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## **International Business Digital Technology Limited**

**國際商業數字技術有限公司**

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

**(Stock Code: 1782)**

### **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2023**

The board (the “**Board**”) of directors (the “**Directors**”) of International Business Digital Technology Limited (the “**Company**”) is pleased to announce the unaudited interim condensed consolidated financial statements of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2023.

The Group’s unaudited interim condensed consolidated financial results for the six months ended 30 June 2023 have been reviewed by the audit committee and the management of the Company, which were of the view that the preparation of such financial results have complied with the applicable accounting standards, the requirements under the Rules Governing the Listing of Securities (the “**Listing Rules**”) of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and other applicable legal requirements, and that adequate disclosures have been made.

This announcement, containing the full text of the 2023 interim report of the Company, complies with the relevant requirements of the Listing Rules in relation to information to accompany preliminary announcement of interim results. Printed version of the Company’s 2023 interim report will be delivered to the registered shareholders of the Company and available for viewing on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and of the Company at [www.ibdtcbdc.com](http://www.ibdtcbdc.com) on or before 30 September 2023.

By Order of the Board

**International Business Digital Technology Limited**

**Shi Zhimin**

*Chairman, Chief Executive Officer and executive Director*

Hong Kong, 28 August 2023

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

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## BOARD OF DIRECTORS

### Executive Directors

Mr. Shi Zhimin (*Chief Executive Officer and Chairman*)

### Non-executive Director

Mr. Guan Haiqing

### Independent Non-executive Directors

Mr. Yeung Man Simon

Mr. Hu Jianjun

Ms. Ru Tingting

## COMPANY SECRETARY

Mr. Chan Ngai Chi (*FCPA, FCCA, CFA*)

## AUTHORISED REPRESENTATIVES

Mr. Shi Zhimin

Mr. Chan Ngai Chi (*FCPA, FCCA, CFA*)

## AUDIT COMMITTEE

Mr. Yeung Man Simon (*Chairman*)

Mr. Hu Jianjun

Ms. Ru Tingting

## REMUNERATION COMMITTEE

Mr. Hu Jianjun (*Chairman*)

Ms. Ru Tingting

Mr. Yeung Man Simon

Mr. Shi Zhimin

## NOMINATION COMMITTEE

Ms. Ru Tingting (*Chairlady*)

Mr. Yeung Man Simon

Mr. Hu Jianjun

Mr. Shi Zhimin

## INDEPENDENT AUDITOR

Ernst & Young

## REGISTERED OFFICE

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Cayman Islands

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### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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### HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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### LEGAL ADVISER

Li & Partners  
22/F., World Wide House  
Central  
Hong Kong

### PRINCIPAL BANKER

In Mainland China  
Industrial and Commercial Bank of China  
China Merchants Bank

In Hong Kong  
Standard Chartered Bank  
China CITIC Bank International

### WEBSITE ADDRESS

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### STOCK CODE

1782

## FINANCIAL HIGHLIGHTS

	For the six months ended 30 June	
	2023 RMB'000	2022 RMB'000
Revenue	37,008	45,695
Loss for the period	(20,972)	(3,115)
Net loss attributable to the ordinary equity holders of the parent	(21,087)	(2,769)
Loss per share (RMB cents)	(2.77)	(0.53)
Gross margin	46.4%	52.2%
Net loss margin	-7.9%	-6.8%
	As at 30 June 2023 RMB'000	As at 31 December 2022 RMB'000
Cash and cash equivalents	142,166	171,366
Total assets	305,608	329,372
Total liabilities	37,205	39,997
Total Equity	268,403	389,375
Current ratio	7.6	8.2
Quick ratio	7.3	8.1
Debt to equity ratio ( <i>Note</i> )	3.7%	3.5%

*Note:* Total interest-bearing borrowings divided by total equity and multiplied by 100%.

The board (the “**Board**”) of directors (the “**Directors**”) of International Business Digital Technology Limited (the “**Company**”) announces its unaudited consolidated interim results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2023 together with the comparative figures for the corresponding period in 2022.

### BUSINESS REVIEW

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

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

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

In the first half of 2023, the Group’s revenue decreased by approximately 19.0% as compared with the same period last year and it recorded a net loss of approximately RMB21.0 million.

### CBDC Business

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

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

### APM Business

In terms of APM business, the Group increased its investment in emerging business directions, resulting in a short-term decline in profits. However, the lagging nature and long-term effects of the cost-to-income impact are expected to turn around gradually, with profits poised for rapid improvement. The information technology industry is experiencing a significant trend of updates and upgrades. With the central government promoting the integration of the digital economy and the real economy, it is a promising prospect for the field which the Group engages. The digital economy is characterized by information networks, data resources, information technology, and integrated applications. Through technological innovation, the Group strengthened the integrated application and promotion of existing solutions, achieving significant results in strategic industries such as energy, transportation, and fully connected factories.



## OUTLOOK

### CBDC Business

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

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

1. Improvement in payment system: CBDC can provide a more effective and secure payment system. CBDC can implement instant clearing and settlement, reducing intermediary stages, accelerating transactions, lowering transaction costs, and improving the reliability of the payment system.
2. Finance inclusivity: CBDC can provide financial services for people without bank accounts, facilitating the finance inclusivity. Through CBDC, the public can directly hold the digital currencies issued by the central bank, without relying on traditional bank accounts, which lowered the barrier of financial service and enabled more people to engage in the financial system.
3. Regulation and compliance: the issuance of CBDC is controlled by the central bank, which can enhance the regulation and compliance of currency issuance and circulation, and improve the security and stability of the financial system.
4. Monetary policy tool: CBDC can become a new type of monetary policy tool for the central bank. The central bank can implement monetary policies by adjusting parameters such as the issuance and interest rates of CBDC, which can affect economic activities and inflation levels more accurately. That helped the central bank to formulate more scientific and effective monetary policies.
5. Technological innovation and competitiveness: the issuance of CBDC has promoted the innovation and development of FinTech. The launch of the CBDC has encouraged research and application in fields such as smart contracts and payment technology, which is beneficial to the country's competitiveness and innovation ability in the field of financial technology.

