



NEWLINK TECHNOLOGY INC.

新紐科技有限公司*

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 9600



2024

INTERIM
REPORT

*For identification purpose only

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DEFINITIONS

In this interim report, unless the context otherwise requires, the following expressions shall have the following meanings.

“Audit Committee”	the audit committee of the Board
“Beijing Newlink”	Beijing Newlink Technology Co., Ltd.* (北京新紐科技有限公司), a limited liability company incorporated under the laws of the PRC on 15 August 2011 and an indirect wholly-owned subsidiary of the Company
“Board”	the board of Directors of the Company
“CEO”	chief executive officer of the Company
“CG Code”	the “Corporate Governance Code” as set out in Appendix C1 to the Listing Rules
“Mainland China”	the People’s Republic of China, which for the purpose of this interim report and for geographical reference only, excludes Hong Kong, Macau and Taiwan
“Company”, “Newlink Technology” or “Listed Company”	Newlink Technology Inc. (新紐科技有限公司*), an exempted company incorporated under the laws of Cayman Islands with limited liability on 8 November 2019 and where the context otherwise requires, the Group
“Controlling Shareholders”	has the meaning ascribed thereto under the Listing Rules and unless the context requires otherwise, refers to Mr. Zhai and Nebula SC
“Director(s)”	the director(s) of the Company
“Global Offering”	the Hong Kong public offering and the international offering of shares in connection with the IPO
“Group” or “We”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“IPO”	the Company’s initial public offering of its Shares
“Listing Date”	6 January 2021, on which the Shares are listed and from which dealings therein are permitted to take place on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
“Model Code”	the “Model Code for Securities Transactions by Directors of Listed Issuers” as set out in Appendix C3 to the Listing Rules

DEFINITIONS

“Mr. Zhai”	Mr. ZHAI Shuchun (翟曙春), the chairman of the Board, executive Director, CEO and one of the Controlling Shareholders
“Nebula SC”	Nebula SC Holdings Limited, a company incorporated under the laws of the British Virgin Islands with limited liability on 6 November 2019 and wholly-owned by Mr. Zhai
“Neusoft Yuetong”	Beijing Neusoft Yuetong Software Technology Co., Ltd.* (北京東軟越通軟件技術有限公司), a company established under the laws of the PRC with limited liability on 23 July 2009 and a non-wholly owned subsidiary of the Company. In June 2022, Newlink Technology (Beijing) Co., Ltd.* (紐領科技(北京)有限公司) entered into an equity transfer and capital increase agreement with the shareholders of Neusoft Yuetong and Neusoft Yuetong to conditionally purchase 100% equity interest in Neusoft Yuetong
“Nomination Committee”	the nomination committee of the Board
“Post-IPO Share Option Scheme”	the post-IPO share option scheme conditionally adopted by the Company on 5 December 2020
“Prospectus”	the prospectus of the Company dated 21 December 2020
“Reporting Period”	the six months ended 30 June 2024
“Remuneration Committee”	the remuneration committee of the Board
“RMB”	Renminbi, the lawful currency of the PRC
“RPA” or “Robotic Process Automation”	the application of technology that allows IT engineers to configure computer software or a robot to capture and interpret existing applications and data for processing a transaction, manipulating data, triggering responses and communicating with other systems
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) of par value US\$0.000001 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent

* For identification purposes only

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. ZHAI Shuchun (*Chairman and CEO*)

Ms. QIN Yi

Mr. LI Xiaodong

Independent Non-executive Directors

Mr. TANG Baoqi

Ms. YANG Juan

Mr. YOU Linfeng

COMPANY SECRETARY

Ms. ZHANG Xiushi

AUTHORISED REPRESENTATIVES UNDER THE LISTING RULES

Mr. ZHAI Shuchun

Ms. ZHANG Xiushi

AUDIT COMMITTEE

Mr. YOU Linfeng (*Chairman*)

Mr. TANG Baoqi

Ms. YANG Juan

REMUNERATION COMMITTEE

Ms. YANG Juan (*Chairwoman*)

Mr. ZHAI Shuchun

Mr. TANG Baoqi

NOMINATION COMMITTEE

Mr. TANG Baoqi (*Chairman*)

Mr. ZHAI Shuchun

Ms. YANG Juan

HONG KONG LEGAL ADVISOR

Jingtian & Gongcheng LLP

Suites 3203-3207, 32/F, Edinburgh Tower

The Landmark

15 Queen's Road Central

Central

Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Maples Fund Services (Cayman) Limited

PO Box 1093, Boundary Hall

Cricket Square

Grand Cayman, KY1-1102

Cayman Islands

AUDITOR

Forvis Mazars CPA Limited

(formerly known as Mazars CPA Limited)

Registered Public Interest Entity Auditor

42nd Floor, Central Plaza

18 Harbour Road

Wanchai

Hong Kong

REGISTERED OFFICE

PO Box 309

Ugland House

Grand Cayman

KY1-1104

Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

5/F, Tower A, Xueqing Jiachuang Building

Xueqing Road

Haidian District, Beijing

the PRC

CORPORATE INFORMATION

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 2910, Bank of America Tower
12 Harcourt Road
Central
Hong Kong

PRINCIPAL BANKS

China CITIC Bank
Beijing Guanhuguoji Sub-branch
1/F and 2/F
Building A-1, Yard 88
North East Fourth Ring Road
Chaoyang District, Beijing
the PRC

Huaxia Bank
Beijing Zhichun Sub-branch
Lixiang Building
No. 111 Zhichun Road
Haidian District, Beijing
the PRC

China Merchants Bank
Beijing Shangdi Sub-branch
South End of Xixi Road, Shangdi, 1/F, Block B
Building 2, Guiguliangcheng, 1 Nongda Road
Haidian District, Beijing
the PRC

China Merchants Bank
Dalian Branch Xinghai Sub-branch
No. 700 Zhongshan Road, Shahekou District
Dalian City, Liaoning Province
the PRC
(next to Exit A of Heishijiao Metro Station)

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

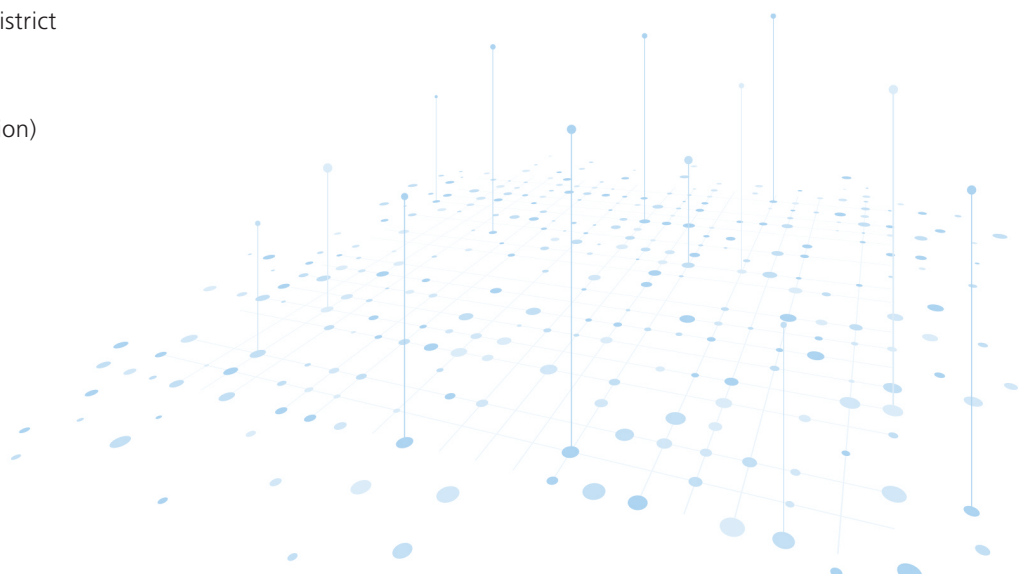
Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre, 183 Queen's Road East
Wan Chai
Hong Kong

STOCK CODE

Stock code: 9600

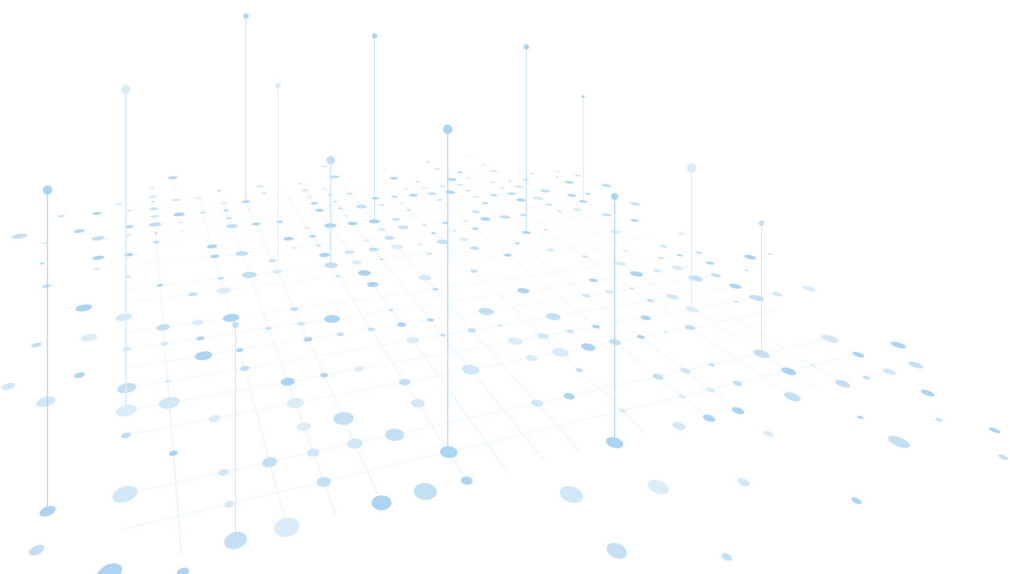
WEBSITE

www.newlinktech.com.cn



FINANCIAL HIGHLIGHTS

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Revenue	122,905	117,953
Gross profit	24,725	25,064
Loss before tax	(55,403)	(26,525)
Income tax expense	(15)	(482)
Loss for the period	(55,418)	(27,007)
	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Total assets	945,290	947,685
Total liabilities	175,035	158,781
Total equity	770,255	788,904



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

Overview

As a leading technology-driven IT solution service provider based on its independently developed software products in China, Newlink Technology has long been focusing on the application of innovative IT solutions, which concentrates on advanced technology innovations such as artificial intelligence and big data analysis, in various fields, and continuously provides high value-added IT solution services to customers in specific industries including finance, healthcare, transportation as well as general industries.

The Group remains committed to research and development of new products and new technologies and their application innovations, and has been promoting the integration of products and services. By doing so, the Group aims to provide customers in various industries with scenario-based comprehensive solutions that can satisfy needs of customers and enhance their competitiveness in their industries on the basis of Robotic Process Automation (RPA) solutions, smart park solutions, medical and health care big data intelligent management solutions and solution services powered by a series of technologies such as data mining and analysis, cloud-based computing, distributed database management, intelligent control, knowledge graph and deep learning, thus maintaining and improving competitiveness of our products and services in specific industries such as finance, healthcare and transportation.

Business Review

Since 2024, global economic growth momentum has been weak, with frequent issues such as geopolitical conflicts and international trade frictions. Insufficient effective demand in China and significant business pressures on the enterprises made it difficult and challenging to promote stable operation of the economy. In the first half of 2024, Newlink Technology experienced a low season of business and continuously faced many challenges in R&D, operation and development due to the complex macro external environment and the rapidly iterating and transformative industry development. In the first half of 2024, the Group achieved a slight increase in revenue by 4.2% compared to the corresponding period of last year, amounting to RMB122.9 million. Affected by the increase in cost of sales by 5.7% compared to the corresponding period of last year to RMB98.2 million, resulting in a slight year-on-year decrease of 1.6% in gross profit to RMB24.7 million. In the first half of 2024, the loss attributable to owners of the Company amounted to RMB55.2 million, representing a year-on-year increase of loss of RMB28.4 million, which was mainly due to (i) a significant increase in research and development expenses resulting from an increase in the amortisation of the Group's deferred development costs and an increase in the number of research projects, and (ii) an increase in expected credit losses on trade receivables, as well as the combined impact of an increase in administrative expenses and the addition of fair value losses of equity investments at fair value through profit or loss.

In the first half of 2024, all of the Group's revenue were derived from IT solution services business. Among them, the software development services business, which has been the largest contributor to revenue for a long time, continued to maintain its position accounting for a major share, which was up to 85.3% of the Group's total revenue. At the same time, the revenue from this business also achieved a significant growth trend and amounted to RMB104.8 million, representing a year-on-year increase of 25.7%. In the first half of 2024, among the revenue generated from the Group's software development services, the revenue from innovative solutions applying innovative technologies such as artificial intelligence and big data analysis amounted to RMB60.1 million, accounting for 57.3% of the revenue from software development services. In addition, our revenue from technical and maintenance services and standard software sales business both experienced a significant decline compared to the corresponding period of the previous year. However, since the revenue from these two businesses accounted for less than 15% of the Group's total revenue, their overall impact was relatively weak and did not change the trend of year-on-year growth in the Group's total revenue.

MANAGEMENT DISCUSSION AND ANALYSIS

In the first half of 2024, on one hand, the Group continued to invest in research and development, and on the other hand, the Group vigorously promoted the implementation of its business in markets other than the Mainland China. As of 30 June 2024, the Group owned a total of 225 software copyrights, including 21 software copyrights newly obtained in 2024. In addition, as the first solution project serving overseas medical industry supported by successfully customized development, implementation and operation and maintenance services under Newlink Technology, the “International Medical Platform Service Project – Construction Part of Traditional Chinese Medicine Medical Record System”, which was provided by Beijing Newlink with development and operation and maintenance services, also successfully passed the client’s acceptance in January 2024.

