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GL-Carlink Technology Holding Limited

廣聯科技控股有限公司

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 2531)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024

The board (the “**Board**”) of directors (the “**Director(s)**”) of GL-Carlink Technology Holding Limited (the “**Company**”) announces the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2024 (the “**Reporting Period**”), together with the comparative figures for the six months ended 30 June 2023. In this announcement, “we” and “our” refer to the Company, and where the context otherwise requires, refer to the Group.

FINANCIAL HIGHLIGHTS

	Six months ended 30 June		Period-to- period change
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)	
Revenue	308,433	248,994	23.9%
Gross profit	172,344	104,651	64.7%
Profit for the period	18,825	20,043	-6.1%
Non-IFRS measure: Adjusted net profit/ (loss) ¹	26,682	24,775	7.7%

Note 1: We define the adjusted profit for the period (non-IFRS measure) by adding back the profit for the period as presented in accordance with IFRS. Listing expenses are mainly expenses related to the Global Offering and are included mainly because they were incurred for the purpose of the Listing. We present the adjusted net profit margin (non-IFRS measure) by dividing adjusted net profit for the period by revenue for the period and multiplying the result by 100%.

Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Six Months ended 30 June 2024

	Notes	For the six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Revenue	4	308,433	248,994
Cost of sales		(136,089)	(144,343)
Gross profit		172,344	104,651
Other income	5	4,020	4,242
Other gains and losses		1,437	2,354
Impairment losses recognised under expected credit loss model, net of reversal		(4,923)	(1,393)
Distribution and selling expenses		(124,337)	(63,244)
Administrative expenses		(11,850)	(9,645)
Research and development expenditure		(9,752)	(6,798)
Listing expenses		(7,857)	(4,732)
Finance costs		(1,156)	(1,095)
Share of results of associates		855	—
Profit before tax		18,781	24,340
Income tax credit/(expense)	6	44	(4,297)
Profit for the period	7	18,825	20,043
Other comprehensive expense:			
<i>Item that will not be reclassified to profit or loss:</i>			
Fair value loss on investments in equity instruments at fair value through other comprehensive income (“FVTOCI”)		(149)	(1,189)
Total comprehensive income for the period		18,676	18,854

		For the six months ended	
		30 June	
		2024	2023
<i>Notes</i>		<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)	(Unaudited)
Profit for the period attributable to:			
	Owners of the Company	18,896	19,532
	Non-controlling interests	(71)	511
		<u>18,825</u>	<u>20,043</u>
Total comprehensive income/(expense)			
for the period attributable to:			
	Owners of the Company	18,747	18,343
	Non-controlling interests	(71)	511
		<u>18,676</u>	<u>18,854</u>
Earnings per share			
	Basic and diluted (in RMB per share)	0.31	0.33
		<u>0.31</u>	<u>0.33</u>

Interim Consolidated Statement of Financial Position

At 30 June 2024

		As at 30 June 2024	As at 31 December 2023
	<i>Notes</i>	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i> (Audited)
Non-current Assets			
Property, plant and equipment		5,300	7,319
Right-of-use assets		1,288	2,602
Intangible assets		31,096	25,359
Interests in associates		24,768	9,324
Deposits and prepayments	<i>10</i>	36,000	—
Equity instruments at FVTOCI		7,603	7,752
Financial assets at fair value through profit or loss ("FVTPL")		—	91
Deferred tax assets		1,925	2,923
Contract costs		4,423	8,715
		112,403	64,085
Current Assets			
Contract costs		16,809	13,062
Inventories		7,673	9,995
Trade and other receivables	<i>11</i>	149,501	97,833
Deposits and prepayments	<i>10</i>	57,004	35,926
Financial assets at FVTPL		8,020	158,326
Tax recoverable		529	1,555
Restricted bank deposits		27,113	27,846
Cash and cash equivalents		209,790	157,223
		476,439	501,766
Total Assets		588,842	565,851