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

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

### APM Business

The Board expects the APM business to have a steady growth in revenue for the second half of 2023. The innovation of products and technologies will continue to bring new business opportunities to the Group, further enhancing the Group's leading advantages and breakthroughs in niche segments, including smart mines, smart factories, smart transportation, smart cities, autonomous driving and smart healthcare. In the home market, we will deeply explore application scenarios for smart homes, achieving a dual growth in quantity and quality while enhancing user perception and satisfaction. The Group is committed to overcoming challenges posed by the complex external environment and seizing the opportunity presented by the deepening digital transformation of the entire society and the vigorous development of the digital economy, and the Group actively participated in the national big data strategy. In terms of the vertical industry ecosystem and innovative application scenarios of Artificial Intelligence (“**Artificial Intelligence**” or “**AI**”) technology, the orders are expected to maintain a rapid growth momentum for the second half of 2023.

## FINANCIAL REVIEW

### Revenue

The Group's revenue for the six months ended 30 June 2023 amounted to approximately RMB37.0 million, representing a decrease of approximately RMB8.7 million or 19.0% as compared with that of approximately RMB45.7 million recorded for the six months ended 30 June 2022. The decrease was mainly attributable to the combined effect of: (1) the decrease in revenue generated from the provision of integrated APM system solutions of approximately RMB12.2 million; (2) the increase in revenue generated from the provision of software development services of approximately RMB3.7 million; (3) the increase in revenue generated from the provision of technical services of approximately RMB0.5 million; and (4) the decrease in revenue generated from sales of embedded hardware and standard APM software of approximately RMB0.8 million.

The following analysis sets forth a breakdown of the Group's revenue by service type for the six months ended 30 June 2022 and 2023, respectively:



## **Integrated APM system solutions**

This segment provides integrated APM system solutions by tailor-making our APM products to allow our customers to better manage and monitor their applications and networks. The Group has recorded a decrease in the revenue generated from the provision of integrated APM system solutions of approximately 47.8% from approximately RMB25.5 million for the six months ended 30 June 2022 to approximately RMB13.3 million for the six months ended 30 June 2023. This was primarily because such businesses require staff of the Group to carry out integrated hardware embedding, software installation and test operations in the field, while the situation did not fully restore to pre-COVID-19 era in the first quarter of 2023 after the COVID-19 control measures being lifted at the end of 2022, in particular a number of assemblers of the Group and the information department staff of the customer were infected, which affected the delivery schedule of products.

## **Software development services**

This segment provides software development services which typically involve developing customized supporting software for upgrade and expansion of the APM products which are already integrated with our customers' systems and networks. Our revenue derived from the provision of software development services increased by approximately 33.0% from approximately RMB11.2 million for the six months ended 30 June 2022 to approximately RMB14.9 million for the six months ended 30 June 2023. This was primarily due to the fact that an increasing number of existing customers completed software development services which upgrade and expand their existing APM systems to cover new network-based applications and users.

## **Technical services**

This segment provides advisory services, including operational support, system maintenance, network analysis and optimization for our APM products, and research study of specific topics on application and network performance. Our revenue derived from the provision of technical services increased by approximately 7.6% from approximately RMB6.6 million for the six months ended 30 June 2022 to approximately RMB7.1 million for the six months ended 30 June 2023. Such increase was primarily attributable to our allocation of more resources to the promotion of new products and technologies of our Integrated APM system solutions.

## **Sales of embedded hardware and standard APM software**

We sell embedded hardware and standard APM software to customers who do not require tailor-making services. Our revenue generated from the sales of embedded hardware and standard APM software decreased by approximately 32.0% from approximately RMB2.5 million for the six months ended 30 June 2022 to approximately RMB1.7 million for the six months ended 30 June 2023. This was primarily because such businesses require staff of the Group to carry out integrated hardware embedding, software installation and test operations in the field, while the situation did not fully restore to pre-COVID-19 era in the first quarter of 2023 after the COVID-19 control measures being lifted at the end of 2022, in particular a number of assemblers of the Group and the information department staff of the customer were infected, which affected the delivery schedule of products.

### Gross profit and gross profit margin

The Group's gross profit decreased by approximately 28.0% from approximately RMB23.8 million for the six months ended 30 June 2022 to approximately RMB17.2 million for the six months ended 30 June 2023. Such decrease was mainly due to the decrease in the business volume for sales of integrated APM system solutions, and sales of embedded hardware and standard APM software. The Group's gross profit margin was recorded at approximately 52.2% and approximately 46.4% for the six months ended 30 June 2022 and 2023, respectively. The decrease in gross profit margin was mainly due to the decrease in the business for integrated APM system solutions with relatively higher gross profit margin.

### Other income and gains

The Group recorded other income and gains of approximately RMB3.6 million and approximately RMB6.4 million for the six months ended 30 June 2022 and 2023, respectively. The increase was primarily due to the increase in exchange gain generated from the Group's holding of HK dollars of RMB1.7 million, the increase in interest income of RMB0.8 million and the increase in government grants of RMB0.3 million.

### Selling and distribution expenses

The Group's selling and distribution expenses slightly decreased by approximately 3.7% from approximately RMB6.2 million for the six months ended 30 June 2022 to approximately RMB6.0 million for the six months ended 30 June 2023.

