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INTERNATIONAL BUSINESS SETTLEMENT HOLDINGS LIMITED

國際商業結算控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 00147)

SUPPLEMENTAL ANNOUNCEMENT REGARDING BUSINESS UPDATE

References are made to the announcements (the “**Announcements**”) of Company dated 8 August 2025, 29 August 2025, 11 September 2025, 19 September 2025, 25 September 2025, 16 October 2025, 17 October 2025, 22 October 2025, 31 October 2025, 10 November 2025 and 5 December 2025 in relation to, among other things, the cryptocurrency business of the Group (the “**Cryptocurrency Business**”). Unless the context otherwise requires, capitalised terms used herein shall have the same meaning as those defined in the Announcements.

In addition to the information provided in the Announcements, the Company would like to provide the following additional information.

I. CRYPTOCURRENCY BUSINESS

As disclosed in the annual report of the Company for the year ended 31 March 2025, the Group believes that the emerging Fintech industry is one of the innovative factors that will improve the delivery of global financial services in the future. The Group continues to explore various opportunities in the Fintech sector, including, but not limited to, Fintech-related upstream and downstream services, as well as infrastructure projects connected to Fintech. In line with this development strategy, on 8 August 2025, the Company announced the formation of a joint venture company to develop its Cryptocurrency Business. The Group may generate revenue and profits by various strategies, including mining of cryptocurrency, selling mined coins on exchanges from time to time depending on market conditions, renting out hash power through joining mining pools, and reselling mining hardware.

The Group’s cryptocurrency experts will be responsible for the daily operation of the mining business, including regularly monitoring the performance of the mining operation, such as hash rates and energy consumption, and optimising results by adjusting settings and configurations to optimise performance and profitability. The Group’s cryptocurrency experts will also be responsible for ensuring the security of the mined coins and staying abreast with news and developments in the cryptocurrency space, such as regulations and technologies.

A. Business strategies

Set forth below are the core business strategies of the Cryptocurrency Business:

Long-term value investment

The Group's strategy is anchored in a long-term value investment behaviour, utilising cryptocurrency computing power (hashrate) as a core, income-generating asset. This approach allows the Group to gain direct exposure to the potential appreciation of cryptocurrency assets, such as Bitcoin. By investing in the underlying infrastructure that secures and operates blockchain networks, the Group positions itself to capture value from the growth of the digital asset ecosystem over time. This asset class is strategically integrated into the Group's asset portfolio to mitigate the cyclical risks inherent in the traditional business segments and enhancing overall portfolio diversification.

Risk controlled expansion

The Group pursues growth through a careful, step-by-step strategy and make phased investments. This allows the Company to learn and adapt as it grows overtime. The Company actively adjust the scale of the Cryptocurrency Business operations in response to key factors like cryptocurrency prices, mining difficulty, regulations, and energy costs.

B. Development plan

As of the date of this announcement, the Cryptocurrency Business primarily conducts cryptocurrency mining for the Group's own account for investment and capital appreciation purposes, through (i) its own mining operation using its self-owned supercomputing servers; and (ii) third-party cloud mining service provider. The Group may also use the mined cryptocurrencies for making payments for its operations.

Tagging along the evolving digital asset ecosystem worldwide, the Group believes that cryptocurrencies, as means of preserving value, are backed up by strong public open-source architecture, and therefore have the potential to resist inflation in the long-run and appreciate the value stored and have long-term value, and is of the view that the cryptocurrency market has favourable development prospects.

The Group's current investment plan for the Cryptocurrency Business is estimated to be funded by the net proceeds from the Subscription, which amounts to approximately HK\$450.0 million. Should future opportunities arise, the Group may undertake further fundraising activities as and when necessary.