		As at 30 June 2024 <i>RMB'000</i> (Unaudited)	As at 31 December 2023 <i>RMB'000</i> (Audited)
	<i>Notes</i>		
Current Liabilities			
Trade and other payables	12	65,841	69,502
Lease liabilities		1,413	2,314
Borrowings		53,721	43,417
Contract liabilities		59,939	58,975
Tax payable		1,242	1,323
		<u>182,156</u>	<u>175,531</u>
Net Current Assets		<u>294,283</u>	<u>326,235</u>
Total Assets less current liabilities		<u>406,686</u>	<u>390,320</u>
Non-current Liabilities			
Lease liabilities		—	436
Contract liabilities		22,424	21,884
Deferred income		88	108
Deferred tax liabilities		184	2,578
		<u>22,696</u>	<u>25,006</u>
Net Assets		<u><u>383,990</u></u>	<u><u>365,314</u></u>
Capital and Reserves			
Share capital		42	42
Reserves		384,117	365,370
		<u>384,159</u>	<u>365,412</u>
Equity attributable to owners of the Company		384,159	365,412
Non-controlling interests		(169)	(98)
		<u>383,990</u>	<u>365,314</u>
Total Equity		<u><u>383,990</u></u>	<u><u>365,314</u></u>

Notes to the Interim Financial Information

For the Six Months ended 30 June 2024

1. GENERAL INFORMATION

The Company was incorporated and registered in the Cayman Islands on 12 January 2022 as an exempted company with limited liability under the Companies Act (as revised) of the Cayman Islands. The Company is an investment holding company. The principal activities of the Group are the provision of automotive related products and services.

The Company's shares (the "**Shares**") were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 15 July 2024.

The condensed consolidated financial statements are presented in Renminbi ("**RMB**") which is also the functional currency of the Group.

2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard ("**IAS**") 34 "Interim Financial Reporting" issued by the International Accounting Standards Board ("**IASB**"), as well as with the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

Other than change in accounting policies resulting from application of amendments to International Financial Reporting standards ("**IFRSs**"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2024 are the same as those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2023 underlying the preparation of historical financial information included in the accountants' report presented in the prospectus of the Group dated 28 June 2024 (the "**Prospectus**").

Application of amendments to IFRSs

In the Reporting Period, the Group has applied the following amendments to IFRSs issued by the IASB, for the first time, which are mandatorily effective for the annual period beginning on 1 January 2024 for the preparation of the Group's condensed consolidated financial statements:

Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

The application of the amendments to IFRSs in the Reporting Period had no material impact on the Group's financial positions and performance for the Reporting Period and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

4. REVENUE AND SEGMENT INFORMATION

Disaggregation of revenue from contracts with customers

	For the six months ended	
	30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<i>Types of goods or services:</i>		
Sales of in-vehicle hardware products	89,150	110,482
Software as a service ("SaaS") marketing and management services		
SaaS subscription services	65,948	64,296
SaaS value-added services	153,335	74,216
	<hr/>	<hr/>
Total revenue from contracts with customers	<u>308,433</u>	<u>248,994</u>
<i>Timing of revenue recognition</i>		
A point in time	188,222	135,198
Over time	120,211	113,796
	<hr/>	<hr/>
Total	<u>308,433</u>	<u>248,994</u>

Segment information

The Group's chief operating decision makers, who are the executive directors, reviews the consolidated results when making decisions about allocating resources and assessing performance of the Group as a whole and hence, the Group has only one reportable segment. The Group does not distinguish between markets or segments for the purpose of internal reports.

Geographical information

As the Group's non-current assets are all located in the People's Republic of China (the "PRC") and all the Group's revenue are derived from the PRC, no geographical information is presented.

5. OTHER INCOME

	For the six months ended	
	30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Interest income from bank deposits and time deposits with maturity over three months	1,283	1,525
Government grants (<i>Note</i>)	358	460
Refund of PRC value added tax and surcharges	2,379	2,257
	<u>4,020</u>	<u>4,242</u>

Note: Government grants mainly represented the government subsidies received by the Group to compensate the interest expense on certain borrowings, to support the research and development of the Group and to purchase property, plant and equipment which is deferred income and being recognised to profit or loss on a systematic basis over the estimated useful life of the related assets.

6. INCOME TAX (CREDIT)/EXPENSE

	For the six months ended	
	30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Current tax:		
PRC Enterprise Income Tax	1,352	2,657
Deferred tax	<u>(1,396)</u>	<u>1,640</u>
	<u>(44)</u>	<u>4,297</u>

Cayman Islands

Under the current laws of the Cayman Islands, the Company was not subject to tax on income nor capital gains during both periods. Additionally, the Cayman Islands does not impose a withholding tax on payments of dividends to the shareholders of the Company (the “**Shareholder(s)**”).

