,000			46,629

For the year ended 31 December 2022, 21,922,000 shares were repurchased, of which 21,922,000 shares were cancelled during the year ended 31 December 2022. The issued share capital of the Company was reduced by the nominal value of US$2.19. Pursuant to section 37(4) of the Companies Law of the Cayman Islands, the nominal value of the shares cancelled of US$2.19 (equivalent to RMB14.21) was transferred from the share capital to the share premium. The premium paid on the repurchase of the shares of HK$46,629,000, equivalent to approximately RMB41,654,000, was charged to share premium.

There were no shares repurchased for cancellation during the year ended 31 December 2023.

(ii) No shares were repurchased through the Stock Exchange and deposited under RSU Scheme trustee during the year ended 31 December 2023 and 2022.

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

During the year ended December 31, 2023, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities listed on the Hong Kong Stock Exchange.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to maintaining and promoting stringent corporate governance. The principle of the Company's corporate governance is to promote effective internal control measures and to enhance the transparency and accountability of the Board to all shareholders. The Board is of the view that the Company has complied with all the applicable code provisions set out in Part 2 of the Corporate Governance Code (the "**CG Code**") contained in Appendix C1 (formerly known as Appendix 14) to the Rules Governing the Listing Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), save and except for code provisions C.2.1 and D.1.2 of Part 2 of the CG Code as explained below, during the year ended December 31, 2023.

Code provision C.2.1 of Part 2 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The Company does not have a separate chairman and chief executive officer and Mr. KANG Jingwei, Jeffrey currently performs these two roles. The Board believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board considers that 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 effectively. The Board will continue to review and consider splitting the roles of chairman of the Board and the chief executive officer of the Company at a time when it is appropriate by taking into account circumstances of the Group as a whole.

Pursuant to code provision D.1.2 of Part 2 of the CG Code, management should provide all members of the board with monthly updates, giving a balanced and understandable assessment of the issuer's performance, position, and prospects in sufficient details to enable the board as a whole and each director to discharge their duties under Rule 3.08 and Chapter 13 of the Listing Rules. During the Reporting Period, although the management of the Company did not provide a regular monthly update to the members of the Board, the management has provided to the Board on quarterly basis and when appropriate, the updated business information of the Group to keep all Directors abreast of the performance, position and prospects of the Group and to enable them to discharge their duties.

The Company will continue to regularly review and monitor its corporate governance practices to ensure compliance with the latest measures and standards set out in the CG Code, and to maintain a high standard of corporate governance practices of the Company.

Further information concerning the corporate governance practices of the Company will be set out in the corporate governance report in the annual report of the Company for the year ended December 31, 2023.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 (formerly known as Appendix 10) to the Listing Rules as the code of conduct regarding the Directors' dealings in the securities of the Company. Having made specific enquiry of all the Directors and the relevant employees of the Company, all the Directors confirmed that they have strictly complied with the required standards set out in the Model Code for the year ended December 31, 2023 and up to the date of this announcement.

The Board has also adopted the Model Code to regulate all dealings by relevant employees who are likely to be in possession of unpublished inside information of the Company in respect of securities in the Company as referred to in code provision C.1.3 of Part 2 of the CG Code. No incident of non-compliance with the Model Code by the Company's relevant employees for the Reporting Period was noted by the Company after making reasonable enquiry.

AUDIT COMMITTEE

The Company established an audit committee (the "**Audit Committee**") with written terms of reference in compliance with the CG Code. As at the date of the announcement, the Audit Committee comprises three members, namely, Mr. HAO Chunyi, Charlie, Mr. YE Xin and Dr. MA Qiyuan, all being independent non-executive Directors. Mr. HAO Chunyi, Charlie is the chairman of the Audit Committee.

The Audit Committee has reviewed the annual results of the Group for the year ended December 31, 2023. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management members and the external auditor of the Company, SHINEWING (HK) CPA Limited ("**SHINEWING**").

SCOPE OF WORK OF SHINEWING

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 December 31, 2023 as set out in the results announcement have been agreed by the Group's auditors, SHINEWING, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by SHINEWING 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 HKICPA and consequently no assurance has been expressed by SHINEWING on this results announcement.

FINAL DIVIDEND

The Board does not recommend the distribution of a final dividend for the year ended December 31, 2023.

ANNUAL GENERAL MEETING AND PERIOD OF CLOSURE OF REGISTER OF MEMBERS

The Company will arrange the time of convening the annual general meeting (the "**AGM**") as soon as practicable. A notice and circular convening the AGM will be published and dispatched to the shareholders of the Company, where applicable, in a manner required by the Listing Rules. Once the date of the AGM is finalized, the Company will publish the period of closure of register of members of the Company in a separate announcement and in the notice of the AGM.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.ingdangroup.com. The annual report of the Group for the year ended December 31, 2023 will be published on the aforesaid websites and will be dispatched to the Company's shareholders, if requested, in due course.

By order of the Board
Ingdan, Inc.
KANG Jingwei, Jeffrey
Chairman, Executive Director
and Chief Executive Officer

Hong Kong, March 28, 2024

As at the date of this announcement, the executive Directors are Mr. KANG Jingwei, Jeffrey, Mr. WU Lun Cheung Allen and Ms. GUO Lihua; and the independent non-executive Directors are Mr. YE Xin, Dr. MA, Qiyuan and Mr. HAO Chunyi, Charlie.