### Research and development expenses

The Group's research and development ("R&D") expenses increased by approximately 34.2% from approximately RMB14.3 million for the six months ended 30 June 2022 to approximately RMB19.2 million for the six months ended 30 June 2023. The increase was mainly attributable to the increase in R&D staff costs due to the increase in headcounts of 5G related business and AI research team as compared to last year, in order to improve its competitiveness.

### Administrative expenses

The Group's administrative expenses increased by approximately 90.2% from approximately RMB10.3 million for the six months ended 30 June 2022 to approximately RMB19.5 million for the six months ended 30 June 2023. The increase was mainly for the need of the Group's further business development. As disclosed in prior announcements of the Company, the Group intends to expand its software development services and technology services to new business markets of the CBDC network system, thereby expanding the Group's customer base and diversifying its income stream.

### Net loss

Due to the foregoing reasons, the Group recorded a net loss of approximately RMB21.0 million for the six months ended 30 June 2023 as compared to a net loss of approximate RMB3.1 million for the six months ended 30 June 2022.



## LIQUIDITY AND FINANCIAL RESOURCES

For the six months ended 30 June 2023, the Group's cash and cash equivalents, together with available credit facilities and expected cash flow from operations, were sufficient to satisfy the current operational requirements and the capital expenditures of the Group.

The Group's net current assets decreased from approximately RMB275.2 million as at 31 December 2022 to approximately RMB242.0 million as at 30 June 2023. Our cash and cash equivalents were approximately RMB142.2 million as at 30 June 2023 (as at 31 December 2022: approximately RMB171.4 million).

The Group's current ratio decreased from 8.2 as at 31 December 2022 to 7.6 as at 30 June 2023. The Group's debt to equity ratio increased from 3.5% as at 31 December 2022 to 3.7% as at 30 June 2023. The calculation of debt-to-equity ratio is based on the total interest-bearing borrowings divided by total equity and multiplied by 100%.

The current ratio recorded a slight decrease, which was primarily due to net cash outflow generated from operation activities and net cash outflow from investment activities generated from certain capital expenses of the current period. The debt to equity ratio recorded a slight increase, which was primarily attributable to recorded net loss of the current period.

## EXPOSURE TO EXCHANGE RATE FLUCTUATION

The Group's main operations are in China with most of its transactions being settled in RMB. Some of the Group's cash and bank deposits are denominated in Hong Kong dollars ("HK\$") and US dollars ("US\$"). The balance of cash and cash equivalents as at 30 June 2023 including HK\$83.4 million (equivalent to approximately RMB76.8 million) and US\$172,000 (equivalent to approximately RMB1.2 million) were held in banks in Hong Kong and China. The Group did not experience any impact or difficulties in liquidity on its operations resulting from currency exchange and no hedging transaction or forward contract arrangement was made by the Group during the six months ended 30 June 2023. The management will continue to closely monitor foreign exchange risk to ensure that appropriate measures are implemented in a timely and effective manner.

## CAPITAL STRUCTURE

There was no change in the capital structure of the Company during the six months ended 30 June 2023. The capital structure of the Group mainly consists of shareholders' equity, which includes share capital and reserves, and bank borrowings. As at 30 June 2023, the Company's issued share capital comprises only 762,000,000 ordinary shares of HK\$0.01 each and amounted to HK\$7,620,000 (equivalent to RMB6,686,000). Total shareholders' equity of the Company amounted to approximately RMB268.7 million as at 30 June 2023 (as at 31 December 2022: approximately RMB289.8 million).

As at 30 June 2023, the Group's interest-bearing bank borrowings which were repayable within one year amounted to RMB10.0 million (as at 31 December 2022: RMB10.0 million). There is no material seasonality of borrowing requirements for the Group. The interest rates of the Group's total interest-bearing bank borrowings were denominated in RMB and fixed at approximately 3.15% per annum during the six months ended 30 June 2023.

## USE OF PROCEEDS

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

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

The following table sets out the details of the said net proceeds that were utilised and unutilised as of 30 June 2023 with reference to the revised intended utilisation of net proceeds in accordance with the Announcement:

Intended use of proceeds	Original intended utilisation of net proceeds RMB million	Net proceeds utilised during the reporting period RMB million	Net proceeds utilised up to 30 June 2023 RMB million	Unutilised net proceeds as at 30 June 2023 RMB million	Revised intended utilisation of net proceeds	Expected timeline for utilising unutilised net proceeds ( <i>Note</i> ) RMB million
					as disclosed in the Announcement RMB million	
(a) Investment in and upgrade of big data and AI analysis technologies to expand its existing APM business	100.6	17.4	17.4	83.2	0	–
(b) General corporate and working capital purposes	17.4	3.0	3.0	14.4	14.4	Approximately RMB5.0 million and RMB9.4 million of which will be utilised during the six months ending 31 December 2023 and the year ending 31 December 2024, respectively
(c) Investment in and upgrade of digital technologies (including but not limited to CBDC, big data, AI and their related technologies) to expand the businesses of all its existing business segments	–	–	–	–	83.2	Approximately RMB32.6 million and RMB50.6 million of which will be utilised during the six months ending 31 December 2023 and the year ending 31 December 2024, respectively
<b>Total:</b>	118.0	20.4	20.4	97.6	97.6	

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



## CAPITAL EXPENDITURES

For the six months ended 30 June 2023, the Group's capital expenditures amounted to approximately RMB13.0 million (for the six months ended 30 June 2022: RMB0.4 million), comprising approximately RMB11.1 million for contract payment of purchase of a number of software copyrights and approximately RMB1.9 million for purchase of other fixed assets.

## COMMITMENTS AND CONTINGENT LIABILITIES

As at 30 June 2023, the Group had no material commitments or contingent liabilities (as at 31 December 2022: Nil).

## DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2023 (for the six months ended 30 June 2022: Nil).

## FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

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

## MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

For the six months ended 30 June 2023, the Group did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures.