British Virgin Island (“BVI”)

The Company’s subsidiaries established in the BVI are exempted from income tax during both periods.

Hong Kong

No provision of Hong Kong profits tax was made in the condensed consolidated financial statements as the Group has no assessable profit during the six months ended 30 June 2024 and 2023.

PRC

Under the Law of the PRC on Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulation of the EIT Law, the statutory tax rate for PRC entities is 25% during the six months ended 30 June 2023 and the Reporting Period.

Shenzhen Guanglian Saixun Co., Ltd. was qualified as a High-New Technology Enterprises (“**HNTE**”) and subject to a preferential income tax rate of 15% during the six months ended 30 June 2023. The qualification was expired in 2023 and it is subject to tax rate of 25% during the Reporting Period.

Shenzhen Guanglian Shuke Technology Company Limited was qualified as a HNTE in 2023 and was subject to a preferential income tax rate of 15% during the six months ended 30 June 2024 and 2023.

Certain subsidiaries have been approved as small low-profit enterprises. The entitled subsidiaries are subject to a preferential income tax rate of 5% during the six months ended 30 June 2024 and 2023.

7. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging/(crediting) the following items:

	For the six months ended	
	30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Staff costs (including directors' remuneration):		
Salaries	23,709	23,961
Retirement benefits scheme contributions	872	902
(Reversal)/provision of discretionary bonus	(560)	22
	<hr/>	<hr/>
Total employee benefit expenses	24,021	24,885
Capitalised in intangible assets	(1,088)	(5,743)
	<hr/>	<hr/>
	22,933	19,142
	<hr/> <hr/>	<hr/> <hr/>
Depreciation of property, plant and equipment	2,602	2,785
Depreciation of right-of-use assets	1,473	1,392
Amortisation of intangible assets	3,841	2,401
	<hr/>	<hr/>
Total depreciation and amortisation	7,916	6,578
	<hr/> <hr/>	<hr/> <hr/>
(Reversal of write-down)/write-down of inventories	(431)	44
Cost of inventories recognised as an expense	105,565	104,788
Listing expenses	7,857	4,732
	<hr/> <hr/>	<hr/> <hr/>

8. DIVIDENDS

No dividends were paid, declared or proposed during the Reporting Period. The Directors have determined that no dividend will be paid in respect of the Reporting Period.

9. EARNINGS PER SHARE

The calculation of the basic earnings per Share attributable to owners of the Company is based on the following data:

	For the six months ended	
	30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Profit for the period attributable to owners of the Company	<u>18,896</u>	<u>19,532</u>
Number of Shares		
Weighted average number of ordinary Shares for the purpose of basic earnings per Share	<u>60,600,000</u>	<u>59,111,640</u>

The weighted average number of ordinary Shares for the purpose of calculating basic earnings per Share has been determined on the assumption that the group reorganisation had been effective since 1 January 2023.

No diluted earnings per Share is presented as there was no potential dilutive ordinary Share in issue during the six months ended 30 June 2024 and 2023.

10. DEPOSITS AND PREPAYMENTS

	As at 30 June 2024 <i>RMB'000</i> (Unaudited)	As at 31 December 2023 <i>RMB'000</i> (Audited)
Deposits paid to customers	5,809	5,166
Prepayments for hardware	32,670	12,980
Prepayments to SaaS subscription suppliers	12,362	12,712
Prepayments for property, plant and equipment	10,000	—
Prepayments for other long-term assets	26,000	—
Deferred issue cost	6,148	4,637
Prepaid listing expenses	—	158
Others	15	273
	93,004	35,926
Analysis as:		
Non-current	36,000	—
Current	57,004	35,926
	93,004	35,926

11. TRADE AND OTHER RECEIVABLES

	As at 30 June 2024 <i>RMB'000</i> (Unaudited)	As at 31 December 2023 <i>RMB'000</i> (Audited)
Trade receivables		
Contracts with customers	171,971	139,086
Less: Allowance for credit losses	<u>(25,965)</u>	<u>(43,261)</u>
	<u>146,006</u>	<u>95,825</u>
Other receivables		
VAT receivables	2,322	993
Others	1,425	1,267
Less: Allowance for credit losses	<u>(252)</u>	<u>(252)</u>
	<u>3,495</u>	<u>2,008</u>
Total trade and other receivables	<u>149,501</u>	<u>97,833</u>