The Company refers to its announcement dated 10 November 2025 regarding the Cloud Hashrate Service Agreement. Pursuant to the terms of the Cloud Hashrate Service Agreement, the Group settled the consideration in Bitcoins. To fulfill this obligation, the Group procured Bitcoins on the open market using its internal financial resources. The total acquisition of Bitcoins, executed between September 2025 and November 2025, amounted to approximately HK\$293.6 million. Of this total, Bitcoins equivalent to approximately HK\$117.0 million was utilised to settle the consideration for the Cloud Hashrate Service Agreement in development of the Cryptocurrency Business. The capital deployed for this Bitcoin settlement is being replenished through the proceeds from the Subscription, which was completed on 30 September 2025 and was earmarked for funding the Cryptocurrency Business. As disclosed in the Company's announcement dated 11 September 2025, approximately HK\$180.0 million of net proceeds from the Subscription was earmarked for purchases of supercomputer servers. The Directors consider that the Cloud Hashrate Service Agreement, which relates to the procurement of cloud hashrate that increases the total mining power of the Group, serves the same purpose as purchasing supercomputer servers, hence is in line with the aforesaid usage of the net proceeds of the Subscription.

C. Self-owned supercomputing servers

As disclosed in the announcement of the Company dated 19 September 2025, the Group executed two key agreements with the Bitmain group: (i) the Sales and Purchase Agreements for the acquisition of supercomputing servers (comprising cryptocurrency mining hardware and associated equipment); and (ii) hosting service framework agreements governing the provision of hosting and maintenance services for the said servers.

Upon completion of the Sales and Purchase Agreements in September 2025, legal title and ownership of the underlying supercomputing servers were transferred to the Group. These servers are physically housed within Bitmain group's data centre facilities in the United States and Paraguay. Under the terms of the hosting service framework agreements, Bitmain group provides ongoing hosting and maintenance services for a monthly fee. Other than the monthly hosting and maintenance service fee and other administrative expenses, no other material cost and capital contribution is expected to be incurred by the Group in operating the existing supercomputing servers. While day-to-day operational and security oversight of the servers falls under Bitmain group's supervision, the performance monitoring and overall management of the Bitcoin mining operations remain as the responsibility of the Group's management team. This team will periodically evaluate the performance of the supercomputing servers and will adjust cryptocurrency mining strategy in response to factors such as the market price of the cryptocurrency being mined, fluctuations in electricity costs, and shifting hashrate requirements within the mining network.

This team consists of approximately 10 specialists led by two designated general managers, both of whom possess extensive experience in cryptocurrency-related sectors. One of the general managers has over a decade of experience in blockchain and digital currency operations and management. Since March 2021, he has been engaged in entrepreneurship within the digital currency mining industry, driving innovation and business development. The other general manager is a senior network engineer with more than twenty years of experience in internet product development. For the past five years, his focus has been on blockchain and Web 3.0 technologies. He brings substantial expertise in blockchain protocol design, smart contract development, and decentralised application (dApp) architecture, with particular specialisation in the DeFi and NFT sectors, having led and contributed to the development and security auditing of numerous smart contract projects.

Acquisition of supercomputing servers of the Group constitutes a substantial initial investment. The Group holds legal title and ownership of these servers, which are recognised as fixed assets. Throughout their estimated useful life of approximately five years, these servers function as revenue-generating units, enabling the Group to operate them for cryptocurrency mining. The Directors are of the view that the current output and performance of the mining operation are consistent with the Company's internal projections and strategic objectives.

D. Third-party cloud mining services

As disclosed in the announcement of the Company dated 10 November 2025, the Group entered into the Strategic Cooperation Framework Agreement with Sharpening Technology for a term of one year commencing on 10 November 2025. Pursuant to the Strategic Cooperation Framework Agreement, Sharpening Technology will offer cloud hashrate mining services with a total service value of up to US\$100.0 million (equivalent to approximately HK\$780.0 million). For each procurement, the parties shall negotiate the terms and enter into a separate formal Cloud Hashrate Service Agreement.

The Board wishes to clarify that the total service fee of US\$100 million (equivalent to approximately HK\$780 million) as stipulated in the Strategic Cooperation Framework Agreement represents an aggregate cap on potential purchase for cloud mining services and does not constitute a committed expenditure.