## SIGNIFICANT INVESTMENTS AND ACQUISITION OF CAPITAL ASSETS

Save as disclosed above, for the six months ended 30 June 2023, the Group did not hold any significant investments nor made any significant acquisition of capital assets.

## CHARGE ON ASSETS

As at 30 June 2023, apart from bank deposits amounting to RMB4.2 million that were pledged to banks mainly in relation to a short-term bank loan and RMB0.6 million that were pledged in relation to the guarantee (at at 31 December 2022: RMB4.2 million in relation to a short term bank loan, RMB0.3 million in relation to the guarantee), no other Group's assets were charged to any financial institutions.

### EMPLOYEES, TRAINING AND REMUNERATION POLICIES

As at 30 June 2023, the Group had a total of 313 employees. The Group's staff costs including directors' emoluments were approximately RMB38.8 million for the six months ended 30 June 2023 (for the six months ended 30 June 2022: approximately RMB31.4 million).

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

The Company adopted a share option scheme (the "**Share Option Scheme**") on 21 November 2016 to provide incentives and rewards to eligible persons for their contributions and continuing efforts for promoting the interest of the Group. For details of the Share Option Scheme, please refer to the section headed "SHARE OPTION SCHEME" in this report.

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

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

### SUFFICIENCY OF PUBLIC FLOAT

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

### SHARE OPTION SCHEME

The Company adopted the Share Option Scheme on 21 November 2016.

Details of the Share Option Scheme are as follows:

- |   |  |
|---|--|
| 1. Purpose of the Share Option Scheme                                       | The purpose of the Share Option Scheme is to enable the Company to grant options to eligible persons as incentives and rewards for their contributions and continuing efforts for promoting the interest of the Group.   |
| 2. Who may join   | Any eligible employee (full time or part-time), executive Director, non-executive Director and independent non-executive Director, advisor and consultant of the Group.  |
| 3. Total number of shares available for issue under the Share Option Scheme | As at 1 January and 30 June 2023, the total number of shares available for issue under the Share Option Scheme was 48,674,500 Shares (representing 10% of the total number of Shares in issue as at 15 December 2016 (the " <b>Listing Date</b> "), the date on which the shares of the Company were listed on GEM of the Stock Exchange and approximately 6.4% of the total number of Shares in issue as at the date of this report).   |
| 4. Subscription price   | <p>The subscription price shall be a price determined by the Board, but in any case shall not be less than the highest of:</p> <ul style="list-style-type: none"><li>(i) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheet on the date of the grant, which must be a trading day;</li><li>(ii) the average closing price per share as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of the grant; and</li><li>(iii) the nominal value of a share on such date of grant.</li></ul> |
| 5. Maximum entitlement of each participant                                  | The total number of Shares issued and to be issued upon exercise of options granted in any 12-month period to a participant under this Share Option Scheme and other schemes must not exceed 1% of the Shares in issue.  |
| 6. Time of acceptance   | Options granted may be accepted by the eligible person within 28 days from the date of the grant of options.   |
| 7. Option period  | A period which may expire no later than 10 years from the date of the offer of to be determined and notified by Directors to the grantee thereof.  |
| 8. Rights are personal to grantee   | An option shall be personal to the grantee and shall not be transferable or assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber, or create any interest in favour of any third party over or in relation to any option.  |
| 9. Remaining life of the Share Option Scheme                                | As at 30 June 2023, the remaining life of the Share Option Scheme was approximately 3 years and 4 months (expiring on 20 November 2026).   |

Since the adoption of the Share Option Scheme and up to the date of this report, no share option has been granted, exercised, lapsed and cancelled pursuant to the Share Option Scheme. As at 1 January 2023 and 30 June 2023 and up to the date of this report, the Company does not have any outstanding share options, warranties, derivatives or securities that are convertible into or exchangeable for shares.

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES

As at 30 June 2023, none of the Directors and chief executive of the Company had an interest or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571) of the laws of Hong Kong (the "**SFO**")) which was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or was required to be recorded pursuant to section 352 of the SFO, or required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the "**Model Code**").

## SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES DISCLOSEABLE UNDER THE SFO

As at 30 June 2023, so far as known to the Directors, the following Shareholders (other than Directors and the chief executive of the Company) who had interests or short positions in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

### Long Positions in Shares

Name of Shareholders	Capacity/Nature of interest	Number of Shares held	Approximate percentage of shareholding (Note 1)
International Business Digital Technology Group Limited (Note 2)	Beneficial owner	569,715,000	74.77%
International Business Digital Technology Group (Hong Kong) Limited (Note 2 and 3)	Interest in a controlled corporation	569,715,000	74.77%
International Business Digital Technology Group Limited (Note 3 and 4)	Interest in a controlled corporation	569,715,000	74.77%
Du Li (Note 4)	Interest in a controlled corporation	569,715,000	74.77%

*Notes:*

1. As at 30 June 2023, the Company had 762,000,000 Shares in issue.
2. International Business Digital Technology Group Limited (formerly Phoenix Wealth (Cayman) Asset Management Limited) is an exempt company incorporated in the Cayman Islands with limited liability and is wholly-owned by International Business Digital Technology Group (Hong Kong) Limited.
3. International Business Digital Technology Group (Hong Kong) Limited (formerly Phoenix Wealth (Hong Kong) Asset Management Limited) is incorporated in Hong Kong and is wholly-owned by International Business Digital Technology Group Limited.
4. International Business Digital Technology Group Limited (formerly Phoenix Wealth Investment (Holdings) Limited) is incorporated in the British Virgin Islands and is wholly-owned by Mr. Du Li.

Save as disclosed above, as at 30 June 2023, the Company has not been notified by any persons (other than the Directors or chief executive of the Company) who held an interest or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO.

## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the sections headed "SHARE OPTION SCHEME" and "DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES" above, at no time during the six months ended 30 June 2023 and up to the date of this report, have the Directors and chief executive of the Company and their respective close associates (as defined in the Listing Rules) had any interest in, or had been granted or exercised any rights to subscribe for shares or underlying shares of the Company and/or its associated corporations (within the meaning of the SFO).

## COMPETING INTERESTS

During the six months ended 30 June 2023 and up to the date of this report, none of the Directors or the controlling Shareholders or their respective associates (as defined in the Listing Rules) had an interest in any business which competes or may compete, either directly or indirectly, with the business of the Group or has any conflicts of interest which has or may have with the Group.

## CORPORATE GOVERNANCE

During the six months ended 30 June 2023, the Company has applied the principles of and is in compliance with all code provisions of the Corporate Governance Code as set forth in Appendix 14 to the Listing Rules save as disclosed below.

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



### CHANGE IN INFORMATION OF DIRECTORS

The change in the information of the Directors of the Company since the publication of the 2022 annual report of the Company which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules is set out below:

Mr. Shi Zhimin, an executive Director, Chief Executive Officer and Chairman, ceased to act as a legal representative and director in Licorne Intelligent (Beijing) Technologies Holdings Limited\* (百澤智慧(北京)科技控股有限公司), an indirect wholly-owned subsidiary of the Company, with effect from 16 May 2023.

Since April 2021, Mr. Yeung Man Simon has been acting as the chief financial officer and the company secretary of Zhong An Intelligent Living Service Limited, an integrated property management service provider in the PRC, the shares of which have been listed on the Main Board of the Stock Exchange (stock code: 2271) since July 2023.

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

### THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as the code of conduct for dealing in securities of the Company by the Directors.

The Company has made specific enquiry to all Directors, who have confirmed that, during the six months ended 30 June 2023, each of them were in compliance with the Model Code.

### PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries have purchased, sold or redeemed any securities of the Company during the six months ended 30 June 2023.

## AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) was established on 21 November 2016 with written terms of reference revised by the Board with effect from 29 November 2018 in compliance with Rules 3.21 and 3.22 of the Listing Rules and the code provision C.3.3 of the Code. During the six months ended 30 June 2023, the Audit Committee comprised Mr. Yeung Man Simon, Mr. Hu Jianjun and Ms. Ru Tingting, all of them were independent non-executive Directors of the Company. The chairman of the Audit Committee was Mr. Yeung Man Simon, who holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules.

During the six months ended 30 June 2023, none of the members of the Audit Committee are former partners of the Company’s existing external auditors.

The Group’s unaudited condensed consolidated results for the six months ended 30 June 2023 and this report have not been reviewed by the Company’s auditor but have been reviewed by the Audit Committee with the management. The Audit Committee is of the view that such results complied with the applicable accounting standards, the requirements under the Listing Rules and other applicable legal requirements, and that adequate disclosures had been made.

## EVENTS AFTER THE REPORTING PERIOD

There is no significant event subsequent to 30 June 2023 which would materially affect the Group’s operating and financial performance as at the date of this report.

## ACKNOWLEDGEMENT

The Board would like to take this opportunity to express its gratitude to all shareholders and business associates for their continuous support and to all employees for their dedication and contribution to the Group.

\* *For identification purpose only*

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

Hong Kong, 28 August 2023

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

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2023

	Notes	For the six months ended 30 June	
		2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
<b>REVENUE</b>	5	<b>37,008</b>	45,695
Cost of sales		<b>(19,842)</b>	(21,858)
Gross profit		<b>17,166</b>	23,837
Other income and gains	5	<b>6,426</b>	3,639
Selling and distribution expenses		<b>(6,020)</b>	(6,249)
Research and development expenses		<b>(19,192)</b>	(14,306)
Administrative expenses		<b>(19,535)</b>	(10,269)
Impairment losses on financial and contract assets, net		<b>220</b>	93
Other expenses		<b>(57)</b>	(44)
Finance costs		<b>(157)</b>	(188)
<b>LOSS BEFORE TAX</b>	6	<b>(21,149)</b>	(3,487)
Income tax credit	7	<b>177</b>	372
<b>LOSS FOR THE PERIOD</b>		<b>(20,972)</b>	(3,115)
<b>OTHER COMPREHENSIVE INCOME</b>		<b>–</b>	–
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>		<b>(20,972)</b>	(3,115)
<b>Attributable to:</b>			
Owners of the parent		<b>(21,087)</b>	(2,769)
Non-controlling interests		<b>115</b>	(346)
<b>LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>	8		
Basic and diluted			
– For loss for the period (RMB cents)		<b>(2.77)</b>	(0.53)

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2023

	Notes	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
<b>NON-CURRENT ASSETS</b>			
Property and equipment	9	2,254	789
Right-of-use assets		2,459	2,919
Other intangible assets		8,205	10,169
Contract payment for other intangible assets		11,130	–
Contract assets	12	1,998	1,998
Long term deposit		107	45
Restricted cash	13	501	129
<b>Total non-current assets</b>		<b>26,654</b>	<b>16,049</b>
<b>CURRENT ASSETS</b>			
Inventories	10	10,869	4,531
Trade and bills receivables	11	22,497	25,862
Contract assets	12	78,363	99,342
Prepayments, other receivables and other assets		20,742	7,889
Pledged deposit	13	4,200	4,200
Restricted cash	13	117	133
Cash and cash equivalents	13	142,166	171,366
<b>Total current assets</b>		<b>278,954</b>	<b>313,323</b>
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	14	4,477	2,687
Other payables and accruals		20,051	23,933
Interest-bearing bank borrowings		10,000	10,000
Lease liabilities		2,401	1,499
Tax payable		–	–
<b>Total current liabilities</b>		<b>36,929</b>	<b>38,119</b>
<b>NET CURRENT ASSETS</b>		<b>242,025</b>	<b>275,204</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>268,679</b>	<b>291,253</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities		276	689
Other payables and accruals		–	30
Lease liability		–	1,159
<b>Total non-current liabilities</b>		<b>276</b>	<b>1,878</b>
<b>Net assets</b>		<b>268,403</b>	<b>289,375</b>
<b>EQUITY</b>			
Issued capital	15	6,686	6,686
Reserves		262,001	283,088
Capital and reserves attributable to the owners of the parent		268,687	289,774
Non-controlling interests		(284)	(399)
<b>Total equity</b>		<b>268,403</b>	<b>289,375</b>