The Group allows an average credit period of 90–180 days to its customers which is interest free with no collateral. Aging of trade receivables net of allowance for credit losses, is prepared based on date of transfer of goods or date of rendering of services, which approximated the respective revenue recognition dates, are as follows:

	As at 30 June 2024 <i>RMB'000</i> (Unaudited)	As at 31 December 2023 <i>RMB'000</i> (Audited)
0–90 days	79,708	71,908
91–180 days	41,041	18,556
Over 180 days	<u>25,257</u>	<u>5,361</u>
	<u>146,006</u>	<u>95,825</u>

12. TRADE AND OTHER PAYABLES

	As at 30 June 2024 <i>RMB'000</i> (Unaudited)	As at 31 December 2023 <i>RMB'000</i> (Audited)
Trade payables	25,998	21,121
Bills payable	25,896	27,037
Deposits	981	2,715
Accrued salaries	3,236	7,216
Other tax payables	6,079	6,585
Accrued share issue cost and listing expenses	3,267	3,167
Others	384	1,661
	<u>65,841</u>	<u>69,502</u>

The following is an analysis of trade payables and bills payable by age, presented based on the invoice date.

	As at 30 June 2024 <i>RMB'000</i> (Unaudited)	As at 31 December 2023 <i>RMB'000</i> (Audited)
0–180 days	50,595	47,852
181–365 days	1,299	306
	<u>51,894</u>	<u>48,158</u>

The average credit period for purchases of goods or services is 180 days.

BUSINESS REVIEW AND OUTLOOK

Overview

During the Reporting Period, the Group adhered to the mission of “Co-creating New Value in Automotive Intelligent Networking Scenarios (共創汽車智能網聯場景新價值)”. Against the backdrop of the booming China’s Intelligent Connected Vehicles industry, we continuously provided customers with hardware products, software and value-added services, including in-vehicle hardware products, SaaS marketing and management services, to continuously meet customer needs and improve customer marketing and operational efficiency.

During the Reporting Period, we remain committed to expanding our customer base. In addition to consolidating relationships with existing customers, we are actively exploring new customer groups, especially making progress in cooperation with automotive manufacturers, including new energy vehicle (“NEV”) manufacturers. During the Reporting Period, we signed cooperation agreements with two automotive manufacturers (one of which is a leading new energy vehicle manufacturer in China). Through our SaaS marketing and management services and integrated online and offline marketing capabilities, we provided digital marketing empowerment to the user centers under these automotive manufacturers or 4S stores, aiming to achieve more value-added service transactions, create additional revenue streams for the 4S stores, and enhance their profitability.

We continuously expand and enrich the product and service categories of SaaS value-added services to meet the service needs of car users in the vehicle life cycle. With the continuous improvement in automotive intelligence and networking, car owners will seek higher levels of customised and personalised products and services. During the Reporting Period, leveraging our deep understanding of the connected services market, in addition to the existing light car modification and decoration categories, we expanded and enriched the product and service categories of SaaS value-added services, such as extended vehicle warranty, chauffeur rights, collision repair rights, and other rights products, to meet the ever-changing needs of car users. While facilitating 4S stores to increase their single-store revenue, we also achieved revenue growth from SaaS value-added services.

We continuously strengthen our product research and development efforts, with a particular focus on enhancing product competitiveness through the application of artificial intelligence technology. Through the support of technologies such as artificial intelligence and big data, we continuously optimise “Human Efficiency, Store Efficiency, and Product Efficiency (人效、店效、品效)”, and continuously enhance our digital retail operation capabilities. During the Reporting Period, we launched the “AI Intelligence (AI智鑒)” product to monitor the entire marketing process, analyse the effectiveness of sales reception scripts and optimise scripts using large model capabilities. At the same time, we addressed the challenges of traditional sales training by introducing “AI Fun Practise (AI

趣練)”, a sales scenario simulation product based on large model technology. This product can simulate customers with different characteristics in various business scenarios, allowing sales personnel to familiarise themselves with customer concerns and learn to respond more appropriately to customer questions by communicating with AI-simulated customers before facing real customers, thereby increasing the success rate of making sales. Both products have adopted Alibaba’s ASR speech transcription capability, combined with large models such as Microsoft’s GPT. Currently, they have been applied in the SaaS value-added service business of many stores.