On the even date, the Group entered into an initial Cloud Hashrate Service Agreement with Sharpening Technology. Pursuant to the Cloud Hashrate Service Agreement, the Group agreed to procure, and Sharpening Technology agreed to offer, a hashrate of at least 1 EH/s cloud mining services for a term of 365 days for a consideration of US\$15.0 million (equivalent to approximately HK\$117.0 million) worth of Bitcoins. As of the date of this submission, the Company has not committed to and has no concrete plans for procuring additional cloud mining services under the Strategic Cooperation Framework Agreement. The Company will only consider entering into any specific service agreement subject to internal assessment as future opportunities arise. This assessment will critically evaluate the Group's financial liquidity, available internal resources, and overall operational needs to ensure the prudent allocation of capital and to safeguard the Group's ongoing financial stability.

The Company has conducted market research prior to entering into of the Cloud Hashrate Service Agreement and considered quotations for comparable services on the official websites of major service providers in the market. The service fee provided by Sharpening Technology is more competitive than the market range identified. In selecting a service provider, the Group also considered qualitative factors, including the provider's credibility and market standing. Sharpening Technology is a wholly-owned subsidiary of Bitdeer Technologies Group, a world leading digital asset mining company listed on NASDAQ, which was a determinative factor in the selection process.

E. Accounting treatments of the Bitcoins obtained under the Cryptocurrency Business

Pursuant to the Cloud Hashrate Service Agreement, the Group is subscribing to cloud mining services based on an agreed rate of exahash per second. This arrangement shall not be considered a lease of any cloud mining hardware or facility and do not fall under the definition of operating lease under HKFRS 16 (Leases). As such, the procurement of cloud hashrate services do not constitute an operating lease under Rule 14.04(1)(d) of the Listing Rules.

Additionally, the Bitcoins to be distributed under the agreement is accounted for as inventory of the Group under HKAS 2 (Inventories). Therefore, the procurement of cloud mining services are revenue in nature and fall within the ordinary and usual course of business of the Group, which do not fall under the definition of "transaction" under Rule 14.04(1)(g) of the Listing Rules.

Bitcoins obtained by the Group through acquisition from the open market and mined through its own operating supercomputing servers or third-party cloud mining services, shall be accounted for as inventory (measured at cost less impairment) of the Group under HKAS 2 (Inventories).

With respect to the settlement of consideration of US\$15.0 million (equivalent to approximately HK\$117.0 million) for the Cloud Hashrate Service Agreement with an equivalent value of Bitcoin, the underlying Bitcoins are reclassified from inventory to prepayment. This prepayment is then recognised as cost of sales over the one-year service term, reflecting the consumption of cloud hashrate mining services. Concurrently, upon the successful mining of new Bitcoin, the Group recognises revenue based on the spot price at the date of receipt, with a corresponding debit to inventory. The aforesaid accounting treatments are confirmed by the auditors of the Company.

The Group has designated separate slots of wallet for separate sources or channels in obtaining the Bitcoin, while management of the Group maintains complete record of the Bitcoins being acquired or mined on a daily basis. In addition, the Group's technical team periodically monitors the public blockchain address of the mining pool to independently verify when rewards are accrued.

F. Risk factors associated with the Cryptocurrency Business

The Group bears all risks associated with owning the supercomputing servers, including but not limited to:

- (i) potential downtime, physical damage, or malfunction;
- (ii) depreciation over the estimated useful life;
- (iii) fluctuations in operating costs, such as electricity charges;
- (iv) variability in hashrate requirements needed to mine a given amount of cryptocurrency, which depends on factors such as the level of market participation in mining activities over time; and
- (v) advancements in mining technology and increasing network difficulty, which reduce the productivity and economic viability of the servers over time.

In contrast, the cloud mining services procured by the Group guarantee a contracted hashrate. The service provider assumes all risks related to server ownership and operation, thereby mitigating such exposures for the Group. Specifically, under the Cloud Hashrate Service Agreement, the provider is obligated to adjust its mining strategy and operations in the event of any downtime or malfunction of its servers to ensure consistent supply of committed level of hashrate to the Group. This ensures the mining output aligns with the hashrate stipulated in the agreement. This arrangement represents a more predictable and conservative approach to the Cryptocurrency Business.