Shi Zhimin  
Director

Yeung Man Simon  
Director

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

30 June 2023

	Issued capital	Treasury shares	Share Award reserve	Share premium	Capital reserve	Statutory surplus reserve	Retained profits	Subtotal	Non-controlling interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>At 1 January 2022</b>	4,514	(2,509)	1,008	76,581	30,710	13,893	57,661	181,858	1,797	183,655
Loss for the period	-	-	-	-	-	-	(2,769)	(2,769)	(346)	(3,115)
Total comprehensive loss for the period	-	-	-	-	-	-	(2,769)	(2,769)	(346)	(3,115)
Equity settled share award scheme	-	2,509	(1,008)	342	-	-	-	1,843	-	1,843
Issuance of new ordinary shares under the Rights Issue	2,172	-	-	117,279	-	-	-	119,451	-	119,451
Share issue expenses	-	-	-	(1,372)	-	-	-	(1,372)	-	(1,372)
<b>At 30 June 2022 (Unaudited)</b>	6,686	-	-	192,830	30,710	13,893	54,892	299,011	1,451	300,462
<b>At 1 January 2023</b>	6,686	-	-	192,753	30,710	13,893	45,732	289,774	(399)	289,375
Loss for the period	-	-	-	-	-	-	(21,087)	(21,087)	115	(20,972)
Total comprehensive loss for the period	-	-	-	-	-	-	(21,087)	(21,087)	115	(20,972)
<b>At 30 June 2023 (Unaudited)</b>	6,686	-	-	192,753	30,710	13,893	24,645	268,687	(284)	268,403

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

	<b>For the six months ended 30 June</b>	
<i>Notes</i>	<b>2023</b> <b>(Unaudited)</b> <b>RMB'000</b>	2022 (Unaudited) RMB'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before tax	<b>(21,149)</b>	(3,487)
Adjustments for:		
Finance costs	<b>157</b>	188
Interest income	<b>(1,320)</b>	(488)
Depreciation	<b>887</b>	1,012
Amortization of other intangible assets	<b>1,964</b>	2,253
Net foreign exchange differences	<b>(2,273)</b>	(562)
Equity-settled share award expense	<b>–</b>	1,843
	<b>(21,734)</b>	759
Increase in inventories	<b>(6,338)</b>	(6,194)
Decrease in contract assets	<b>20,979</b>	820
Decrease/(increase) in trade and bills receivables	<b>3,365</b>	(4,513)
Increase in prepayments and other receivables	<b>(12,532)</b>	(2,498)
Decrease in pledged deposits for bills payable	<b>–</b>	600
Increase in restricted cash for guarantee	<b>(356)</b>	–
Increase in trade payables	<b>1,790</b>	72
Decrease in other payables and accruals	<b>(3,912)</b>	(3,807)
	<b>(18,738)</b>	(14,761)
Cash used in operations	<b>(18,738)</b>	(14,761)
Interest received	<b>1,465</b>	488
Income tax paid	<b>(236)</b>	(861)
	<b>(17,509)</b>	(15,134)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of items of property and equipment	<b>(1,892)</b>	(373)
Contract payment of additions to other intangible assets	<b>(11,130)</b>	–
	<b>(13,022)</b>	(373)
Net cash flows used in investing activities	<b>(13,022)</b>	(373)

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

	Notes	For the six months ended 30 June	
		2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Net proceeds from rights issue	15	–	118,079
Interest paid		(157)	(188)
Decrease in pledged deposits for a short term bank loans		–	1,300
Principal portion of lease payments		(257)	(583)
Increase in rental deposit		(528)	(36)
Net cash flows (used in)/generated from financing activities		(942)	118,572
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>			
		(31,473)	103,065
Cash and cash equivalents at beginning of period		171,366	64,061
Effect of foreign exchange rate changes, net		2,273	562
<b>UNRESTRICTED CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>			
	13	142,166	167,688

## 1. CORPORATE INFORMATION

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

The Company has successfully transferred listing from GEM to the Main Board of the Stock Exchange on 29 November 2018.

The principal activity of the Company is investment holding. The Group are principally engaged in providing digital technology related solutions. There has been no significant change in the Group's principal activities during the period.

Pursuant to the special resolution passed at the Extraordinary General Meeting on 6 June 2023, the Shareholders approved the change of English name of the Company from "Vixtel Technologies Holdings Limited" to "International Business Digital Technology Limited" and the dual foreign name in Chinese of the Company from "飛思達科技控股有限公司" to "國際商業數字技術有限公司".

## 2. BASIS OF PRESENTATION

The interim condensed consolidated financial statements for the six months ended 30 June 2023 has been prepared in accordance with the Hong Kong Accounting Standards ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants, and the disclosure requirements of the Hong Kong Companies Ordinance.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statement, and should be read in conjunction with those of the annual report for the year ended 31 December 2022.

Certain comparative figures have been reclassified so as to conform to the current year's presentation. The reclassification has had no effect on the reported results of operations.