During the Reporting Period, we added two invention patents based on automotive intelligent networking scenarios, namely “Method, Terminal and Storage Medium for Data Enquiry based on Data Caching (基於數據緩存的查詢方法、終端及存儲介質)” and “Methods of testing, Terminal Equipment and Storage Medium for Highly Risky Locations for Vehicles (車輛高危地點的檢測方法、終端設備及存儲介質)”. As of the end of the Reporting Period, we had obtained 28 granted patents. During the Reporting Period, our industry position was also widely recognised by market institutions. We were rated as one of the “2023 China High-Tech High-Growth 50 (2023中國高科技高成長50強)” released by Deloitte China. The group standard “Technical Requirements for Security of Interaction between Internet of Vehicles Service Platform and Vehicle Terminal (《車聯網服務平台與車載終端交互安全技術要求》)” (T/KJDL 022–2024), which we participated in drafting, was also officially released and was implemented starting from 1 March 2024.

Business Review

During the Reporting Period, the Group achieved total revenue of approximately RMB308.4 million, representing an increase of approximately 23.9% compared to RMB249.0 million for the six months ended 30 June 2023; achieved gross profit of approximately RMB172.3 million, representing an increase of approximately 64.6% compared to RMB104.7 million for the same period in 2023 and the gross profit margin increased from 42% to 56%. During the Reporting Period, the Group continuously increased efforts in customer development, especially focusing on developing customers of NEV manufacturers and their service delivery stores. At the same time, the Group continued to expand the categories of products and services, strengthened product research and development (“**R&D**”) efforts, and focused on enhancing the data application and commercialisation capabilities of automotive intelligent networking, driving period-to-period growth in revenue and gross profit.

During the Reporting Period, the Group achieved an adjusted profit (Non-IFRS Measures) of approximately RMB26.7 million, representing an increase of approximately 7.7% compared to RMB24.8 million for the same period in 2023.

Business Outlook

Looking forward to the second half of the year, in the context of continuous upgrades and iterations of Intelligent Connected Vehicles, first of all, we will continue to increase cooperation and securing contracts with NEV manufacturers. Secondly, we will increase the business development of 4S stores that we have cooperated with. At the same time, we will expand the scope of our products and services in our stores, driving continuous increases in single-store revenue and gross profit. In terms of R&D, as data becomes a key factor driving the profitability of stores, we will continue to strengthen our R&D capabilities, explore the implementation paths for data elements to achieve value realisation in the field of automotive intelligent networking, and prepare more technical and resource reserves for our business expansion.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

	For the six months ended	
	30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue	308,433	248,994
Cost of sales	(136,089)	(144,343)
Gross profit	172,344	104,651
Other income	4,020	4,242
Other gains and losses	1,437	2,354
Impairment losses recognised under expected credit loss model, net of reversal	(4,923)	(1,393)
Distribution and selling expenses	(124,337)	(63,244)
Administrative expenses	(11,850)	(9,645)
Research and development expenditure	(9,752)	(6,798)
Listing expenses	(7,857)	(4,732)
Finance costs	(1,156)	(1,095)
Share of results of associates	855	—
Profit before tax	18,781	24,340
Income tax credit/(expense)	44	(4,297)
Profit for the period	18,825	20,043
Other comprehensive expense:		
Item that will not be reclassified to profit or loss:		
Fair value loss on investment in equity instruments at fair value through other comprehensive income	(149)	(1,189)
Total comprehensive income for the period	18,676	18,854
Profit for the period attributable to:		
Owners of the Company	18,896	19,532
Non-controlling interests	(71)	511
	18,825	20,043
Total comprehensive income/(expense) for the period attributable to:		
Owners of the Company	18,747	18,343
Non-controlling interests	(71)	511
	18,676	18,854
Basic and diluted (in RMB per share)	0.31	0.33

Non-IFRS Measures

To supplement our consolidated financial statements which are presented in accordance with IFRS, we also presented adjusted profit (non-IFRS measure) and adjusted net profit margin (non-IFRS measure) as non-IFRS financial measures which are not required by, or presented in accordance with, IFRS. We believe that the presentation of non-IFRS financial measures when shown in conjunction with the corresponding IFRS financial measures provides useful information to potential investors and management in understanding and evaluating our operating performance from period to period. We believe that such measures provide useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they assist our management.