In the first half of 2024, Newlink Technology, the Chairman of the Board of Newlink Technology and Beijing Newlink, a major operating entity under the Group, received multiple industry-related honors respectively. Among them, Newlink Technology and Mr. ZHAI Shuchun (翟曙春), an executive Director, the chairman of the Board and the CEO, were respectively awarded the titles of “2024 Outstanding Medical Technology Innovation Award (2024傑出醫療科技創新獎)” and “2024 Influential Person of Technology Innovation (2024科技創新影響力人物)” in the selection of the 13th Financial Summit and Innovative Entrepreneurs Festival (第十三屆財經峰會暨創新企業家節) and were respectively awarded “Hainuo Award – 2024 Outstanding Digital Innovation Enterprise (海諾獎-2024傑出數字化創新企業)” and “Hainuo Award – 2024 Leader of Excellent Innovation (海諾獎-2024卓越創新力領導人物)” in 2024 (the 5th) Brand Innovation Development Conference (2024 (第五屆) 品牌創新發展大會) “Hainuo Award” selection. In addition, the relevant case that Beijing Newlink participated in the research and development was successfully listed in the “Speech and Semantics Category” of the “2023 China Medical AI Practice Exemplary Cases’ selection (2023年度中國醫療人工智能實踐典型案例)”.

Outlook

In the second half of 2024, the Group will unswervingly work to delve into customer needs, and focus on technological innovations, refining more comprehensive solutions and products by investing in research and development of innovative technologies such as artificial intelligence and big data analytics for applications across various industry sectors. In the second half of 2024, the Group will continue to strengthen the pace of coordinated development among our subsidiaries, give full play to their complementary advantages. By deepening and realizing the differentiation advantages of flagship products and enhancing market competitiveness to effectively convert and promote across different customer bases, we will strive to expand business reach, enrich product offerings, cultivate a market ecosystem related to technological innovations, enhance penetration in regional markets and advance the steady expansion of strategic deployment across the country, thus further realising the application of our solutions and products in a broader range of regional markets and industries. In the second half of 2024, the Group will continue to optimize processes, activate the organization and teams, attract talents, improve capabilities, effectively manage risks, cultivate and manage the talent team featuring goals-guided. A solid foundation can be laid for the future development of the Group only through our proactive dedications, diligent performance of duties at appropriate positions, and making outstanding contributions. In the second half of 2024, the Group will continue to focus on the dual requirements of “technological research and development innovation” and “business model innovation”, actively shoulder social responsibilities, enhance customer experience, and propel each branch and subsidiary to a new level towards the goal of high-quality development. In the second half of 2024, the Group will firmly seek for progress based on our experience, and endeavor to propel the healthy growth in the future.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

During the Reporting Period, the Group derived all revenue from the IT solution service business. The IT solution service business of the Group is to provide customers with various solutions comprising software development services, technical and maintenance services, sales of standard software and other services and products by applying IT technology according to their needs. Depending on the specific application of technology, the Group's IT solutions can be divided into traditional solutions and innovative solutions, among which innovative solutions are solutions powered by key technologies such as artificial intelligence and big data analysis. During the Reporting Period, the Group's innovative solutions not only provided tailored services to customers in specific fields such as finance, medical care and transportation based on customer needs, but also sold standard products and services to customers; while its traditional solutions were mainly used in the fields like finance and transportation.

During the Reporting Period, the Group recorded a revenue of RMB122.9 million, representing an increase of 4.2% from RMB118.0 million for the corresponding period of last year. The increase in the Group's revenue during the Reporting Period was mainly due to the increase in revenue from software development service, representing 85.3% of Group's total revenue.

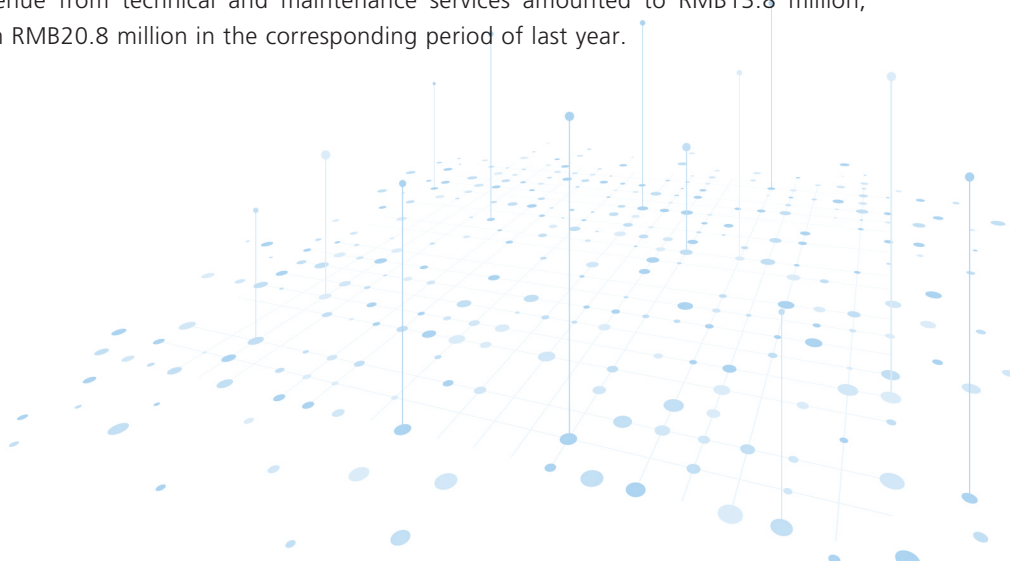
The following analysis sets forth a breakdown of our revenue for the six months ended 30 June 2024 and the corresponding period in 2023, respectively:

Software development services

During the Reporting Period, our revenue from software development services increased by 25.7% from RMB83.4 million for the corresponding period of last year to RMB104.8 million for the Reporting Period. Among the revenue from software development services, revenue from innovative solutions amounted to RMB60.1 million, accounting for 57.3% of our revenue from software development services. During the Reporting Period, the Group's innovative solutions that generate revenue through the software development service model mainly include RPA solutions, smart park solutions, medical and health care big data intelligent management solutions and solution services powered by a series of technologies such as data mining and analysis, cloud-based computing, distributed database management, knowledge graph and deep learning, which were sold to financial institutions, medical institutions, and large-scale state-owned and privately-owned transportation enterprises, etc.

Technical and maintenance services

During the Reporting Period, our revenue from technical and maintenance services amounted to RMB13.8 million, representing a decrease of 33.7% from RMB20.8 million in the corresponding period of last year.



MANAGEMENT DISCUSSION AND ANALYSIS

Sale of standard software

During the Reporting Period, our revenue from sale of standard software decreased by 68.6% from RMB13.7 million in the corresponding period of last year to RMB4.3 million. Although the year-on-year decline in revenue from this business was significant, its actual proportion of total revenue is low, it has not changed the overall growth trend of the Group's revenue. Among the revenue from sales of standard software, revenue from its innovative solutions amounted to RMB3.8 million, accounting for 88.4% of our revenue from sale of standard software. During the Reporting Period, the Group's innovative solutions that generate revenue through the sales of standard software mainly include products such as the medical quality control and safety warning platform, and the intelligent healthcare platform.

Cost of sales

During the Reporting Period, the Group's cost of sales was RMB98.2 million, representing an increase of 5.7% from RMB92.9 million in the corresponding period of last year, mainly due to greater implementation cost associated with the increased revenue of software development services business.

Gross profit and gross profit margin

Our gross profit decreased from RMB25.1 million in the corresponding period of last year to RMB24.7 million in the Reporting Period. Our gross profit margin decreased from 21.2% for the corresponding period in 2023 to 20.1% for the six months ended 30 June 2024. The decrease in gross profit and decline in gross profit margin were mainly due to that the increase in cost of sales from the software development services business which was greater than the increase in revenue therefrom.

Other income and gains

During the Reporting Period, the Group recorded other income and gains of RMB5.9 million, representing an increase of 25.5% from RMB4.7 million in the corresponding period of last year, due to the increase in bank interest income, VAT refund and exchange gains.

Liquidity, financial and capital resources

As of 30 June 2024, the Group's total available cash balance (the sum of bank balances, cash and time deposits) was RMB303.6 million.

Our bank borrowings as of 30 June 2024 amounted to RMB20.0 million, of which RMB6.08 million, RMB1.78 million, RMB0.15 million, RMB0.87 million, RMB6.85 million and RMB4.26 million, maturing on 27 December 2024 and RMB0.01 million maturing on 1 November 2024, all borrowings have fixed interest rate of 3.85% per annum. All of our bank borrowings were primarily used for our daily operation and business expansion.

The Group continued to maintain a healthy and sound financial position. Our net current assets decreased from approximately RMB582.7 million as of 31 December 2023 to approximately RMB574.7 million as of 30 June 2024.

Fair value losses of equity investments at fair value through profit or loss

During the Reporting Period, the Group recorded fair value losses of equity investments at fair value through profit or loss of RMB4.3 million, caused by fluctuations in the fair value of stocks purchased in the secondary market.

MANAGEMENT DISCUSSION AND ANALYSIS

Selling and distribution expenses

Our selling and distribution expenses decreased by 4.8% from RMB8.4 million for the six months ended 30 June 2023 to RMB8.0 million for the six months ended 30 June 2024. The decrease in selling and distribution expenses was mainly due to the decrease in the number of sales personnel.

Administrative expenses

During the Reporting Period, the Group's administrative expenses amounted to RMB22.5 million, representing an increase of 34.7% as compared with RMB16.7 million in the corresponding period of last year, mainly due to increased payment of staff severance compensation and increasing allocation of administrative expenses to management personnel due to a year-over-year decrease in the number of employees in the Group.

Research and development expenses

During the Reporting Period, the Group's research and development expenses amounted to RMB37.6 million, representing an increase of 106.6% as compared with RMB18.2 million in the corresponding period of last year, primarily due to the increase in the amortisation of the Group's deferred development costs, with the increase in the number of research and development projects.

Since its listing, the Group has continuously invested heavily in research and development. On the one hand, it has invested in the research and development of corresponding solutions according to the utilization plan of the raised funds; and on the other hand, it has also accelerated in terms of investing heavily in the research and development of technologies related to artificial intelligence and big data analysis. As of 30 June 2024, the Group had a total of 225 items of software copyrights, including 21 items of software copyrights newly formed by developing or upgrading innovative solutions in the six months ended 30 June 2024, accounting for 100% of the total 21 items of software copyrights newly developed in the six months ended 30 June 2024.

Other expenses

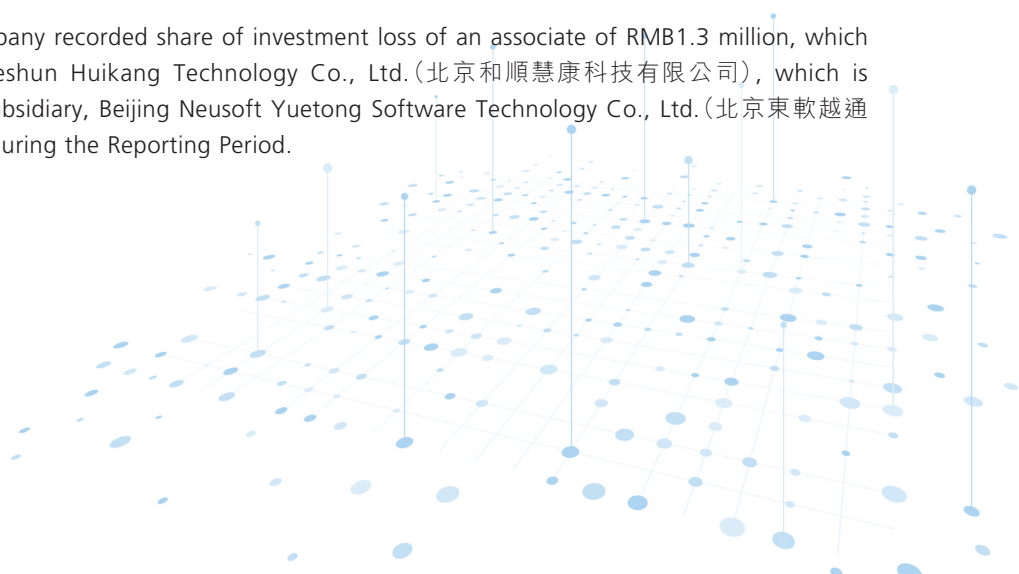
During the Reporting Period, the Group's other expenses amounted to RMB0.01 million.

Impairment losses on trade receivables and contract assets, net

The impairment losses under expected credit loss model of RMB11.3 million during the Reporting Period were mainly due to the increase in expected credit losses on trade receivables balances for more than two years.

Share of results of an associate

During the Reporting Period, the Company recorded share of investment loss of an associate of RMB1.3 million, which was due to the associate, Beijing Heshun Huikang Technology Co., Ltd. (北京和順慧康科技有限公司), which is invested in by the Group's acquired subsidiary, Beijing Neusoft Yuetong Software Technology Co., Ltd. (北京東軟越通軟件技術有限公司), incurring losses during the Reporting Period.



MANAGEMENT DISCUSSION AND ANALYSIS

Finance costs

During the Reporting Period, our finance costs increased from RMB0.5 million for the six months ended 30 June 2023 to RMB1.1 million, which remained relatively stable.

Loss before tax

As a result of the foregoing, the Group recorded a loss before taxation of RMB55.4 million during the Reporting Period, as compared to the loss before taxation of RMB26.5 million in the corresponding period of last year.

Income tax expense

We recorded income tax expense of RMB0.02 million for the six months ended 30 June 2024 as compared to the income tax expense of RMB0.5 million in the corresponding period of last year, mainly due to the increase of loss before tax.

Loss for the six months ended 30 June 2024

Due to the above reasons, we recorded a loss of RMB55.4 million for the six months ended 30 June 2024, as compared to a loss of RMB27.0 million in the corresponding period of last year.

Exposure to exchange rate fluctuation

For the six months ended 30 June 2024, the functional currency of companies operating in the PRC is Renminbi. Most of the Group's monetary assets were mainly denominated in US dollars and Renminbi. We manage foreign exchange risk by performing periodic reviews of our net foreign exchange exposures and try to minimise these exposures through natural hedges. We operate mainly in the PRC with most of the transactions settled in Renminbi. The management considers that the business is not exposed to any significant foreign exchange risk as there are no significant financial assets or liabilities denominated in the currencies other than the respective functional currencies of our entities.

Commitments

The Group has various contracted, but not provided short term lease commitments as of 30 June 2024 (2023: future lease payments of RMB0.7 million for such non-cancellable lease contracts). The future lease payments for these non-cancellable lease contracts are RMB0.2 million and due within one year.