The unaudited consolidated results for the six months ended 30 June 2023 have not been audited by the Company's auditors, but have been reviewed by the Company's audit committee.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2023



## 3. NEW STANDARDS, INTERPRETATION AND AMENDMENTS ADOPTED BY THE GROUP

Except as described below, the accounting policies applied in this condensed consolidated interim financial information are consistent with those of the annual financial statements for the year ended 31 December 2022.

### (a) Adoption of new standard and amendments to standards

The Group has adopted the following new standard and amendments to standards which are relevant to the Group's operations and are mandatory for the financial year beginning on 1 January 2023.

HKAS 1 and HKFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies
HKAS 8 (Amendments)	Definition of Accounting Estimates
HKAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
HKFRS 17 (New Standard)	Insurance Contracts

The adoption of those new standard and amendments to standards does not have any significant impact to the interim condensed consolidated financial information.

### (b) Amendments to standards and interpretations which are not yet effective

The following are amendments to standards and interpretations that have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2024 or later periods, but have not been early adopted by the Group.

Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause <sup>(1)</sup>
HKAS 1 (Amendments)	Non-current Liabilities with Covenants <sup>(1)</sup>
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current <sup>(1)</sup>
HKFRS 7 and HKAS 7 (Amendments)	Supplier Finance Arrangements <sup>(1)</sup>
HKFRS 16 (Amendments)	Lease Liability in a Sale and Leaseback <sup>(1)</sup>
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>(2)</sup>

(1) Effective for the accounting period beginning on 1 January 2024

(2) Effective date to be determined

The Group will apply the above amendments to standards and interpretations when they become effective. The Group is in the process of making an assessment of the impact of the above amendments to standards and interpretations and does not expect that the adoption of these amendments to standards and interpretations will result in any material impact the Group's results and financial position.

## 4. OPERATING SEGMENT INFORMATION

For the six months ended 30 June 2023, the Group is principally engaged in the provision of APM solutions in the Mainland China.

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

### Geographical information

#### (a) Revenue from external customers

	For the six months ended 30 June	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Mainland China	36,938	44,652
Others	70	1,043
	<b>37,008</b>	<b>45,695</b>

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

#### (b) Non-current assets

For the six months ended 30 June 2023, all material non-current assets/capital expenditure of the Group were located/incurred in the Mainland China.

### Information about major customers

Revenue of approximately RMB27,120,000 (six months ended 30 June 2022: RMB34,555,000) was derived from sales to a state-owned telecommunication operator group, including sales to a group of entities which are known to be under common control with that group, and accounted for more than 10% of the total revenue for the six months ended 30 June 2023.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2023

## 5. REVENUE, OTHER INCOME AND GAINS

Revenue represents the value of provision of digital technology related solutions during the period.

An analysis of revenue, other income and gains is as follows:

	For the six months ended 30 June	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Revenue		
Integrated APM system solutions	13,291	25,451
Software development services	14,940	11,172
Technical services	7,124	6,583
Sales of embedded hardware and standard APM software	1,652	2,488
	<b>37,007</b>	45,695
Other income and gains		
Bank interest income	1,320	488
Government grants – related to expense ( <i>Note</i> )	2,833	2,589
Exchange gain, net	2,273	562
	<b>6,426</b>	3,639

*Note:* Government grants received from the government of the Mainland China mainly represented the refund of the value added tax previously paid. There are no unfulfilled conditions or contingencies relating to the grants.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2023

## 6. LOSS BEFORE TAX

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

	For the six months ended 30 June	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Cost of inventories sold	1,529	488
Cost of services rendered	7,560	9,570
Employee benefit expenses (excluding directors' and chief executives' remuneration):		
Salaries, allowance and other benefits	32,135	26,409
Pension scheme contributions (defined contribution scheme)	1,712	1,238
Equity-settled share award expense	–	1,843
	33,847	29,490
Research and development costs	19,192	14,306
Depreciation of property and equipment and right-of-use assets	887	1,012
Amortization of other intangible assets	1,964	2,253
Bank interest income	(1,320)	(488)
Foreign exchange difference, net	(2,273)	(562)

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2023

## 7. INCOME TAX

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

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

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

The income tax expenses of the Group for the reporting period are analysed as follows:

	For the six months ended 30 June	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Current – PRC	236	531
Deferred tax	(413)	(903)
Total tax credits for the period	(177)	(372)

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2023

## 8. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share for the period is based on the loss for the period attributable to ordinary equity holders of the parent, and the adjusted weighted average number of ordinary shares of 760,000,000 (six months ended 30 June 2022: 522,969,613) in issue during six months ended 30 June 2023.

There were no potentially dilutive ordinary shares in issue during the six months ended 30 June 2023 and 2022, and therefore the diluted loss per share amount is equivalent to the basic loss per share.

	For the six months ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)
Loss		
Loss attributable to ordinary equity holders of the parent (RMB'000)	<b>(21,087)</b>	(2,769)
Shares		
Weighted average number of ordinary shares in issue	<b>760,000,000</b>	522,969,613
Basic and diluted loss per share (RMB cents)	<b>(2.77)</b>	(0.53)

## 9. PROPERTY AND EQUIPMENT

During the six months ended 30 June 2023, the Group acquired assets with a cost of RMB1,892,000 (six months ended 30 June 2022: RMB373,000) on additions to motor vehicles and computer equipment.

No assets were disposed of by the Group during the six months ended 30 June 2023 (six months ended 30 June 2022: nil).