We define the adjusted profit for the period (non-IFRS measure) by adding back the listing expenses to the profit for the period as presented in accordance with IFRS. Listing expenses are mainly expenses related to the Global Offering and added back mainly because they were incurred for the purpose of the Listing. We present the adjusted net profit margin (non-IFRS measure) by dividing adjusted net profit for the period by revenue for the period and multiplying the result by 100%.

The following table sets forth the adjusted profit (non-IFRS measure) and adjusted net profit margin (non-IFRS measure) for the period stated below:

	For the six months ended	
	30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Profit for the period	18,825	20,043
Adjusted for Listing expenses	7,857	4,732
Adjusted profit for the period (non-IFRS measure)	26,682	24,775
Adjusted net profit margin for the period (non-IFRS measure)	8.7%	10.0%

Revenue

During the Reporting Period, the Group's total revenue was approximately RMB308.4 million, representing an increase of approximately 23.9% compared to approximately RMB249.0 million in the same period of 2023, mainly due to the Company's increased cooperation with 4S stores of NEV brands and the expansion of SaaS marketing and management services. Among them, revenue from SaaS marketing and management services was approximately RMB219.3 million, representing an increase of approximately 58.3% compared to approximately RMB138.5 million in the same period of 2023, mainly due to the Company's new cooperation with 4S stores of new energy vehicle brands and user centers, benefiting the SaaS marketing and management services and leading to increased revenue.

Gross profit

During the Reporting Period, the gross profit was approximately RMB172.3 million, representing an increase of approximately 64.6% as compared with approximately RMB104.7 million in the same period of 2023. The overall gross profit margin was 56%, compared to 42% in the same period last year, mainly due to increased cooperation with 4S stores of new energy vehicle brands and user centers, and the increase in revenue and gross profit contribution from SaaS marketing and management services.

Other income

During the Reporting Period, other income amounted to approximately RMB4.0 million, representing a decrease of approximately 4.8% as compared with approximately RMB4.2 million for the same period in 2023 without significant change.

Distribution and selling expenses

During the Reporting Period, distribution and selling expenses amounted to approximately RMB124.3 million, representing an increase of approximately 96.7% as compared with approximately RMB63.2 million for the same period in 2023, which was mainly due to the corresponding increase in selling expenses as a result of our expanded the sales scale of SaaS value-added services.

Administrative expenses

During the Reporting Period, administrative expenses amounted to approximately RMB11.9 million, representing an increase of approximately 24.0% as compared with approximately RMB9.6 million for the same period in 2023, mainly due to the increase in employee compensation.

Research and development expenses

During the Reporting Period, research and development expenses amounted to approximately RMB9.8 million, representing an increase of approximately 44.1% as compared with approximately RMB6.8 million for the same period in 2023, mainly due to the increase in employee compensation and software amortization expenses.

Finance costs

During the Reporting Period, finance costs amounted to approximately RMB1.2 million, representing an increase of approximately 9.1% as compared with approximately RMB1.1 million for the same period in 2023, mainly due to the increase in loan interest.

Other gains and losses

During the Reporting Period, the amount of other gains and losses amounted to approximately RMB1.4 million, representing a decrease of approximately 41.7% as compared with approximately RMB2.4 million for the same period in 2023, mainly due to the decrease in income from changes in fair value of financial assets at fair value through profit or loss.

Income tax expense

During the Reporting Period, income tax credit amounted to approximately RMB0.04 million as compared with income tax expense of approximately RMB4.3 million for the same period in 2023, mainly due to the decrease in deferred income tax expense.

Profit for the Period

During the Reporting Period, the Group recorded a net profit of approximately RMB18.8 million, representing a decrease of approximately 6.0% as compared with approximately RMB20.0 million for the same period in 2023, mainly due to the impairment loss model recognised under expected credit and increase in the listing expenses.

Adjusted profit (non-IFRS measure)

During the Reporting Period, adjusted profit (non-IFRS measure) was approximately RMB26.7 million, representing an increase of approximately 7.7% as compared with approximately RMB24.8 million for the same period in 2023.

Financial resources and liquidity

The Group's current assets are mainly derived from operating proceeds. As at 30 June 2024, the Group's cash and cash equivalents was approximately RMB209.8 million, representing an increase of 33.5% as compared with approximately RMB157.2 million as at 31 December 2023. The Group adopts a prudent treasury management policy to maintain a solid and healthy financial position.