Sets forth below are the potential risks associated with outsourcing the cloud hashrate mining services to external party as compared to Bitcoin mining through the self-owned servers of the Group:

Counterparty and operational risk

The Group is exposed to the financial and operational health of the cloud service provider. Provider insolvency, mismanagement, or failure to maintain efficient hardware could lead to a complete cessation of mining output without recourse to physical assets. Unlike with owned servers, the Group cannot directly audit the provider's facilities, verify the specific hardware in use, or dictate maintenance schedules. This creates a dependency on the provider's reliability and efficiency. This risk is mitigated by contracting with large, publicly listed providers whose operational and financial disclosures are subject to regulatory scrutiny.

Bitcoin distribution risk

The Group is exposed to the risk that Bitcoin mined through cloud hashrate contracts may not be distributed to its designated wallet due to failures in the service provider's critical infrastructure. Such failures can interrupt the final and essential step of the mining revenue cycle, leading to delayed receipt or permanent loss of assets. The Group's technical team periodically monitors the public blockchain address of the mining pool to independently verify when rewards are accrued. The technical team will have to confirm receipt in the Group's wallet, creating an automated alert for any missed scheduled payout.

Risk of production shortfall

The Group is exposed to the risk for any possible shortfall on the contracted hashrate pursuant to the Cloud Hashrate Service Agreement. The agreement stipulates a dispute resolution process, beginning with formal notification and dedicated negotiation periods. Should negotiations fail, the contract provides for arbitration in a specified jurisdiction, with the Group retaining the right to pursue all available legal remedies for breach of contract.

Based on the aggregate hashrate of the supercomputing servers acquired by the Group, the estimated all-in cost to mine one unit of Bitcoin is approximately US\$90,000 based on current market condition, which mainly include hosting and maintenance service fee (including electricity charge), depreciation, staff cost and software security. While the per unit electricity fee is determined in the hosting and maintenance contract, the total electricity charged by the Bitmain group is subject to the actual usage of the Group's supercomputing servers. The estimated operating cost does not include all cost of potential risks associated with owning the supercomputing servers which cannot be quantified or reasonably projected, such as advancements in mining technology and increasing network difficulty, which reduce the productivity and economic viability of the servers over time. The operating cost of mining using self-owned servers is subject to various factors, such as increases in electricity costs, increased hardware costs, potential maintenance expenses for upgrades, increased network difficulty, efficiency of hardware, and increases in Bitcoin prices. As more, faster machines enter the network, the difficulty increases, meaning more hash power is needed to find a block, increasing the time and energy costs per block. For comparative purposes, based on current market condition, the estimated cost for mining one unit of Bitcoin through the cloud mining service procured by the Group is approximately US\$97,000. The Cloud Hashrate Service Agreement entered into by the Group is for a term of one year. The cloud mining service fee may fluctuate based on then prevailing market condition if the Group renews the service agreement after the expiry of the Cloud Hashrate Service Agreement. The aforesaid respective estimated operating cost per unit of Bitcoin for mining using self-owned servers and cloud mining are the Company's estimates based on current market condition. As aforesaid, the operating cost of Bitcoin mining is very dynamic and may fluctuate significantly due to various factors. Hence, the operating cost of mining using self-owned servers may not be constantly lower than that of cloud mining.

Despite the mining cost per unit of Bitcoin in the case of mining using self-owned servers is seemingly lower, the actual profitability in both cases depends on mining difficulty, operational efficiency, and electricity costs. Mining using self-owned servers may yield higher returns during market surges, but it also faces risks if prices drop significantly. Cloud mining contracts may promise fixed returns, but profitability can decrease if mining difficulty increases without corresponding price increases. Profitability can also vary based on the mining duration. Mining using self-owned servers may be more profitable in the long term if costs are managed effectively, whereas cloud mining might be more appealing for short-term gains without heavy investments, lower barriers to entry and ease of setting up.

In summary, mining using self-owned servers and cloud mining for cryptocurrencies each come with distinct pros and cons. Mining using self-owned servers offers full control over hardware, potentially higher long-term profitability, and ownership of a tangible asset, but it requires significant upfront investment, technical expertise, and ongoing maintenance. Additionally, operational costs like electricity can be high, and profitability is highly volatile. In contrast, cloud mining lowers the barrier to entry with no hardware hassles and minimal upfront costs, making it accessible for beginners. However, it carries risks such as scams and lower profit margins due to provider fees, as well as a lack of control and ownership.

