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 IN RELATION TO THE ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2025

Reference is made to the annual report of International Business Settlement Holdings Limited (the "**Company**"), together with its subsidiaries, collectively referred to as (the "**Group**") for the year ended 31 March 2025 (the "**2025 Annual Report**"). Unless the context otherwise requires, capitalised terms used herein shall have the same meaning as those defined in the 2025 Annual Report.

In addition to the information disclosed the 2025 Annual Report, the Company would like to provide the following supplementary information to the shareholders and potential investors of the Company in relation to the impairment loss of HK$146.1 million (the "**Impairment**") on trade receivables in leasing computer equipment segment in 2025 due to unfavourable property market conditions in the PRC.

Reasons and Circumstances for the Impairment

The Group first started the leasing business in mid-2022. The leasing business continued to expand in 2023. There was no problem with payment of rentals by the customers back then.

The price of Filecoin fell from approximately USD20.28 per Filecoin in April 2022 to around USD5.28 per Filecoin in December 2023. This significant and prolonged decline materially weakened the debtors' ability to generate cash flow and repay their outstanding receivables. Starting from December 2023, the debtors began to request for extension for payment and indicated that they had confidence in the price of the Filecoin and they would be able to settle the rental once Filecoin prices improved.

The Company would based on the actual situation of the Company, the market condition and the payment history access the credit risk. As (i) the leasing agreements were still valid and the customer was still an active customer; (ii) the customers had healthy payment history in the past; and (iii) based on their commitment to settle outstanding rental once Filecoin prices improved, extension to payment was granted. The Group did not make any impairment provision on individual customer in the 2023/2024 annual report, as the customers were still considered as active clients and the Board viewed the extension as a reasonable measure to maintain good business relationships while monitoring the situation closely.

Although the Filecoin prices recorded certain rebounds, Filecoin prices remained weak and continued to drop. The price of Filecoin fell from approximately USD7.05 per Filecoin from April 2024 to around USD3.66 per Filecoin in September 2024. The customers requested the Company to further extend the payment and committed to settle the unpaid rental once the price of the Filecoin mined sold at a good price. As the customers further delayed the payment, the Group attempted to seek alternative customers through its director who has extensive years of experience in the cryptocurrency sector for leasing computer equipment. Due to limited participant in the Filecoin market and downward trend of the price of Filecoin since 2023, the Group did not to manage to find new customers. As a result, the Group agreed to further extend payment.

The operating cost of the computer equipment are mainly data centre rental and the internet charge. Total monthly running cost is approximately HK$1.3 million. If the Company had decided not to grant extension to the customers and terminate the existing leasing contracts without a new customer as replacement, the Company would need to bear the monthly running costs as the rental contracts of the data centre is not cancellable. As no new customers can be identified to replace the existing one, it is unreasonable to early terminate the existing rental agreements and let the computer equipment to be idle. While granting extension to the existing customers, either the Company can set-off the running costs against the rental payment or the Company has the right to claim for outstanding rental if the existing customers fail to pay up. Even the rental contracts of the data centre are cancellable, the equipment needs to be stored in a clean and dust free environment with proper control of temperature and humidity in order to maintain the equipment in good condition for the potential new customers. If lease extension were not granted, the Company has to bear the costs and expenses to maintain the computer equipment entirely while granting an extension means the Company can set-off such costs and expenses from the rental, and if customers fail to pay rental, the Company can still claim for the outstanding rental. As long as the leasing agreements are still valid and the existing customers did not request early termination of the leasing agreements, the customers have the legally binding obligation to settle the outstanding rental and the Company has the right to claim for the rental receivables from the customers. The Company understands that extension granted to customer with outstanding rental receivables has additional credit risk exposure, however, the computer equipment had been purchased and the cost of the data center need to be paid by the Company in any case, such extension can let the Company to have a right and potential course of action to recover the rental if the price of the Filecoin rebound again. Balancing the cost and benefit, the Board was of the view that grant of extension was fair and reasonable and in the interest of the Company and its shareholders as a whole. As the customers were still active clients, no strong action to recover the rental had been taken.

Since early 2024, the Group had meetings with the customers quarterly and sent confirmations and letters to customers for repayment. Through the meetings and discussions with the customers, the Group has kept constant contact with the customers and also had more insight as to the challenges customers were facing. It helps the Company to assess possible and realistic actions to take to recover the outstanding rental.

The Company first noted that impairment assessment on an individual debtor was required in December 2024. In early December 2024, Pisasai Digital Technology Sole Co., Limited（匹薩賽數字技術有限公司）("**Pisasai Digital**") informed the Company that it would not renew the leasing contract ended in November 2025 despite previous positive verbal confirmation. Subsequently, various leasing agreements with GOP Electronics Limited（及第電子有限公司）("**GOP Electronics**") were not renewed in view of the prolonged downward trend of the price of Filecoin.

Despite repeated meetings and letters and confirmations to the customers, the customers failed to repay the outstanding rentals. In early 2025, the Group had issued formal demand letters to customers for the outstanding rentals and requested the customers to provide financial statements or management accounts to assess their financial ability but the customers resisted to provide. The Company eventually engaged legal advisers to issue letters to pursue recovery.

To enhance the chance of recovery, the Company continued to negotiate with the customers and conducted regular meetings with the customers to follow up on repayments. Subsequent to the demand letters issued in February 2025, approximately HK$3.2 million was recovered from GOP Electronics and approximately HK$3.0 million was recovered from Pisasai Digital during the period from February 2025 to October 2025. The customers have confirmed the outstanding balance and confirmed that they will settle the outstanding rentals once the Filecoin price rebounds. GOP Electronic also signed a confirmation that there are 1.2 million pieces of Filecoins in its possession and confirmed that the proceeds from the sale of the 1.2 million of pieces of Filecoins will be used to settle the unpaid rentals.