Bank and other borrowings

As at 30 June 2024, the carrying amount of the Group's borrowings was approximately RMB53.7 million (as at 31 December 2023, the carrying amount of the borrowings was approximately RMB43.4 million). And the gearing ratio (total borrowings divided by total equity) was approximately 0.14, which was approximately 0.12 as at 31 December 2023. All borrowings are denominated at fixed interest rates. During the Reporting Period, the Group's effective interest rates ranged from 3.45% to 4.9%. All borrowings are denominated in RMB and have maturity within one year.

Trade and other receivables and prepayments

As of 30 June 2024, the Group's trade and other receivables and prepayments was approximately RMB242.5 million, representing an increase of approximately 81.2% as compared with approximately RMB133.8 million as of 31 December 2023, mainly due to the expansion and growth of the Group's business scale.

Trade and other payables

As of 30 June 2024, the Group's trade and other payables amounted to approximately RMB65.8 million, representing a decrease of approximately 5.3% as compared with approximately RMB69.5 million as of 31 December 2023, mainly due to a decrease in employee salaries payable.

Significant investments, material acquisitions, and disposals held

During the Reporting Period, there were no significant investments, acquisitions, or disposals of subsidiaries, associates, or joint ventures.

Pledge of assets

As at 30 June 2024, the Group had no pledged assets.

Foreign currency risk

When the Group conducts its business, all transactions are settled in RMB. The Group has not used any derivative instruments to hedge its currency risk.

Capital commitments

As at 30 June 2024, we did not have any material capital commitments.

Contingent liabilities and commitments

As at 30 June 2024, we did not have any material contingent liabilities.

Subsequent events

Significant events occurred subsequent to 30 June 2024 are as follows:

On 15 July 2024, the Company successfully completed the initial global offering of 63,600,000 Shares of USD0.0001 each at HK\$4.7 per Share (excluding brokerage of 1.0%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015%), and the Shares were listed on the Main Board of the Stock Exchange.

Save as disclosed in this announcement and up to the date of this announcement, the Company is not aware of any significant events that may affect the Group since 30 June 2024 and up to the date of this announcement.

Employees and remuneration policies

As at 30 June 2024, we had 236 full-time employees. Our full-time employees are primarily located in Shenzhen City, Guangdong Province, the PRC.

We recruit our employees from the open market. We are committed to recruiting, training and retaining skilled and experienced personnel throughout our operations. When we make hiring decisions, we take into account factors such as our business strategies, our development plans, industry trends and the competitive environment. We recruit our employees based on a number of factors such as their work experience, educational background and vacancy needs. We endeavour to attract and retain appropriate and suitable personnel to serve our Group.

The remuneration packages for our employees include salary, bonuses and allowances. As required by the PRC regulations, we participate in social insurance schemes operated by the relevant local government authorities and maintain pension insurance, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance for some of our employees. We also contribute to housing provident funds.

We provide continuing education and training programmes to our employees to improve their skills and develop their potential. We also adopt evaluation programmes through which our employees can receive feedback. We foster strong employee relations by offering various staff benefits and personal development support. Our Company has also established a labour union to protect employees' rights and encourages employee participation in the management of our Company. Our Directors considered that our Group have maintained good relationship with our employees.

The Company has adopted a share option scheme plan (“**Share Option Scheme**”) as a reward for Directors and eligible employees. The details of the Share Option Scheme are set out in the Prospectus. Since the adoption of the Share Option Plan until the date of this announcement, there have been no Share options granted, exercised, cancelled or expired under the Share Option Scheme.

Use of Proceeds

The Shares were listed on the Stock Exchange on 15 July 2024 and the net proceeds from the Global Offering amounted to approximately HK\$230.27 million (after deducting underwriting commissions and offering expenses), which have been and will continue to be used for the purposes set out in the Prospectus. As of the date of this announcement, there has been no change to the intended use of the net proceeds as previously disclosed in the section headed “Future Plans and Use of Proceeds” of the Prospectus. If the net proceeds are not immediately used for the intended use and to the extent permitted by the relevant laws and regulations, the Company will place the net proceeds as short-term deposits, cash and cash equivalents with licensed banks or financial institutions. Please refer to the interim report of the Company for the six months ended 30 June 2024 published in due course for details of the breakdown of the use of proceeds.