In light of the foregoing, it is the Group's business plan to focus on using its self-owned computing servers for its cryptocurrency mining business to secure stable and sustainable hashrate with full control over the efficiency of the mining business. The ownership of computing servers may also offer the flexibility to the Group in renting out idle hashrate to earn rental income if the prices of cryptocurrency is low, mining difficulty increases or the electricity cost surges, such that it is temporarily not profitable to conduct mining using its supercomputing servers. While focusing on mining using self-owned supercomputing servers, the Group may also from time to time procure additional cloud mining services to increase its total hashrate capacity, so as to improve the possibility of obtaining more Bitcoins and potential profitability of the Group but without incurring large upfront investment.

Bitcoin mining has and will continue to become increasingly resource-intensive over time. Miners must constantly upgrade their equipment and increase their computational power to maintain mining efficiency. Hence, the Directors consider the need to continuously and gradually increase the hashrate capacity of the Group to remain competitive. Moreover, the Company believes Bitcoin has ample room for appreciation in value and remains bullish on Bitcoin prices in the medium term, considering factors such as faster pace of institutional adoption, aggressive pro-crypto policies, development of new tools and products for Bitcoin investors, and continued increasing usage of Bitcoin payments. Therefore, the Directors consider it beneficial to the Group to further strengthen its hashrate capacity through cloud mining in order to increase the possibility of obtaining more Bitcoins as fast as possible.

It is difficult for mining using self-owned servers to scale up quickly due to the high set-up costs. In contrast, cloud mining offers the Group the flexibility to enter into separate service contracts from time to time, in order to efficiently capture opportunities in the highly volatile market.

On the basis of the foregoing, in particular:

- (i) The cloud mining service provides an alternative mean of Bitcoin mining to the Group in avoidance of significant upfront capital investment cost;
- (ii) Cloud mining mitigates the risk associated with supercomputing server ownership and operation exposures for the Group;
- (iii) Sharpening Technology, being a group member of a world-leading digital asset mining company listed on NASDAQ, possess certain level of creditability of its service provides to the Group;
- (iv) The service fee paid under the Cloud Hashrate Service Agreement is more competitive to that offered by other service providers in the open market. The service fee is fixed for the term of the Cloud Hashrate Service Agreement, hence there is higher foreseeability on the cost of cloud mining;
- (v) The Group paid 146.7 units of Bitcoin to settle the service fee for the Cloud Hashrate Service Agreement. It is expected that the Group will receive a return of 155 units of Bitcoin over the term of the Cloud Hashrate Service Agreement, representing a rate of return of approximately 5.7% based on number of units. Such rate of return is not a capped return. Depending on the network difficulty level that adjusts from time to time, the actual return from cloud mining could be higher. Besides, the expected rate of return under the Cloud Hashrate Service Agreement is in line with market return based on other quotation of cloud mining service considered by the Group. Instead of leaving the 146.7 units of Bitcoins idle while waiting for the potential value appreciation, the Directors consider it commercially justifiable to utilise such Bitcoins to pay for the cloud mining service and obtain a reasonable return, which is better than the return of sitting idle cash in banks. While the recent development focus of the Group is on the cryptocurrency-related business, it has not identified alternative investment opportunities apart from the Cloud Hashrate Service Agreement that offer rate of return beyond 5%; and

- (vi) The payment terms of the Cloud Hashrate Service Agreement, including the use of Bitcoins to settle the service fee, is in line with market practice, on normal commercial terms, and fair and reasonable. It is a market norm in the cryptocurrency mining industry to use cryptocurrencies for settlement because most of the service or procurement agreements entered into by the Group offered the option to pay by cryptocurrencies. Many industry partners operate natively in crypto, making it more convenient than converting to fiat. Cryptocurrency is also preferred over cash settlement due to cheaper and faster transfers and global accessibility. Crypto transactions clear in minutes, 24/7, enabling fast money flow, and cross-border crypto-based payments can cost only a fraction of traditional wire transfers,

the Board is of the view that the entering into of the Cloud Hashrate Service Agreement is justifiable and in the interest of the Company and Shareholders as a whole.