Contingent liabilities

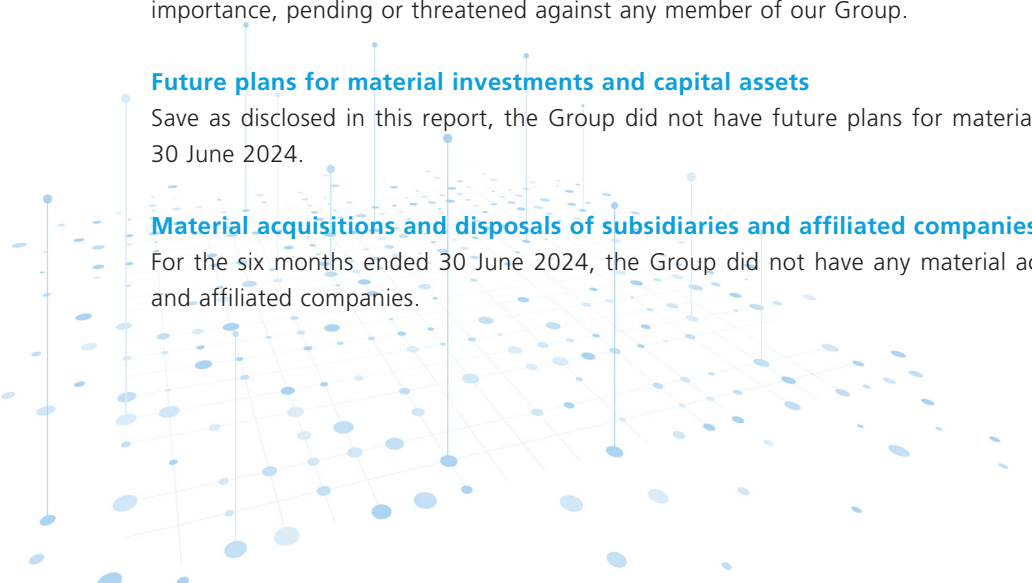
As of 30 June 2024, we did not have any material contingent liability, guarantee or any litigation or claim of material importance, pending or threatened against any member of our Group.

Future plans for material investments and capital assets

Save as disclosed in this report, the Group did not have future plans for material investments and capital assets as of 30 June 2024.

Material acquisitions and disposals of subsidiaries and affiliated companies

For the six months ended 30 June 2024, the Group did not have any material acquisitions or disposals of subsidiaries and affiliated companies.



MANAGEMENT DISCUSSION AND ANALYSIS

Significant investments

As of 30 June 2024, we did not hold any significant investments representing 5% or more of the Company's total assets as of 30 June 2024.

Charge on Group's assets

As of 30 June 2024, the Group had no charges on our assets.

Customer credit risk

Our business operations are subject to the risk of payment deferrals and/or defaults by our customers. For our software development services, most of our contracts provide for periodic installments from our customers based on project milestones, such as delivery, installation and testing of our solutions. However, we incur costs associated with a project, primarily including staff costs relating to project execution and software development, electronic equipment and certain project implementation expenses, on an ongoing basis from the beginning. As a result, we are required to make prepayments for certain project costs and expenses before receiving sufficient payments from our customers.

During the track record period, we typically granted our customers a credit period depending on contract terms and our evaluation of customer's creditworthiness. In determining the actual length of credit terms granted to a specific customer, we consider various factors such as reputation, length of business relationship and past payment records. As of 30 June 2024, our trade receivables amounted to RMB262.6 million and we recorded impairment loss on trade receivables of RMB54.4 million. We are thus exposed to the risk that customers may delay or even be unable to pay when milestones are reached or upon completion of contracts. These may put our cash flow and working capital under pressure.

1. The subsequent settlement is set out below in relation to the trade receivables as at 30 June 2024:

	Gross amount (RMB'000)	Subsequent settlement (RMB'000)
Within 180 days	91,081	38,821
181 days to 1 year	23,184	5,115
1 to 2 years	49,719	3,325
2 to 3 years	49,804	1,372
Over 3 years	48,850	2,025
Total	262,638	50,658

MANAGEMENT DISCUSSION AND ANALYSIS

2. Recoverability of long aged receivables and reasons why the loss allowances were adequate

(1) *Customers with strong creditworthiness*

The trade receivable balance of the Group as of 30 June 2024 was mainly from large customers with good reputation and strong creditworthiness, the majority of which were Chinese state-owned enterprises and listed public companies, including top-tier banks, trust companies, asset management companies, Class III Grade A hospitals, railway bureaus, locomotive depots, railway information technology companies, railway bureau groups, airlines, aviation food companies, aviation materials companies, etc. Such customers are in good standing and have strong creditworthiness and bargaining power, and have stringent and extensive internal payment and settlement processes, which often require time-consuming internal approval processes before payments were made, resulting in further extension of their payment cycles. As of 30 June 2024, 68.8% of the trade receivable balance was recorded from Chinese state-owned enterprises and listed public companies.

In addition, the balance of trade receivables over 180 days as of 30 June 2024 was mainly recorded from Chinese state-owned enterprises and listed public companies with which the Group had longstanding cooperation, and there has been no recoverability issue in relation to trade receivables in previous years and both parties have maintained a good cooperation relationship.

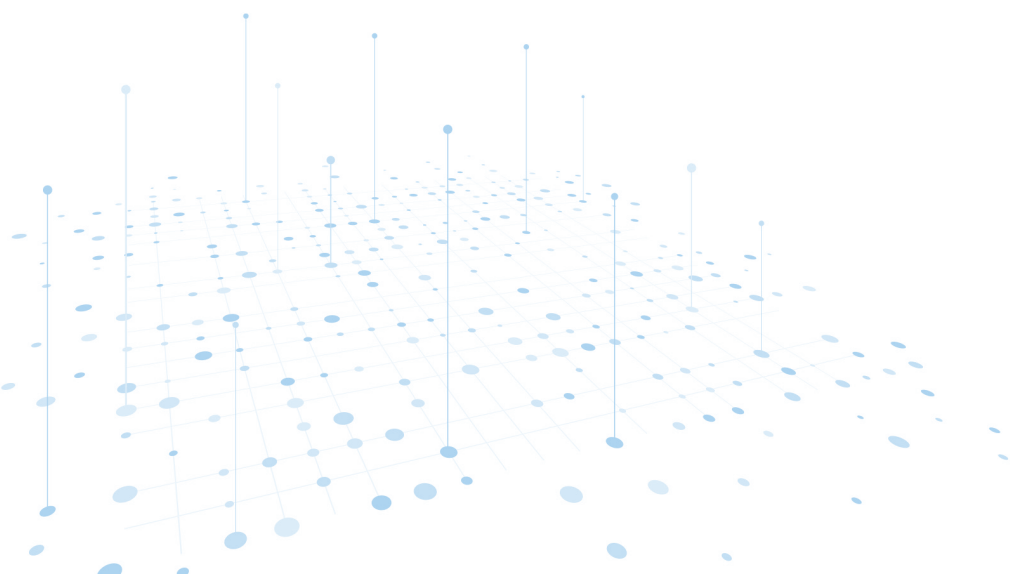
(2) *The balance of trade receivables over 180 days remains in a trend of continuous collection of receivables*

As of 30 June 2024, the balance of trade receivables over 1 year amounted to RMB148.4 million, recorded from a total of 128 customers, among which 109 customers are still performing contracts with the Group so far, and the Group has continued to collect receivables since 30 June 2024.

(3) *The business model and customer base of the Group remain unchanged as disclosed before*

In relation to trade receivables, as disclosed in the prospectus of the Company dated 21 December 2020, the previous, current and future business model and the customer base of the Group have remained and are expected to remain substantially unchanged.

The Company considers that it has entered into normal business arrangements with these customers and has not identified any issues of the recoverability of trade receivables or insufficient provision for impairment to date.



MANAGEMENT DISCUSSION AND ANALYSIS

3. Actions taken or to be taken to recover such long-outstanding receivables

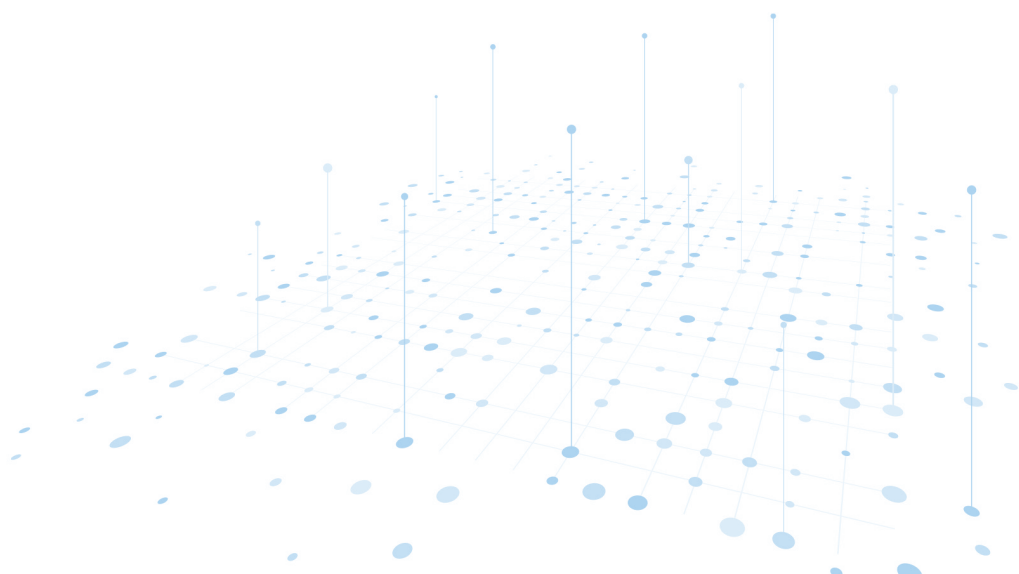
The Group has continued to (1) increase sales revenue from customers with short payment cycle and gradually reduce sales to customers with long payment cycle to achieve substantial improvements against the long payment cycle of trade receivables; (2) maintain strict control over its outstanding trade receivables and have a credit control department to minimise the credit risk. The Group has strictly followed its credit management policy and will continue to follow the steps and measures stipulated in the credit management policy to manage the trade receivables and maintain the working capital. As required by the credit management policy of the Group, the Group has instructed designated sales personnel to follow up directly with their responsible customers, and the sales and marketing staff of the Group make collection calls to customers whose bills have been overdue for less than 90 days; for customers whose bills have been overdue within 90 to 360 days, the sales and marketing staff escalate the matter to the business department and both the sales and marketing staff and the business department make collection calls to the customers; and for customers whose bills have been overdue for more than 360 days, the Group assigns the sales and marketing staff to visit the customers for face-to-face communication, and the sales and marketing staff and business departments continuously to follow up and make collection calls to customers. To manage the trade receivables, the Group has also strengthened the cooperation between the technical team and the sales and marketing team to conduct more efficient collection, and taken into account the collection speed in the performance assessment of the employees. In addition, the Group will continue to issue periodic written payment reminders to the customers. Overdue balances are also regularly reviewed by the senior management; and (3) regularly make enquiries on customers' ratings and make an analysis of the background, reputation, market position and the operating conditions of customers based on publicly available information.

Key Financial and Business Performance Indicators

The key financial and business performance indicators comprise profitability growth and return on equity.

The Group's return on equity decreased from -3.2% in the six months ended 30 June 2023 to -7.2% in the six months ended 30 June 2024, primarily due to the loss recorded by the Group.

The Group's gearing ratio increased from 1.0% as at 31 December 2023 to 2.6% as at 30 June 2024, primarily due to the increase in bank borrowings. The calculation of gearing ratio is based on total borrowings divided by total equity as of the period end and multiplied by 100.0%.



MANAGEMENT DISCUSSION AND ANALYSIS

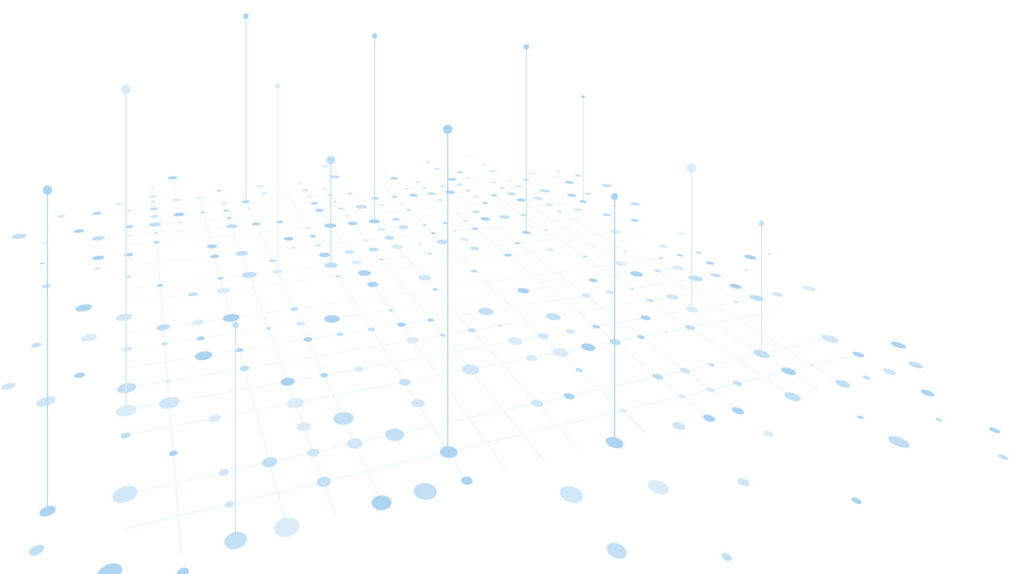
Employees, Training and Remuneration Policies

As of 30 June 2024, the Group had 615 employees, decreasing by 83 employees compared to the same period of last year. The staff costs including Directors' emoluments were approximately RMB65.8 million for the six months ended 30 June 2024.

Remuneration of the Group's employees includes basic salary, bonuses and cash subsidies. We determine our employees' compensation based on each employee's performance, qualifications, position and seniority.