Future plans for material investments or capital assets

The Company intends to use the net proceeds raised from the Global Offering in accordance with the plan set in the “Future Plans and Use of proceeds” section of the Prospectus.

Except as disclosed above, as of the date of this announcement, the Company has no future plans for material investments or increased capital assets.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Corporate governance

The Company recognises the importance of good corporate governance for enhancing the management of the Company as well as preserving the interests of the shareholders as a whole. The Company has adopted the code provisions as set out in Part 2 of the Corporate Governance Code (“**CG Code**”) in Appendix C1 to the Listing Rules as its own code to govern its corporate governance practices since 15 July 2024 (the “**Listing Date**”).

As the Shares were not listed on the Stock Exchange as at 30 June 2024, the CG Code did not apply to the Company during the Reporting Period.

The Board will continue to review and monitor the Company’s practices to maintain a high standard of corporate governance, and our compliance with the CG Code will be disclosed in future announcements and financial reports.

Compliance with the model code for securities transactions by directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 of the Listing Rules as the code of conduct for securities transactions by Directors since the Listing Date. As the Model Code is not applicable before the Listing Date, having made specific enquiry of all Directors, each of the Directors confirmed that he/she had complied with the Model Code from the Listing Date and up to the date of this announcement.

Pursuant to the ongoing disclosure obligations stipulated by the listing rules

Save as disclosed in this announcement, the Company does not have any other disclosure obligations under Rules 13.20, 13.21, and 13.22 of the Listing Rules.

Changes in directors and senior management information

From the issuance of the Prospectus and up to as of the date of this announcement, there have been no changes in the information of Directors and senior management as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Sufficiency of public float

Pursuant to Rule 8.08 of the Listing Rules, there must be an open market in the securities for which listing is sought and a sufficient public float of an issuer's listed securities to be maintained. This will normally mean that at least 25% of the issuer's total issued share capital must at all times be held by the public.

Based on the information available to the Company and to the best knowledge of the Directors, from the Listing Date and up to the date of this announcement, the Company has maintained the public float as required under the Listing Rules.

Purchase, sale or redemption of the Company's listed securities

During the Reporting Period and up to the date of this announcement, other than the public offering of Capitalisation Issue Shares and the Placing in connection with the Global Offering, the Company or any of its subsidiaries has not purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares) on Stock Exchange. As of 30 June 2024, the Company did not hold any treasury shares.

Interim dividends

The Board did not recommend the payment of interim dividend for the Reporting Period.

Material litigation

The Company was not involved in any material litigation or arbitration during the Reporting Period. The Directors were also not aware of any material litigation or claims that are pending or threatened against the Group during the Reporting Period.

Audit Committee

The Company has established the audit committee with written terms of reference in compliance with the Listing Rules and the Corporate Governance Code as set out in Appendix C1 to the Listing Rules. The audit committee of the Company (the “**Audit Committee**”) consists of three independent non-executive Directors, namely Mr. Feng Yuan, Ms. Ci Ying, and Ms. Wei Chunlan. Ms. Wei Chunlan is the chairlady of the Audit Committee.

The Audit Committee has reviewed the unaudited interim financial information of the Group during the Reporting Period. The Audit Committee has also reviewed the accounting principles and internal control matters adopted by the Group.

The interim results for the Reporting Period have not been audited, but reviewed by Deloitte Touche Tohmatsu, the Company’s auditor, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accounts.

Publication of interim results and interim report

This interim results announcement is published on the website of the Company (www.glshuke.com) and the website of the Stock Exchange (<https://www.hkexnews.hk>). The interim report of the Group for the Reporting Period containing all the information required under the Listing Rules will be despatched to the Shareholders who have requested corporate communications in printed copy and published on the above websites in due course.

By order of the Board
GL-Carlink Technology Holding Limited
Zhu Lei
Chairman and Executive Director

Hong Kong, 29 August 2024

As at the date of this announcement, the Board comprises: (i) Mr. Zhu Lei, Mr. Jiang Zhongyong and Mr. Zhao Zhan as executive Directors; (ii) Mr. Zou Fangzhao, Mr. Cui Changsheng and Ms. Peng Chao as non-executive Directors; and (iii) Mr. Feng Yuan, Ms. Wei Chunlan and Ms. Ci Ying as independent non-executive Directors.