## 10. INVENTORIES

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Raw materials	<b>10,869</b>	4,531

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2023

## 11. TRADE AND BILLS RECEIVABLES

	<b>30 June 2023 (Unaudited) RMB'000</b>	31 December 2022 (Audited) RMB'000
Trade receivables	22,771	26,292
Bills receivable	334	94
	<b>23,105</b>	26,386
Impairment	<b>(608)</b>	(524)
Trade and bills receivables	<b>22,497</b>	25,862

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

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

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

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

	<b>30 June 2023 (Unaudited) RMB'000</b>	31 December 2022 (Audited) RMB'000
Within 90 days	10,433	15,105
90 to 180 days	3,037	3,020
180 days to 1 year	5,301	5,173
Over 1 year	3,726	2,564
	<b>22,497</b>	25,862

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## 12. CONTRACT ASSETS

	<b>30 June 2023</b> <b>(Unaudited)</b> <b>RMB'000</b>	31 December 2022 (Audited) RMB'000
Contract assets arising from:		
Integrated APM system solutions	<b>37,791</b>	61,274
Software development services	<b>33,036</b>	41,210
Sales of embedded hardware and standard APM software	<b>4,936</b>	743
Technical services	<b>6,181</b>	–
<b>Total contract assets</b>	<b>81,944</b>	103,227
<b>Impairment</b>	<b>(1,583)</b>	(1,887)
	<b>80,361</b>	101,340
Analysed into:		
Current portion	<b>78,363</b>	99,342
Non-current portion	<b>1,998</b>	1,998

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## 13. CASH AND BANK BALANCES

	<b>30 June 2023 (Unaudited) RMB'000</b>	31 December 2022 (Audited) RMB'000
Cash and bank balances	<b>146,984</b>	175,828
Less : Restricted bank deposit		
Pledged time deposit for a bank loan	<b>(4,200)</b>	(4,200)
Current restricted cash for guarantee	<b>(117)</b>	(133)
Current restricted cash for guarantee	<b>(501)</b>	(129)
Cash and cash equivalents	<b>142,166</b>	171,366
Cash and cash equivalents, pledged deposit, timed deposit and restricted cash		
Denominated in:		
RMB	<b>68,890</b>	64,958
HK\$	<b>76,848</b>	110,567
US\$	<b>1,246</b>	303

At the end of the reporting period, the cash and bank balances of the Group were denominated in RMB, HK\$ and US\$. The RMB is not freely convertible into other currencies, however, under the Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates.

## 14. TRADE PAYABLES

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

	<b>30 June 2023 (Unaudited) RMB'000</b>	31 December 2022 (Audited) RMB'000
Within 90 days	<b>1,893</b>	1,057
90 to 180 days	<b>1,264</b>	857
180 days to 1 year	<b>981</b>	405
Over 1 year	<b>339</b>	368
Total	<b>4,477</b>	2,687

Trade payable are non-interest-bearing and are normally settled within 180-days from acceptance.

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## 15. ISSUED CAPITAL

	Par value HK\$	No of shares	Nominal value of ordinary shares HK\$'000
<b>Authorized:</b>			
At 1 January 2022, 31 December 2022, 1 January 2023 and 30 June 2023	0.01	20,000,000,000	200,000
		<b>No of shares</b>	<b>HK\$'000</b>
			<b>RMB'000</b>
<b>Issued and fully paid:</b>			
At 1 January 2022	508,000,000	5,080	4,514
Issuance of new ordinary shares under the Rights Issue ( <i>Note</i> )	254,000,000	2,540	2,172
At 31 December 2022, 1 January 2023 and 30 June 2023	762,000,000	7,620	6,686

*Note:* The Company completed the Rights Issue on a basis of one Rights Share for every two existing Shares of the Company at a subscription price of HK\$0.55 per Rights Share on 20 June 2023. The 254,000,000 Rights Shares available for subscription were fully subscribed and issued to 19 valid applicants under the Rights Issue. The gross proceeds from the Rights Issue are approximately HK\$139.7 million (equivalent to approximately RMB119.5 million) and the net proceeds from the Rights Issue, after deducting professional fees and all other relevant expenses, amounted to approximately HK\$138.0 million (equivalent to approximately RMB118.0 million).

## 16. RELATED PARTY TRANSACTIONS

- (a) There was no related party transaction between the Group and its related party during the periods ended 30 June 2023 and 30 June 2022.
- (b) Compensation of key management personnel of the Group:

	For the six months ended 30 June	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Fee	–	–
Other emoluments:		
Salaries, allowances and other benefits	3,234	3,454
Pension scheme contributions	136	164
Equity-settled shares award expense	–	1,154
	<b>3,370</b>	<b>4,772</b>
	<b>3,370</b>	<b>4,772</b>

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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## 17. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments of the Group as at the end of the reporting period are as follows:

Financial assets at amortised costs	<b>30 June 2023 (Unaudited) RMB'000</b>	31 December 2022 (Audited) RMB'000
Trade and bills receivables	22,497	25,862
Financial assets included in prepayments, other receivables and other assets	5,469	4,367
Pledged deposit	4,200	4,200
Restricted cash	618	262
Cash and cash equivalents	142,166	171,366
Long term deposit	107	45
	<b>175,057</b>	<b>206,102</b>
Financial liabilities at amortised cost	<b>30 June 2023 (Unaudited) RMB'000</b>	31 December 2022 (Audited) RMB'000
Trade payables	4,477	2,687
Financial liabilities included in other payables and accruals	640	2,382
Interest-bearing bank and other borrowings	10,000	10,000
Lease liabilities	2,401	2,658
	<b>17,518</b>	<b>17,727</b>

## 18. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has determined that the carrying amounts of cash and cash equivalents, trade and bills receivables, financial assets included in prepayments, other receivables and other assets, trade payables, and financial liabilities included in other payables and accruals reasonably approximate to their fair values because these financial instruments are mostly short term in nature.

## 19. EVENTS AFTER THE REPORTING PERIOD

There are no significant event subsequent to 30 June 2023 which would materially affect the Group's operating and financial performance as of the date of this report.

## 20. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These financial statements were approved and authorised for issue by the Board on 28 August 2023.