We adopted the Post-IPO Share Option Scheme on 5 December 2020, which falls within the ambit of, and is subject to, the regulations under Chapter 17 of the Listing Rules. The purpose of the Post-IPO Share Option Scheme is to provide incentives and rewards to eligible persons for their contribution to, and continuing efforts to promote the interest of the Group.

We recognize 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 the Stock Exchange and the general regulatory and environmental requirements for such listed company. To meet this goal, we are committed to our employees' continuing education and development. We provide preemployment and regular continuing trainings to our employees, which we believe are effective in equipping them with the skill set and work ethics that we require. Also, we continuously provide comprehensive trainings to our technical staff, equipping them with knowledge and skills to perform a variety of functions on different projects and allowing us to quickly find qualified and suitable replacement internally in the event of employee's demission.



OTHER INFORMATION

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE IN SECURITIES

As of 30 June 2024, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Long position in Shares of the Company

Name of Director	Capacity/Nature of Interest	Number of Shares interested	Approximate percentage of the Company's issued share capital ⁽¹⁾
Mr. Zhai	Interest in a controlled corporation	304,500,800	32.26%
Ms. Qin Yi	Beneficial owner	1,604,800	0.17%

Note:

- (1) The percentage represents the number of Shares interested as at 30 June 2024 divided by the number of the Company's issued Shares as at the end of the Reporting Period, being 943,817,280 Shares.

Save as disclosed above and to the best knowledge of the Directors, as of 30 June 2024, none of the Directors or the chief executive of the Company has any interests and/or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.



OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As of 30 June 2024, to the best knowledge of the Directors, the following corporations/persons had interests of 5% or more in the Shares or underlying Shares of the Company according to the register of interests required to be kept under section 336 of the SFO:

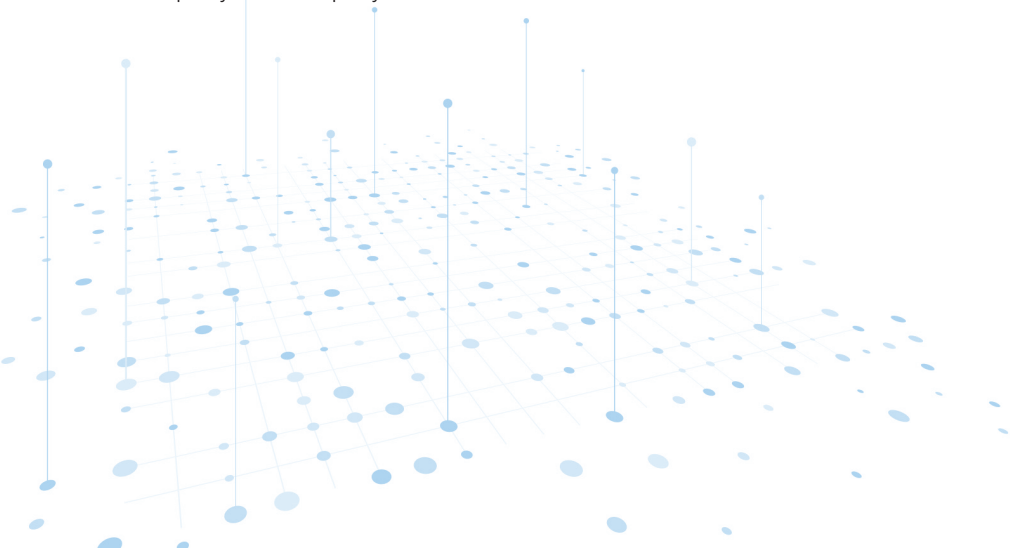
Long position in Shares of the Company

Name	Note	Capacity/Nature of Interest	Number of Shares interested	Approximate percentage of the Company's issued share capital ⁽³⁾
Nebula SC		Beneficial owner	304,500,800	32.26%
Mr. Zhai	(1)	Interest of a controlled corporation	304,500,800	32.26%
Earnest Kai Holdings Limited		Beneficial owner	138,400,000	14.66%
Mr. YUAN Yukai	(2)	Interest of a controlled corporation	138,400,000	14.66%
Mr. GUO Hao		Beneficial owner	80,000,000	8.48%

Notes:

- (1) Mr. Zhai is deemed to be interested in the entire interests held by Nebula SC, a company wholly-owned by him. Mr. Zhai is the director of Nebula SC.
- (2) Mr. YUAN Yukai is deemed to be interested in the entire interests held by Earnest Kai Holdings Limited, a company wholly owned by him.
- (3) The percentage represents the number of Shares interested as at 30 June 2024 divided by the number of the Company's issued Shares as at the end of the Reporting Period, being 943,817,280 Shares.

Save as disclosed above and to the best knowledge of the Directors, as of 30 June 2024, no person had registered an interest or a short position in the Shares or underlying Shares as recorded in the register of interests required to be kept by the Company under section 336 of the SFO.



OTHER INFORMATION

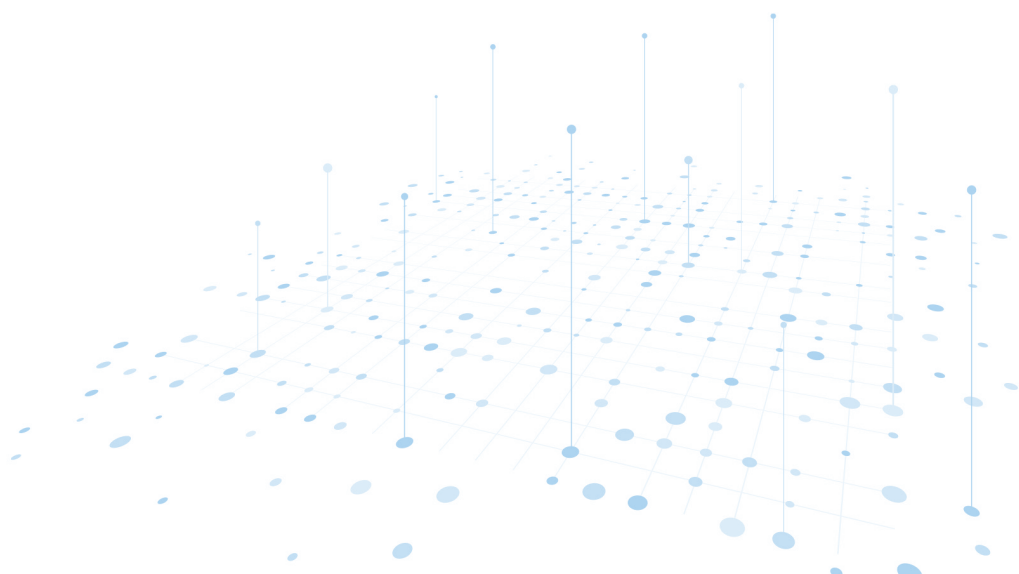
CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance. The Board believes that good corporate governance standards are essential in providing a framework for the Company to safeguard the interests of its shareholders and corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

Compliance with Corporate Governance Code

The Company recognizes 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 principles and code provisions set out in the CG Code as the basis of the Company's corporate governance practices. During the Reporting Period, the Company has complied with the code provisions under the CG Code, save and except for the deviation from code provision C.2.1 of Part 2 of the CG Code below.

Pursuant to code provision C.2.1 of Part 2 of the CG Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the responsibilities between the chairman and the chief executive officer should be segregated and should not be performed by the same individual. The roles of the Chairman and the Chief Executive Officer of the Company are held by Mr. Zhai. With extensive experience in the information technology industry, Mr. Zhai is responsible for the overall strategic planning and general management of the Group and is instrumental to our growth and business expansion. The Board considers that vesting the roles of chairman and chief executive officer in the same person is beneficial to the management of the Group and ensures consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. In light of the above, the Board considers that the deviation from code provision C.2.1 of the CG Code is appropriate in the circumstances of the Company.



OTHER INFORMATION

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as a code of conduct regarding Directors' securities transactions. Having made specific enquiries of all Directors, each of the Directors has confirmed that he/she has complied with the requirements of the Model Code for the six months ended 30 June 2024.

The Group's employees, who are likely to be in possession of inside information of the Group, have also been subject to the Model Code for securities transactions. No incident of non-compliance of the Model Code by the employees was noted by the Company for the six months ended 30 June 2024.

AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

The Audit Committee was established with written term of reference in compliance with the CG Code. The Audit Committee comprises three members, namely Mr. YOU Linfeng, Mr. TANG Baoqi and Ms. YANG Juan, with Mr. YOU Linfeng being the chairman of the Audit Committee.

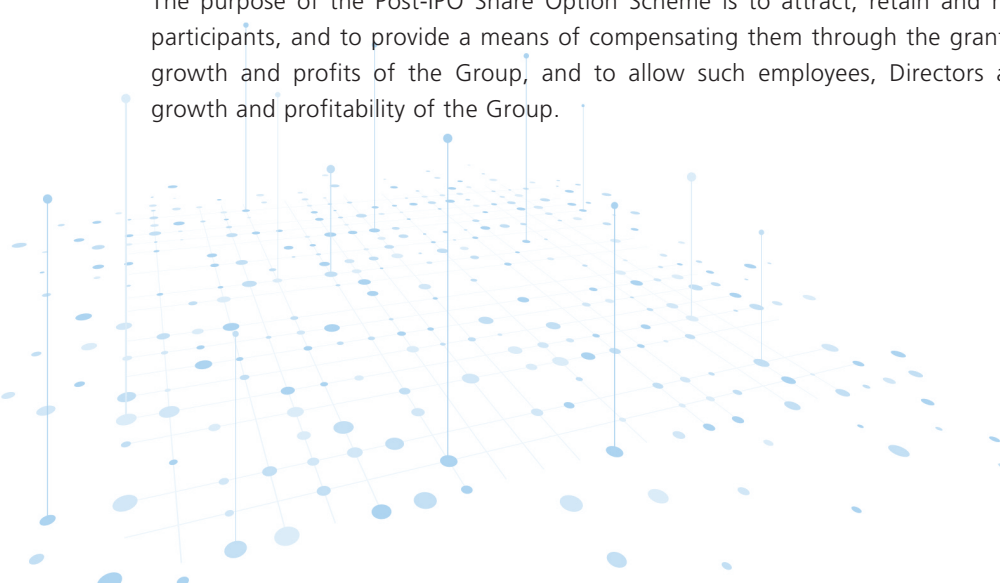
The financial information for the six months ended 30 June 2024 set out in the interim report is unaudited but has been reviewed by the Company's external auditor, Forvis Mazars CPA Limited (formerly known as Mazars CPA Limited), in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity," and by the Audit Committee. The Audit Committee has reviewed this report and was satisfied that the Company's unaudited financial information contained in this report was prepared in accordance with applicable accounting standards.

The Audit Committee has considered and reviewed the accounting principles and practices adopted by the Group, and discussed matters in relation to, among others, risk management, internal control and financial reporting of the Group with management and the Company's external auditor. The Audit Committee is of the view that the interim financial results for the six months ended 30 June 2024 have complied with relevant accounting standards, rules and regulations, and have been officially and properly disclosed.

POST-IPO SHARE OPTION SCHEME

On 5 December 2020, the Company adopted the Post-IPO Share Option Scheme, which falls within the ambit of, and is subject to, the regulations under Chapter 17 of the Listing Rules.

The purpose of the Post-IPO Share Option Scheme is to attract, retain and motivate employees, Directors and other participants, and to provide a means of compensating them through the grant of options for their contribution to the growth and profits of the Group, and to allow such employees, Directors and other persons to participate in the growth and profitability of the Group.



OTHER INFORMATION

Qualified participants of the Post-IPO Share Option Scheme include (i) any employee (whether full time or part time) of the Company or its subsidiaries, including any officer or executive Director, (ii) any independent non-executive Director, and (iii) any consultant of the Company or its subsidiaries as the Board may in its absolute discretion select.

The number of options available for grant under the Post-IPO Share Option Scheme at the beginning of the Reporting Period and at the end of the Reporting Period is 80,000,000 options. There is no service provider sublimit under the Post-IPO Option Scheme.

The Shares which may be issued upon exercise of all options to be granted under the Post-IPO Share Option Scheme shall not exceed 80,000,000 Shares, representing 8.48% of the total issued shares of the Company at the date of this interim report.

The total number of Shares issued and to be issued upon the exercise of the options granted to or to be granted to each eligible person under the Post-IPO Share Option Scheme (including exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the Shares in issue.

The Post-IPO Share Option Scheme will remain in force for a period of 10 years from 5 December 2020, with the remaining validity period of approximately 6 years 3 months (as at the date of this report), and the options granted have a 10-year exercise period. Options may be vested over such period(s) as determined by the Board in its absolute discretion subject to compliance with the requirements under any applicable laws, regulations or rules.

Participants are not required to pay any amount to apply for or accept a share option.

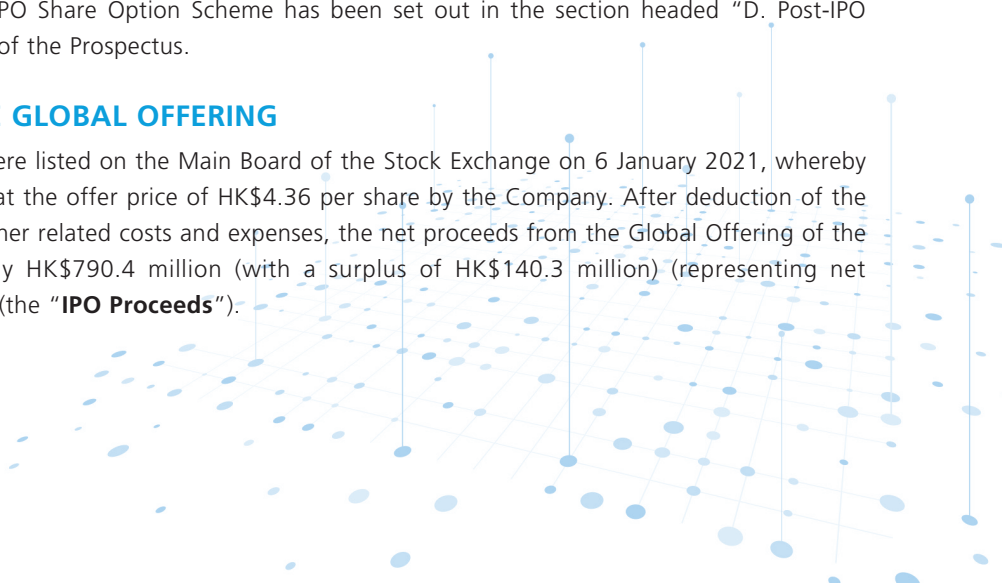
The exercise price of share options under the Post-IPO Share Option Scheme is determined by the Board, but shall not be less than the higher of (i) the closing price of the Shares as stated in the daily quotation sheet of the Stock Exchange on the date of grant, which must be a business day; (ii) the average closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange for the five business days immediately preceding the date of grant; and (iii) the nominal value of a Share.