Although the recovery rate is low, but the payment that the Company has already received from customers showed that they are committed to settle the outstanding rental. The Company has informed the customers that the final repayment date is set at 30 June 2026.

For the year ended 31 March 2025, a professional valuer, Valtech Valuation Advisory Limited (the "**Valuer**") was engaged to perform the impairment assessment. The Valuer applied a Probability of Default ("**PD**") of 100% to all debtors and different Loss Given Default ("**LGD**") estimates to different debtors based on the observed debtors' repayment behaviour as stated below. The impairment loss was calculated which is the difference between the carrying amount of the receivables and the present value of expected future cash flows, discounted at the original effective interest rate.

Inputs and Basis for the Impairment

Key inputs used in the expected credit losses ("**ECL**") assessment for the Impairment are disclosed on pages 13-15 of the 2025 Annual Report under the section headed "Impairment of rental receivables". The two key inputs adopted in the ECL assessment are PD and LGD.

A PD of 100% was applied, taking into account the long-outstanding nature of the receivables. All outstanding trade receivables were overdue for more than 180 days (based on their original due dates), indicating a substantially elevated risk of default. This supports the application of a PD of 100% in accordance with the principles of HKFRS 9, which include a rebuttable presumption that a financial asset is in default when it is 90 days past due.

The LGD was determined with reference to the respective debtors' settlement patterns during FY2024/2025. As the receivables were due from two main counterparties, separate LGD estimates were derived based on each debtor's observed repayment behaviour. For GOP Electronics, settlements of HK$3.23 million were received against trade receivables of HK$116.9 million, resulting in an LGD of 97.2%. For Pisasai Digital, no settlement was made during FY2024/2025; accordingly, an LGD of 100% was applied.

Reasons for Change in ECL Result

For both FY2023/2024 and FY2024/2025, the simplified approach was applied (under which lifetime ECL is recognised), and the ECL was determined using the PD × LGD methodology.

Simplified approach is the method stated under HKFRS 9 for ECL of trade receivables. The PD × LGD methodology is a commonly adopted and industry-standard approach for estimating ECL under HKFRS 9. This approach is consistent with the requirements of HKFRS 9, which stipulate that the measurement of ECL must reflect "*an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes*" (HKFRS 9: 5.5.17).

In FY2023/2024, trade receivables amounted to HK$32.1 million out of HK$73.9 million was past due within 90 days. As there was insufficient historical settlement data to derive entity-specific PD and LGD, the Company relied on credit agency reports and relevant industry research were used as the primary inputs for the ECL assessment.

In contrast, in FY2024/2025, all trade receivables were close to or had exceeded 180 days past due, with only minimal settlement (2%) made in FY2024/2025, resulting in a significant shift in the ageing profile. The Valuer was appointed for the FY2024/2025 ECL assessment. Under HKFRS 9 (B5.5.37), there is a rebuttable presumption that a financial asset is in default when it is 90 days past due. As all trade receivables were more than 180 days past due, therefore the presumption was considered applicable, supporting the adoption of a PD of 100%.

As the trade receivables related mainly to two debtors, and their repayment patterns were observable up to year-end, settlement data during FY2024/2025 became the primary basis for determining the PD and LGD. In other words, the FY2024/2025 ECL estimation was driven primarily by the overdue status and repayment records of these two primary counterparties during FY2024/2025.

To validate the appropriateness of the high ECL rate adopted, the Valuer cross-checked the assessment against external market data and conducted an analysis of the repayment sources and repayment ability of the debtors. The debtors' ability to settle the receivables, representing rental payments for Filecoin mining machines, was highly dependent on the income generated from mining Filecoin. The market price of Filecoin experienced a substantial and prolonged decline, falling from approximately USD9.97/FIL on 1 April 2024 to around USD2.75/FIL as at 31 March 2025, according to pricing data obtained from CoinMarketCap. This significant reduction in Filecoin prices materially weakened the debtors' cash-flow generation capacity, thereby impairing their ability to repay the outstanding balances owed to the Company.

The significant change in ECL result is not mainly caused by changes in valuation methodology but the financial position and repayment records of the two debtors.

Latest updates

The Company has been keep monitoring the Filecoin price. However, the Filecoin price remained to be stagnant. Since November 2025, the Company stopped receiving any further repayment from the customers. The Company then filed statutory demands against GOP Electronics and Pisasai Digital on 29 January 2026 (the "**Statutory Demands**"), and shall proceed with winding up petitions against them if the debt set out therein is not settled with 3 weeks after the service of the Statutory Demands.

Since early 2024 up to the date of this announcement, the Group had approximately 12 meetings with the customers and sent over approximately 35 letters and confirmations to customers for repayment. Despite continuous effort and repeated meetings and letters and confirmations to the customers, the customers failed to substantially repay the outstanding rentals. As the price of Filecoin remains stagnant, the Company filed the Statutory Demands against the customers for the outstanding balance as per the lease agreements. In view of the above, the Company is of the view that the recovery actions are sufficient.

The computer equipment has been idled since the termination of the leasing agreements. In view of the low market price of the Filecoin, the Group will not deploy additional resources to this segment except to maintain the computer equipment in good condition. As the rental agreement of the data centre will be terminated on 30 April 2026, the Group will terminate this business segment given the stagnant price of Filecoin upon expiry of the agreement.

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

Hong Kong, 26 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.