II. PROPERTY DEVELOPMENT AND MANAGEMENT BUSINESS

As at 30 September 2025, the Group's property development project Zhenghe City has a total gross floor area of approximately 998,000 square meters, and the total unsold gross floor area amounted to approximately 277,000 square meters, mainly represented by the unsold retail outlets and car parking spaces. Construction works of Phases I and II of Zhenghe City have been completed and the Group does not anticipate incurring any further significant costs for the project.

In view of the sluggish environment of the property market in the PRC, it is unwise and risky to invest significant capital into new property development projects. Hence, the Company plans to cautiously seek and assess property development opportunities in Guangxi and other provinces in the PRC. Before being able to identify promising new property development projects, the Group intends to develop the property development and management business through an asset-light approach in the short to medium term. This will be achieved by two means, which is (i) to progressively sell the remaining unsold portions of the Zhenghe City project if reasonable and profitable prices can be achieved; and (ii) to focus on expanding the property management business by obtaining more property management services contracts to provide a steady revenue stream to the Group. The Company will make further announcement(s) as required when the Group has identified new property development investment opportunities or there is material development in the property development and management business.

The property management segment has seen promising progress in 2025. In early 2025, the Group managed an estate with gross floor area of 492,000 square meters of residential space and 19,000 square meters of commercial space in Fuzhou. As at the date of this announcement, the total gross floor area managed by the Group has significantly increased to 2,462,000 square meters of residential space and 96,000 square meters of commercial space in Fuzhou and Lanzhou. This offers a stable and sustainable revenue stream to the Group. For the six months ended 30 September 2025, the property management business generated revenue of approximately HK\$26.9 million. Going forward, the Group intends to allocate additional resources to expand this segment and secure more property management service contracts in order to secure sustainable revenue stream for the property development and management business.

III. COMPUTER EQUIPMENT LEASING AND TRADING BUSINESS

The Group's computer equipment business provides encrypted distributed storage space in Hong Kong through leasing of servers and rendering ancillary services and trading of computer equipment. The computer equipment traded by the Group mainly include supercomputing servers. In light of the termination of all leasing agreements by late 2024, the Group has been actively exploring other business opportunities for the computer equipment business. In December 2025, the Group began to offer IC chips under the computer equipment business. The Group purchases wafers from an independent third-party supplier. The Group then procures subcontractor to provide fabrication, sealing and packaging services to transform the wafers into IC chips for on-sale to the Group's customer.

The IC chips procured from the subcontractors will be recognised as inventory of the Group. The income received from the sales of IC chips to the Group's customer will be recognised as revenue from the computer equipment business. Such accounting treatment has been agreed with the Company's auditors. The Board is of the view that the sales of IC chips is revenue in nature and within the Group's ordinary and usual course of business with reference to Note 4 to Rule 14.04(1) (g) of the Listing Rules.

The sales of IC chips fall within the scope of business of the computer equipment business and is expected to be recurring. The Group will continue to solicit new customers for its IC chips products. The sale of IC chips expands the product portfolio of the Group's computer equipment business to capitalise on growth opportunities within the IC chip market. The Company remains committed to pursuing business developments that enhance long-term Shareholder value. It is intended that the computer equipment business will complement the cryptocurrency-related business in offering cryptocurrency-mining equipment, with the overall objective in developing the Group as an integrated services and hardware provider in the cryptocurrency mining industry.

The Group will not continue the leasing of computer servers for Filecoin mining because the prolonged decline of the price of Filecoin makes it impossible to make profit from Filecoin mining. It should be noted that such computer servers were fully impaired and depreciated in the Group's accounts in September 2025. As at the date of this announcement, the Group has entered into an agreement with an independent buyer to dispose of the computer servers.

Unless otherwise specified in this announcement, the exchange rate of USD1.00 = HK\$7.8 has been adopted for translating US\$ into HK\$ in this announcement.

By order of the Board
International Business Settlement Holdings Limited
Yuen Leong
Executive Director

Hong Kong, 3 February 2026

As at the date of this announcement, the Board comprises Mr. Yuen Leong and Mr. Chan Siu Tat as executive Directors; Mr. Liu Yu as non-executive Director; and Mr. Yap Yung, Ms. Chen Lanran and Mr. Wong Kin Ping as independent non-executive Directors.