No share options have been granted under the Post-IPO Share Option Scheme since its adoption and up to the date of this report.

A summary of the terms of the Post-IPO Share Option Scheme has been set out in the section headed "D. Post-IPO Share Option Scheme" in Appendix IV of the Prospectus.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

The Shares in issue of the Company were listed on the Main Board of the Stock Exchange on 6 January 2021, whereby 200,000,000 new Shares were issued at the offer price of HK\$4.36 per share by the Company. After deduction of the underwriting fees, commissions and other related costs and expenses, the net proceeds from the Global Offering of the Company amounted to approximately HK\$790.4 million (with a surplus of HK\$140.3 million) (representing net proceeds of HK\$3.952 per new Share) (the "IPO Proceeds").



OTHER INFORMATION

In order to better utilize the financial resources of the Group and to capture favourable investment opportunities, the Board has reviewed the utilization of the IPO Proceeds and resolved to reallocate not more than HK\$71.0 million of the surplus to pay the equity transfer consideration, to make the capital increase payment and to fulfill or pay capital contribution obligations for the acquisition of Neusoft Yuetong (the “**Re-allocation**”). For further details, please refer to the announcement of the Company dated 20 June 2022.

As at the beginning of the Reporting Period, the unutilized amount for developing new solutions and upgrading existing solutions was HK\$237.1 million, HK\$83.2 million of which was intended to develop and upgrade the Group’s medical quality control and safety warning system, HK\$68.0 million of which was intended to develop the Group’s clinical pathway management system, HK\$37.4 million of which was intended to develop the Group’s telemedicine system, HK\$22.8 million of which was intended to develop a new solution of intelligent healthcare platform and HK\$25.7 million of which was intended to upgrade the Group’s RPA solution; the unutilized amount for enhancing the Group’s sales and marketing efforts was HK\$29.1 million.

The following table sets forth the details of the use of the IPO Proceeds during the Reporting Period:

	Original allocation of the IPO Proceeds		Allocation of IPO Proceeds after the Re-allocation		Utilized amount during the Reporting Period	Unutilized amount as at the end of the Reporting Period	Expected timeline for the use of unutilized proceeds ⁽¹⁾
	Percentage %	Amount HK\$ million	Percentage %	Amount HK\$ million	HK\$ million	HK\$ million	
For developing new solutions and upgrading existing solutions	80.0	632.3	72.8	575.5	50.1	187.0	
– to develop and upgrade the Group’s medical quality control and safety warning system	20.0	158.1	18.2	143.9	31.5	51.7	
– to develop the Group’s clinical pathway management system	20.0	158.1	18.2	143.9	3.1	64.9	
– to develop the Group’s telemedicine system	10.0	79.0	9.1	71.9	4.5	32.9	
– to develop a new solution of intelligent healthcare platform	10.0	79.0	9.1	71.9	3.2	19.6	By December 2025
– to upgrade the Group’s RPA solution	20.0	158.1	18.2	143.9	7.8	17.9	
For enhancing the Group’s sales and marketing efforts	10.0	79.1	9.1	72.0	7.4	21.7	
For working capital and other general corporate purposes	10.0	79.0	9.1	71.9	-	-	
Funds proposed to be used for the Neusoft Yuetong Acquisition	-	-	9.0	71.0	-	-	
Total	100.0	790.4	100.0	790.4	57.5	208.7	

Notes:

- (1) The expected timeline for utilizing the unutilized funds is based on the best estimation of the future market condition made by the Group. It may be subject to change based on the current and future development of market conditions.
- (2) Any discrepancy arising in the decimal figures in the table above is due to the effect of rounded figures.

OTHER INFORMATION

USE OF PROCEEDS FROM THE 2024 PLACING

On 7 May 2024 (after trading hours), the Company entered into the placing agreement with the placing agent, pursuant to which the Company has agreed to place through the placing agent a maximum of 157,302,880 ordinary share(s) of par value of US\$0.000001 each of the Company at the placing price of HK\$0.28 per placing share (the “2024 Placing”) to not less than six places (any investor who is a corporate or an individual investor selected and procured by the placing agent) who and whose beneficial owners shall be independent third parties. The aggregate nominal value of the maximum number of placing shares is approximately US\$157.30. On 7 May 2024, the closing price of the shares of the Company was HK\$0.34 per share. On 14 May 2024, the Company completed the placement of 157,302,880 shares. The total proceeds and the net proceeds from the 2024 Placing, after deduction of the placing commission and other related expenses, amounted to approximately HK\$44.04 million and HK\$43.60 million, respectively, and the net price per Share was approximately HK\$0.277. The net proceeds from the 2024 Placing will be applied to replenish general working capital of the Group.

Use of the net proceeds from the 2024 Placing during the Reporting Period is set out in the table below:

	The net proceeds from the 2024 Placing	Utilized amount during the Reporting Period	Unutilized amount as at the end of the Reporting Period	Expected timeline for the use of unutilized proceeds
Replenish general working capital of the Group	HK\$43.60 million	HK\$10.54 million	HK\$33.06 million	By December 2027

Note:

- (1) The expected timeline for utilizing the unutilized funds is based on the best estimation of the future market condition made by the Group. It may be subject to change based on the current and future development of market conditions.

AMENDMENTS TO ARTICLES OF ASSOCIATION

In order to facilitate electronic dissemination of corporate communications in accordance with the amended Listing Rules in relation to the expanded paperless listing regime which took effect from 31 December 2023, the Company approved the amendment to the memorandum and articles of association of the Company at the Annual General Meeting held on 24 June 2024. Details of the amendments were set out in the circular of the Company dated 3 June 2024. The latest version of the memorandum and articles of association of the Company is also published on the websites of the Company and the Stock Exchange.

INTERIM DIVIDENDS

The Board has resolved not to declare the payment of interim dividends for the six months ended 30 June 2024 to the shareholders.

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

Neither the Company nor any of its subsidiaries had purchased, sold, or redeemed any of the Company's listed securities (including sale of treasury shares) during the Reporting Period.

As at the end of the Reporting Period, the Company did not hold any treasury shares (as defined under the Listing Rules).

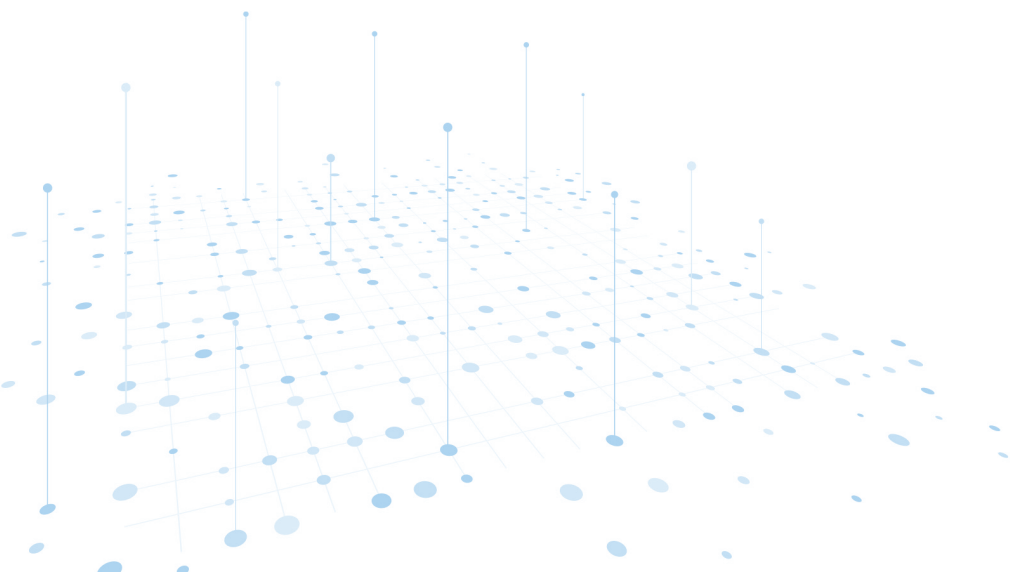
OTHER INFORMATION

CONTINUING DISCLOSURE OBLIGATION PURSUANT TO THE LISTING RULES

The Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

SUBSEQUENT EVENTS

No significant event of the Group has occurred subsequent to 30 June 2024 and up to the date of this report.



REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION



To the Board of Directors of Newlink Technology Inc.

(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 26 to 50, which comprise the interim condensed consolidated statement of financial position of Newlink Technology Inc. (the "Company") and its subsidiaries (collectively referred to as the "Group") as at 30 June 2024 and the interim condensed consolidated statement of profit or loss and other comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and selected explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" ("HKSRE 2410") issued by the HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

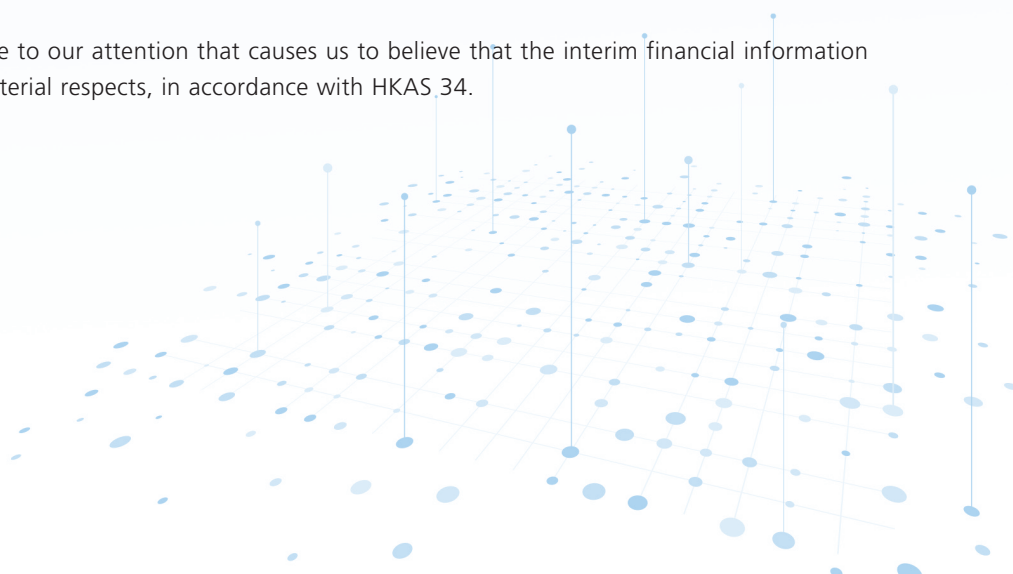
CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with HKAS 34.

Forvis Mazars CPA Limited

Certified Public Accountants

Hong Kong, 29 August 2024



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

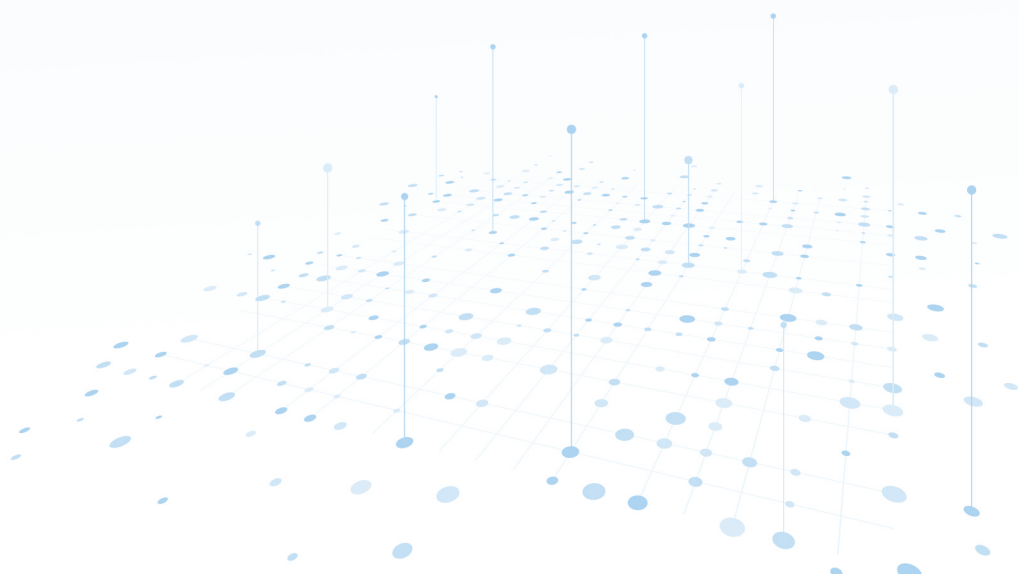
For the six months ended 30 June 2024

	Notes	For the six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Revenue	3	122,905	117,953
Cost of inventories sold and services rendered	6	(98,180)	(92,889)
Gross profit		24,725	25,064
Other income and gains	4	5,868	4,658
Change in fair value of contingent consideration		–	126
Change in fair value of equity investments at fair value through profit or loss		(4,262)	–
Selling and distribution expenses		(8,002)	(8,350)
Administrative expenses		(22,476)	(16,728)
Research and development expenses		(37,648)	(18,202)
Impairment losses on trade receivables and contract assets, net		(11,261)	(8,019)
Impairment loss on investment in an associate		–	(2,310)
Other expenses		(12)	(1,341)
Finance costs	5	(1,067)	(525)
Share of results of an associate		(1,268)	(898)
Loss before taxation	6	(55,403)	(26,525)
Income tax expense	7	(15)	(482)
Loss for the period		(55,418)	(27,007)
Other comprehensive (loss) income:			
<i>Item that will not be reclassified to profit or loss:</i>			
Revaluation surplus on transfer of owned properties to investment properties		9	–
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising from translation of foreign operations		(1,598)	8,931
Total comprehensive loss for the period		(57,007)	(18,076)
Loss for the period attributable to:			
Owners of the Company		(55,226)	(26,758)
Non-controlling interests		(192)	(249)
		(55,418)	(27,007)

INTERIM CONDENSED 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)
Total comprehensive loss for the period attributable to:			
Owners of the Company		(56,815)	(17,827)
Non-controlling interests		(192)	(249)
		(57,007)	(18,076)
		RMB cents	RMB cents
Loss per share			
Basic and diluted	9	(6.67)	(3.40)



INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024

	Notes	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Non-current assets			
Property and equipment	10	15,706	16,912
Right-of-use assets		25,593	29,357
Investment properties		11,264	11,105
Goodwill	11	36,724	36,724
Intangible assets	12	110,568	122,361
Investment in an associate		3,031	4,299
Equity investments at fair value through profit or loss		30,153	30,100
Contract assets	14	1,062	1,012
Long-term deposits and prepayments	15	6,169	2,211
Deferred tax assets		694	694
		240,964	254,775
Current assets			
Inventories		2,169	2,169
Trade receivables	13	208,193	218,549
Contract assets	14	138,184	118,851
Equity investments at fair value through profit or loss		27,680	–
Prepayments, deposits and other receivables	15	8,896	10,471
Amounts due from related parties	21(b)	12,316	12,316
Pledged deposits		3,317	96
Bank balances and cash		303,571	330,458
		704,326	692,910
Current liabilities			
Trade payables	16	80,414	71,741
Contract liabilities		11,921	14,412
Other payables and accruals	17	11,675	10,477
Dividends payable	8	6	28
Interest-bearing bank borrowings	18	20,000	8,005
Lease liabilities		5,590	5,590
		129,606	110,253
Net current assets		574,720	582,657
Total assets less current liabilities		815,684	837,432

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

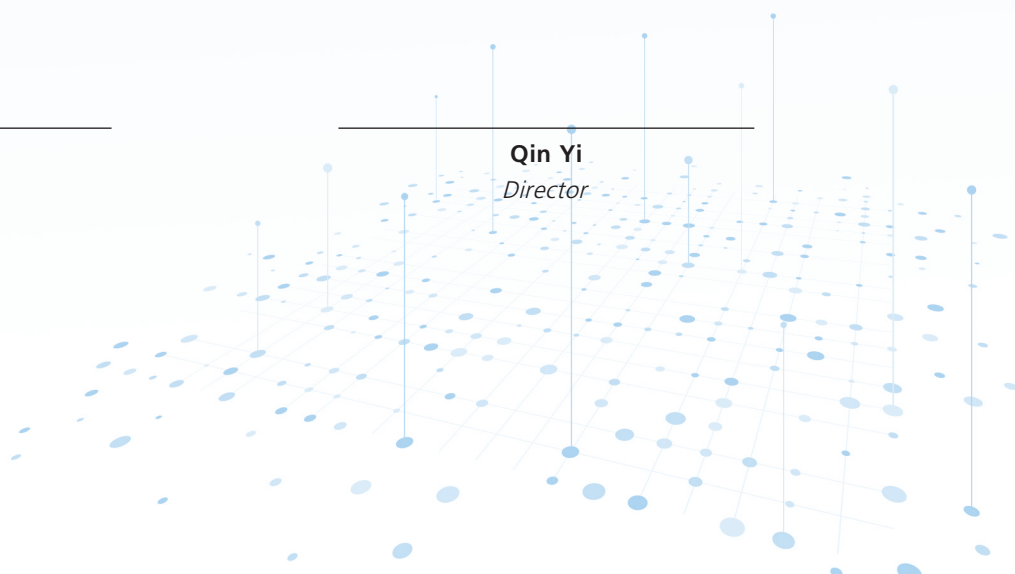
At 30 June 2024

	<i>Notes</i>	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Non-current liabilities			
Lease liabilities		20,684	23,783
Deferred tax liabilities		3,745	3,745
Contingent consideration		21,000	21,000
		45,429	48,528
Net assets			
		770,255	788,904
Capital and reserves			
Share capital	<i>19</i>	7	5
Reserves		769,813	786,966
Equity attributable to owners of the Company		769,820	786,971
Non-controlling interests		435	1,933
Total equity			
		770,255	788,904

The interim condensed consolidated financial information on pages 26 to 50 were approved and authorised for issue by the board of directors on 29 August 2024 and are signed on its behalf by:

Zhai Shuchun
Director

Qin Yi
Director



INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

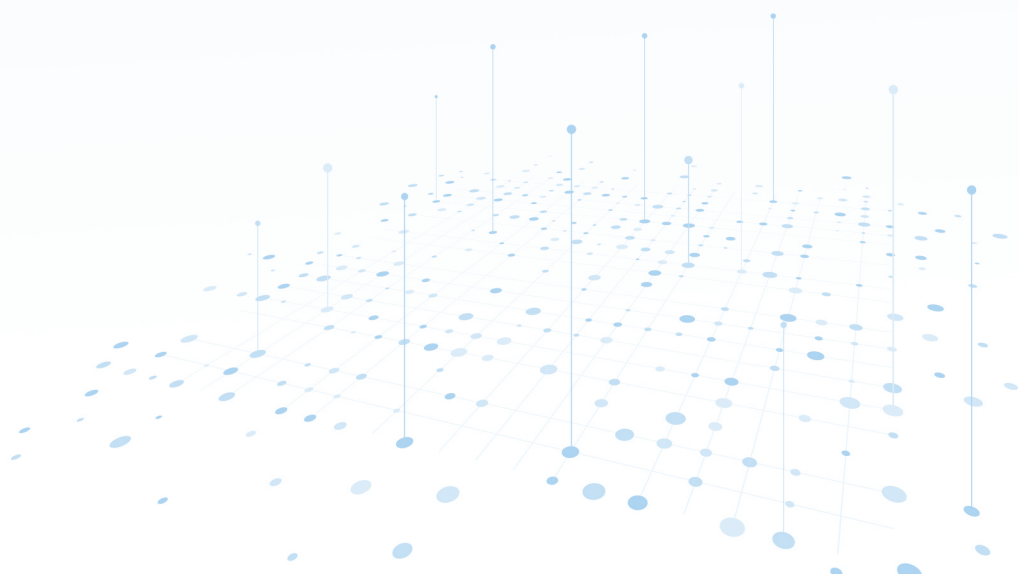
	Attributable to owners of the Company								Non-controlling interests RMB'000	Total RMB'000	
	Share capital RMB'000	Share premium RMB'000	Merger reserve RMB'000	Special reserve RMB'000	Statutory surplus reserve RMB'000	Exchange fluctuation reserve RMB'000	Property revaluation reserve RMB'000	Retained profits (loss) RMB'000			Subtotal RMB'000
At 1 January 2023 (audited)	5	710,081	27,468	(4,847)	13,551	21,492	-	112,403	880,153	2,458	882,611
Loss to the period	-	-	-	-	-	-	-	(26,758)	(26,758)	(249)	(27,007)
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-
Exchange differences arising from translation of foreign operations	-	-	-	-	-	8,931	-	-	8,931	-	8,931
Total comprehensive loss for the period	-	-	-	-	-	8,931	-	(26,758)	(17,827)	(249)	(18,076)
Transactions with owners:											
Contributions and distributions											
Dividends to owners	-	-	-	-	-	-	-	(29,090)	(29,090)	-	(29,090)
Total transactions with owners	-	-	-	-	-	-	-	(29,090)	(29,090)	-	(29,090)
At 30 June 2023 (unaudited)	5	710,081*	27,468*	(4,847)*	13,551*	30,423*	-	56,555*	833,236	2,209	835,445
At 1 January 2024 (audited)	5	710,081	27,468	(4,847)	14,043	26,139	420	13,662	786,971	1,933	788,904
Loss for the period	-	-	-	-	-	-	-	(55,226)	(55,226)	(192)	(55,418)
Other comprehensive income (loss):											
Revaluation surplus on transfer of owned properties to investment properties	-	-	-	-	-	-	9	-	9	-	9
Exchange differences arising from translation of foreign operations	-	-	-	-	-	(1,598)	-	-	(1,598)	-	(1,598)
Total comprehensive loss for the period	-	-	-	-	-	(1,598)	9	(55,226)	(56,815)	(192)	(57,007)
Transactions with owners:											
Contributions and distributions											
Issue of share capital	2	39,659	-	-	-	-	-	-	39,661	-	39,661
	2	39,659	-	-	-	-	-	-	39,661	-	39,661
Changes in ownership interests											
Capital contribution from non-controlling interests of a subsidiary	-	-	-	-	-	-	-	-	-	200	200
Change in ownership interest in a subsidiary without change in control	-	-	-	-	3	-	-	-	3	(1,506)	(1,503)
	-	-	-	-	3	-	-	-	3	(1,306)	(1,303)
Total transactions with owners	2	39,659	-	-	3	-	-	-	39,664	(1,306)	38,358
At 30 June 2024 (unaudited)	7	749,740*	27,468*	(4,847)*	14,046*	24,541*	429*	(41,564)*	769,820	435	770,255

* These reserve accounts comprise the reserves of approximately RMB769,813,000 (2023: RMB833,231,000) in the interim condensed consolidated statement of financial position.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Operating activities		
Net cash used in operating activities	(34,291)	(30,896)
Investing activities		
Purchase of property, plant and equipment	(15)	(24,849)
Interest received	4,674	3,903
Addition of intangible assets	(14,078)	(26,996)
Purchase of equity instruments at fair value through profit or loss	(32,113)	–
Net cash used in investing activities	(41,532)	(47,942)
Financing activities		
Repayment of principal portion of lease liabilities	(3,864)	(2,127)
Repayment of bank borrowings	–	(19,000)
New bank borrowings raised	11,995	–
Interest paid	(352)	(69)
Dividend paid	(22)	–
Issue of share capital, net of issue costs	39,661	–
Capital contribution from non-controlling interests of a subsidiary	200	–
Net cash from (used in) financing activities	47,618	(21,196)
Net decrease in cash and cash equivalents	(28,205)	(100,034)
Cash and cash equivalents at beginning of period	330,458	414,250
Effect on exchange rate changes	1,318	8,657
Cash and cash equivalents at end of period	303,571	322,873



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

1. GENERAL INFORMATION

Newlink Technology Inc. (the “Company”) was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law of the Cayman Islands on 8 November 2019 with its shares listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 6 January 2021. The address of the Company’s registered office is PO Box 309, Uglan House, Grand Cayman, KY1-1104, Cayman Islands. The address of the Company’s principal place of business in Hong Kong is room 2910, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong, and the headquarters and principal place of business in the People’s Republic of China (hereafter, the “PRC”) is 5/F., Tower A, Xueqing Jiachuang Building, Xueqing Road, Haidian District, Beijing, the PRC.

The Company is an investment holding company and its subsidiaries (collectively referred to as the “Group”) are principally engaged in the business of software development and maintenance in the PRC.

In the opinion of the directors of the Company, the immediate holding company and the ultimate holding company of the Company is Nebula SC Holdings Limited, a company incorporated in British Virgin Islands, while the ultimate beneficial owner of the Company is Mr. Zhai Shuchun (“Mr. Zhai”), the executive director of the Company.

2. BASIS OF PREPARATION

The Directors are responsible for the preparation of the Group’s interim condensed consolidated financial information. These interim condensed consolidated financial information have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting”, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure requirements of Appendix D2 to the Rule Governing the Listing of Securities on the Stock Exchange. These interim condensed consolidated financial information should be read in conjunction with the 2023 annual financial statement (the “2023 Annual Report”). The accounting policies adopted in preparing the interim condensed consolidated financial information for the six months ended 30 June 2024 are consistent with those in the preparation of the Group’s 2023 Annual Report, except for the adoption of the new/revised Hong Kong Financial Reporting Standards (“HKFRSs”) which are relevant to the Group’s operation and are effective for the Group’s financial year beginning on 1 January 2024 as described below.

Adoption of new/revised HKFRSs

Amendments to HKAS 1
 Amendments to HKAS 1
 Amendments to HK Interpretation 5
 Amendments to HKAS 7 and HKFRS 7
 Amendments to HKFRS 16
 Amendments to HKAS 21

Classification of Liabilities as Current or Non-current
 Non-current Liabilities with Covenants
 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
 Supplier Finance Arrangements
 Lease Liability in a Sale and Leaseback
 Lack of Exchangeability

The adoption of these amendments to HKFRSs did not result in substantial changes to the Group’s accounting policies and amounts reported for the current period and prior years.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

3. REVENUE AND SEGMENT INFORMATION

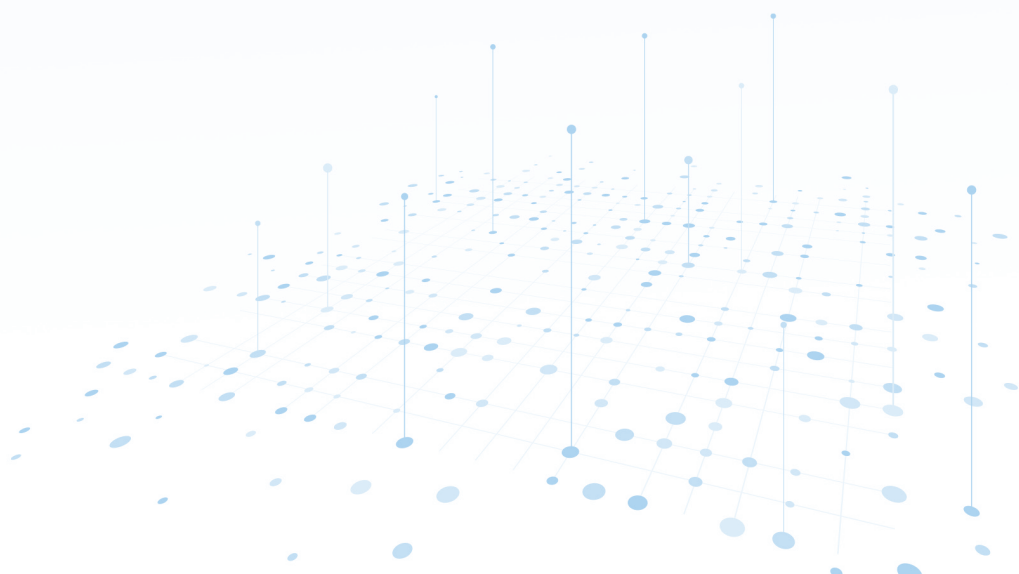
The Group's operating activities are attributable to a single operating and reporting segment primarily on the provision of IT solution services in Mainland China. This operating segment has been identified on the basis of internal management reports reviewed by the chief operating decision-makers (the "CODM"), being the executive directors of the Company. The CODM mainly reviews revenue derived from provision of software development services, technical and maintenance services and sale of standard software, which are measured in accordance with the Group's accounting policies. The financial information reported to the CODM is reflected through the overall operating performance of the Group for resource allocation and performance evaluation. Accordingly, no segment information is presented.

Information about major customers

Aggregated revenue of approximately RMB60,993,000 (30 June 2023: approximately RMB27,452,000) was derived from the following single customers, which individually accounted for more than 10% of the Group's total revenue.

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Customer 1	26,294	*
Customer 2	20,909	*
Customer 3	13,790	11,956
Customer 4	*	15,496

* The correspondence revenue of the customer is not disclosed as the revenue individually did not account for 10% or more of the Group's revenue for the respective period.



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

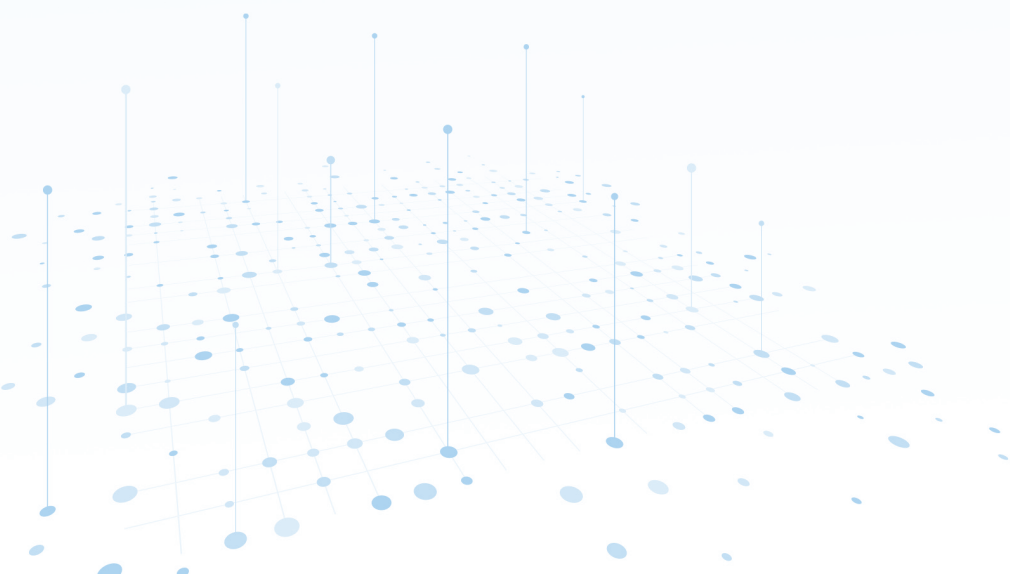
For the six months ended 30 June 2024

3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Revenue from contracts with customers

Disaggregated revenue information

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Types of goods or services		
Software development services	104,769	83,397
Technical and maintenance services	13,839	20,807
Sale of standard software	4,297	13,749
Total revenue from contracts with customers	122,905	117,953
Timing of revenue recognition		
Goods transferred at a point in time	4,297	13,749
Services transferred over time	118,608	104,204
Total revenue from contracts with customers	122,905	117,953



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

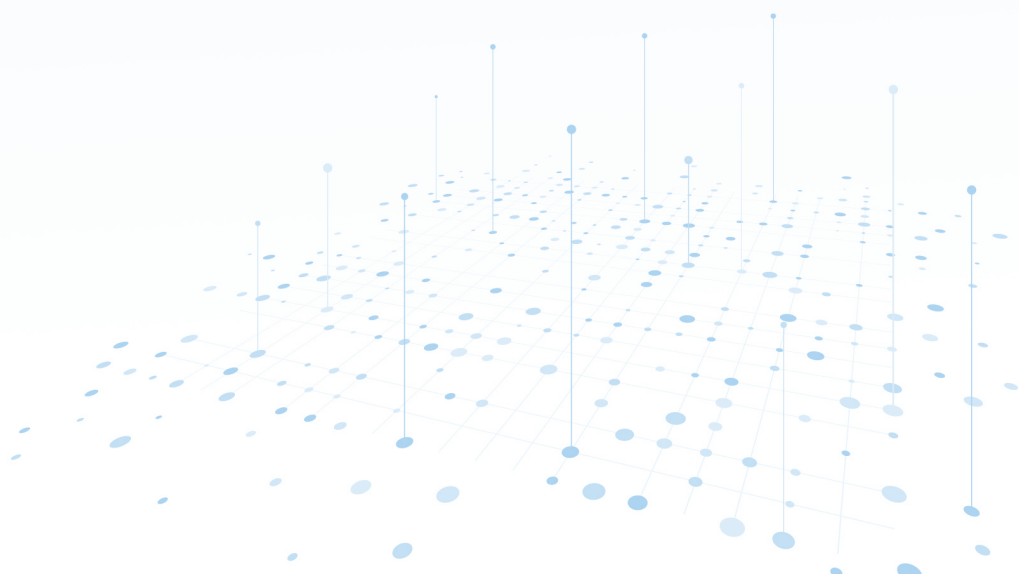
4. OTHER INCOME AND GAINS

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Bank interest income	4,674	3,903
Value Added Tax ("VAT") refunds and other tax subsidies (Note)	787	480
Others	407	275
	5,868	4,658

Note: Refunds of VAT on software products represent the refund upon payment of VAT with respect to the portion of any effective VAT rate in excess of 3% in respect of software product sales of the Group pursuant to the principles of the State Council document entitled "Certain Policies to Encourage the Development of Software Enterprise and the IC Industry" and the approval of the state taxation authorities.

5. FINANCE COSTS

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Interest expense on interest-bearing bank borrowings	352	69
Interest on lease liabilities	715	456
	1,067	525



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

6. LOSS BEFORE TAXATION

The Group's loss before taxation has been arrived at after charging (crediting):

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Cost of inventories sold and services rendered	98,180	92,889
Research and development expenses:		
Amortisation of deferred development costs (Note (i))	18,690	11,503
Current year expenditure	18,958	6,699
	37,648	18,202
Employee benefit expense (including directors' and chief executive's remuneration):		
Wages and salaries	65,773	74,615
Pension scheme contributions (defined contribution scheme)	11,449	13,989
	77,222	88,604
Depreciation of property and equipment	1,040	1,647
Depreciation of right-of-use assets	3,768	3,712
Amortisation of intangible assets (Note (i))	25,871	18,327
Impairment losses recognised for trade receivables	11,128	8,084
Impairment losses (Reversal of impairment losses) for contract assets	133	(65)
Impairment loss on investment in an associate	–	2,310
Foreign exchange difference, net	17	909

Note:

- (i) The amortisation of deferred development costs is included in the amortisation of intangible assets. The amortisation of intangible assets for the period is included in cost of sales, selling and distribution expenses, administrative expenses and research and development expenses in the interim condensed consolidated statement of profit or loss and other comprehensive income.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

7. INCOME TAX EXPENSE

The amount of taxation in the interim condensed consolidated statement of profit or loss and other comprehensive income represents:

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Current income tax: PRC enterprise income tax ("EIT")	15	482
Income tax expense	15	482

(i) Cayman Islands

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

(ii) Hong Kong

Hong Kong Profits Tax has been provided at the rate of 16.5% (30 June 2023: 16.5%) on the Group's estimated assessable profits arising from Hong Kong during the period. The Group had no assessable profits for the periods ended 30 June 2024 and 2023.

(iii) PRC

The income tax provision of the Group in respect of its operations in the Mainland China was subject to statutory tax rate of 25% on the assessable profits for the six months ended 30 June 2024 (30 June 2023: 25%), except for certain subsidiaries which obtained the "High and New Technology Enterprise" qualification with preferential tax rate of 15% (30 June 2023: 15%).

Pursuant to the PRC EIT Law, a 10% withholding tax is levied on dividends distributed to foreign investors by the foreign investment enterprises established in the PRC. The requirement is effective from 1 January 2008 and applies to earnings accumulated after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between the PRC and jurisdiction of the foreign investors. For the Group's PRC subsidiaries, the applicable rate is 10% (30 June 2023: 10%). Deferred tax liability is provided on the basis that the undistributed earnings of the Group's entities are expected to be distributed in the foreseeable future. At 30 June 2024 and 30 June 2023, no deferred tax liability has been recognised as the remaining net earnings of the Group's PRC subsidiaries are not expected to be distributed in the foreseeable future.

8. DIVIDENDS

The Board of Directors does not recommend the payment of an interim dividend for the six months ended 30 June 2024 (30 June 2023: nil).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

9. LOSS PER SHARE

The basic loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares issued during the six months ended 30 June 2024.

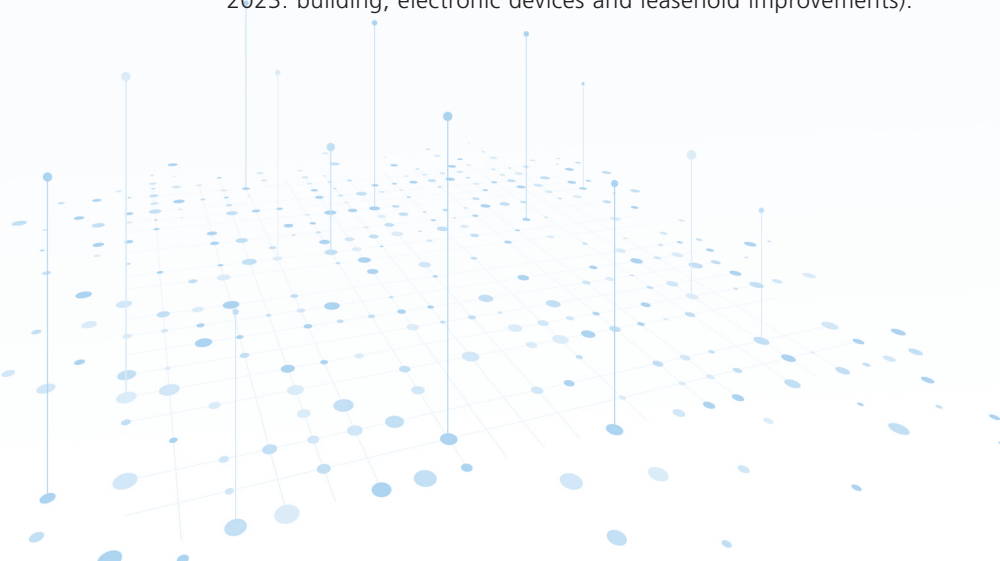
The Company has no potential dilutive ordinary shares in issue during the six months ended 30 June 2024 and 2023.

The calculations of basic and diluted loss per share are based on:

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Loss		
Loss for the period attributable to owners of the Company for the purpose of basic and diluted loss per share	(55,226)	(26,758)
Number of shares		
	2024	2023
Shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	827,361,004	786,514,400
Basic and diluted loss per share	RMB cents (6.67)	RMB cents (3.40)

10. PROPERTY AND EQUIPMENT

During the six months ended 30 June 2024, the Group acquired property and equipment with a cost of approximately RMB15,000 (30 June 2023: approximately RMB24,849,000), including electronic devices (30 June 2023: building, electronic devices and leasehold improvements).



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

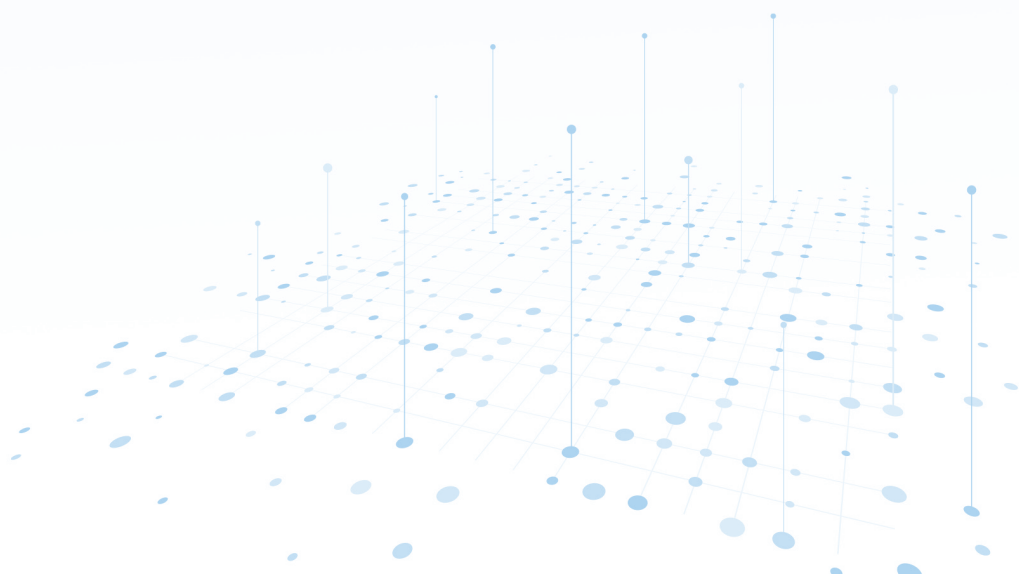
For the six months ended 30 June 2024

11. GOODWILL

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
COST AND NET CARRYING AMOUNT		
At the beginning and the end of the period/year	36,724	36,724

12. INTANGIBLE ASSETS

During the six months ended 30 June 2024, additions and amortisation of intangible assets were approximately RMB14,078,000 (30 June 2023: approximately RMB26,996,000) and approximately RMB25,871,000 (30 June 2023: approximately RMB18,327,000) respectively. As at 30 June 2024, the carrying amount of the intangible assets of the Group included deferred development costs that are not yet available for use of approximately RMB16,650,000 (31 December 2023: approximately RMB22,740,000). The directors of the Company have not identified any significant adverse change in the projects related to the intangible assets included deferred development costs that are not yet available for use for the six months ended 30 June 2024 as compared to the year ended 31 December 2023.



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

13. TRADE RECEIVABLES

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Trade receivables	262,638	261,866
Less: allowance for expected credit losses ("ECL")	(54,445)	(43,317)
	208,193	218,549

The Group's trading terms with its customers are mainly on credit. For software development services, the credit period granted to the customers is normally 30 to 180 days upon issuance of invoice and receipt of acceptance from customers during the course of contracts. The forms of acceptance evidenced the satisfaction from the customers of the progress of completion. For the sale of standard software, the credit period granted to the customers is normally 30 to 180 days after the goods were accepted by the customers, except for new customers where payment in advance is normally required. For technical and maintenance services, the credit period granted to the customers is normally due upon completion of the service or 30 to 180 days from the date of billing.

The following is an ageing analysis of the trade receivables as at the end of reporting periods, based on the recognition date of gross trade receivables and net of allowance for expected credit losses:

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Within 90 days	76,673	38,518
91 days to 180 days	13,779	13,686
181 days to 365 days	23,017	33,610
1 year to 2 years	46,841	76,845
2 years to 3 years	36,989	49,955
Over 3 years	10,894	5,935
	208,193	218,549

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

13. TRADE RECEIVABLES (CONTINUED)

An impairment analysis is performed at each reporting date using a loss rate approach to measure ECL. The Group develops loss-rate statistics on the basis of the amount expected to be written off over the life of the financial assets by reference to the credit rating of the customers, and also adjusted these loss trends for current conditions and expectations about the future. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of future recovery.

30 June 2024	Gross RMB'000	ECL rate	Allowance for ECL RMB'000
Trade receivables aged:			
Within 180 days	91,081	0.69%	629
181 days to 365 days	23,184	0.72%	167
1 to 2 years	49,719	5.79%	2,880
2 to 3 years	49,804	25.73%	12,813
Over 3 years	48,850	77.70%	37,956
	262,638		54,445

31 December 2023	Gross RMB'000	ECL rate	Allowance for ECL RMB'000
Trade receivables aged:			
Within 180 days	52,566	0.69%	362
181 days to 365 days	33,853	0.72%	243
1 to 2 years	81,570	5.79%	4,726
2 to 3 years	67,259	25.73%	17,304
Over 3 years	26,618	77.70%	20,682
	261,866		43,317

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

14. CONTRACT ASSETS

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Contract assets	140,199	120,683
Less: allowance for ECL	(953)	(820)
	139,246	119,863
Classified as:		
Current assets	138,184	118,851
Non-current assets	1,062	1,012
	139,246	119,863

15. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Prepayments	6,577	2,631
Rental deposits	2,211	2,211
Deposits and other receivables*	6,327	7,890
Less: allowance for ECL*	(50)	(50)
	15,065	12,682
Classified as:		
Current assets	8,896	10,471
Non-current assets	6,169	2,211
	15,065	12,682

* The comparative figure was represented to align with the current period presentation.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

16. TRADE PAYABLES

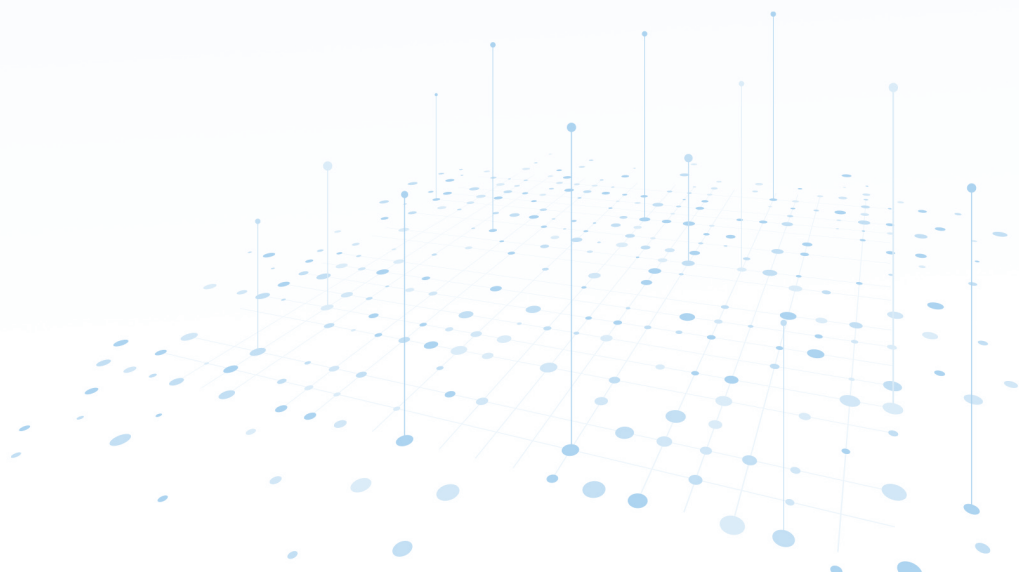
The aging analysis of trade payables at the end of reporting periods presented based on the invoice date is as follows:

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Within 90 days	46,414	31,979
91 days to 180 days	2,065	5,248
181 days to 365 days	11,283	16,854
1 year to 2 years	4,054	3,981
Over 2 years	16,598	13,679
	80,414	71,741

The trade payables are non-interest-bearing and are normally settled on 180-day terms.

17. OTHER PAYABLES AND ACCRUALS

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Other payables	5,457	3,247
Accrued staff costs	626	1,215
Other tax payables	5,592	6,015
	11,675	10,477



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

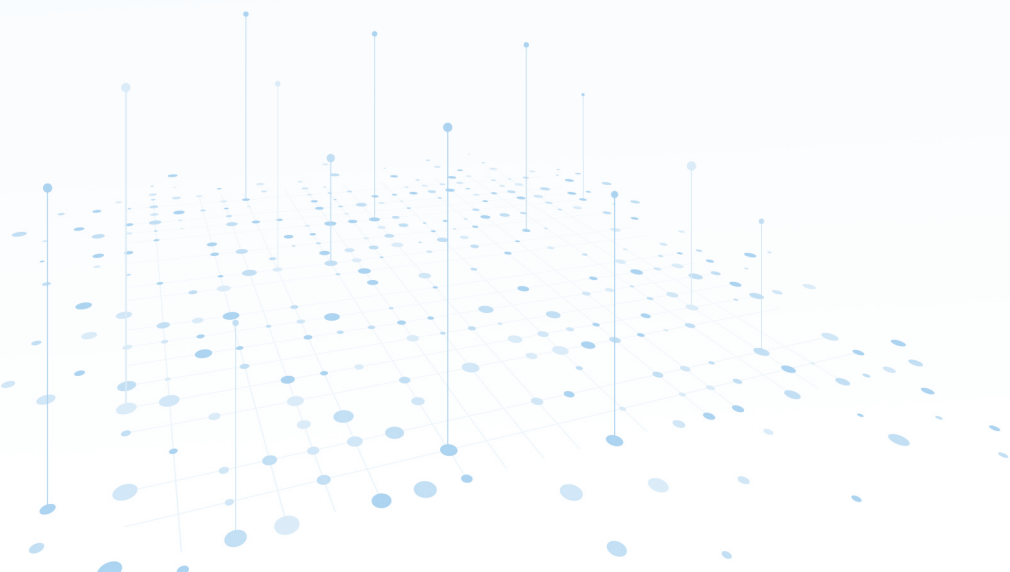
18. INTEREST-BEARING BANK BORROWINGS

	Effective interest rate (%)	Maturity	30 June 2024 RMB'000 (Unaudited)	Effective interest rate (%)	Maturity	31 December 2023 RMB'000 (Audited)
Current:						
Bank loans – unsecured	3.85	2024	20,000	3.85	2024	8,005

19. SHARE CAPITAL

	30 June 2024 (Unaudited)			31 December 2023 (Audited)		
	No. of shares	US\$	Equivalent to RMB'000	No. of shares	US\$	Equivalent to RMB'000
Authorised:						
Ordinary shares of US\$0.000001 each	50,000,000,000	50,000		50,000,000,000	50,000	
Issued and fully paid:						
At the beginning of the period/year	786,514,400	787	5	786,514,400	787	5
New shares issued	157,302,880	157	2	–	–	–
At the end of the reporting period	943,817,280	944	7	786,514,400	787	5

On 14 May 2024, the Company issued a total of 157,302,880 new ordinary shares under general mandate at the subscription price of HK\$0.28 per share. The net proceeds from the subscription after deducting related expenses were approximately HK\$43,600,000 (equivalent to approximately RMB39,661,000), which intended to replenish general working capital of the Group. These shares rank pari passu with the existing shares in all respects.



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

20. COMMITMENTS

Lease commitments

At the end of the reporting period, the lease commitments for short-term lease are as follows:

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Within one year	215	652

21. RELATED PARTY TRANSACTIONS

Name of related party	Relationship with the Group
Mr. Zhai	Ultimate beneficial owner of the Company and the executive director of the Company
Mr. Zhai Guanhua	Chief financial officer of the Company and a close member of Mr. Zhai
Beijing Guanruitong E-Commerce Technology Company Limited ("Guanruitong")	Controlled by the Mr. Zhai
Beijing Fuhuaaixin Investment Management Company Limited ("Fuhua Investment")	Controlled by Mr. Zhai Guanhua
Beijing Fuhuaaixin Business Incubator Company Limited ("Fuhuaaixin")	Controlled by Mr. Zhai Guanhua
Beijing Heshun Huikang Technology Company Limited ("Beijing Heshun")	Associate

In addition to the balances and transactions detailed elsewhere in this report, the Group had the following material related party transactions during the six months ended 30 June 2024 and 2023:

(a) Transaction with a related party

Related party	Nature of transactions	30 June 2024 RMB'000 (Unaudited)	30 June 2023 RMB'000 (Unaudited)
Beijing Heshun	Software development services	415	-

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

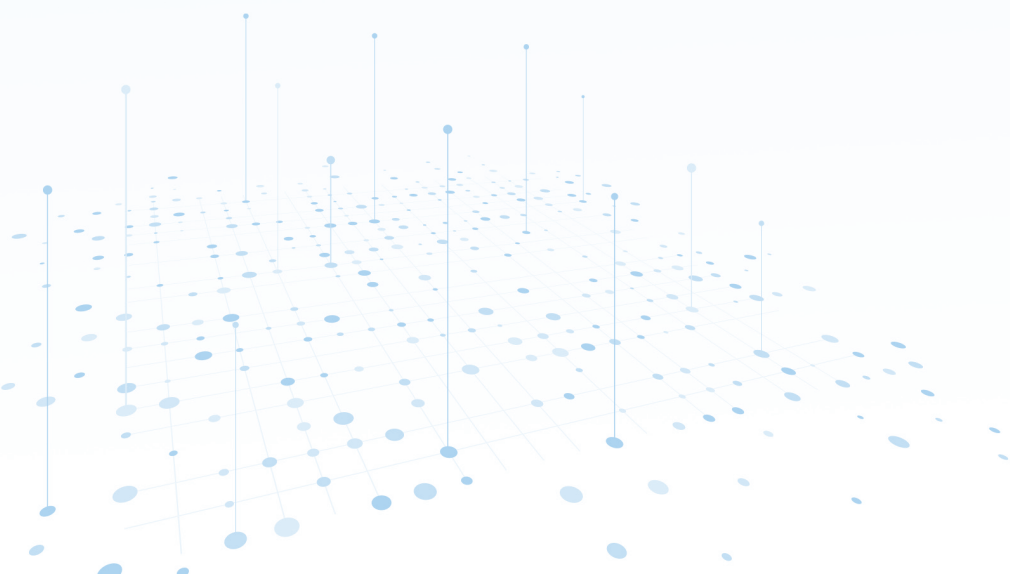
21. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Amounts due from related parties

	30 June 2024 RMB'000 (Unaudited)	Maximum amount outstanding during the period RMB'000	31 December 2023 RMB'000 (Audited)
Guanruitong	11,455	11,455	11,455
Beijing Heshun	861	861	861
	12,316	12,316	12,316

(c) Compensation of key management personnel of the Group

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Salaries, allowances and benefits in kind	1,529	1,226
Pension scheme contributions	127	99
	1,656	1,325



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

22. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

The following presents the assets and liabilities measured at fair value or required to disclose their fair value in these financial statements on a recurring basis across the three levels of the fair value hierarchy defined in HKFRS 13, *Fair Value Measurement*, with the fair value measurement categorised in its entirety based on the lowest level input that is significant to the entire measurement. The levels of inputs are defined as follows:

- Level 1 (highest level): quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3 (lowest level): unobservable inputs for the asset or liability.

(a) Assets and liabilities measured at fair value

30 June 2024 (Unaudited)	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets measured at fair value				
Financial assets at fair value through profit or loss ("FVPL")				
Listed equity securities	27,680	–	–	27,680
Unlisted equity investments	–	–	30,153	30,153
	27,680	–	30,153	57,833
Liabilities measured at fair value				
Financial liabilities at FVPL				
Contingent consideration	–	–	21,000	21,000
31 December 2023 (Audited)	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets measured at fair value				
Financial assets at FVPL				
Unlisted equity investments	–	–	30,100	30,100
Liabilities measured at fair value				
Financial liabilities at FVPL				
Contingent consideration	–	–	21,000	21,000

For the six months ended 30 June 2024 and 30 June 2023, there were no transfers amongst level 1, level 2 and level 3 fair value measurements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

22. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Assets and liabilities measured at fair value (continued)

Reconciliation of Level 3 fair value measurements of financial instruments:

As at 30 June 2024 (unaudited)

	Financial assets at FVPL RMB'000	Financial liabilities at FVPL RMB'000
At 1 January 2023	25,700	21,810
Fair value changes recognised in profit or loss	4,271	(810)
Exchange adjustments	129	–
At 31 December 2023 and 1 January 2024	30,100	21,000
Exchange adjustments	53	–
At 30 June 2024	30,153	21,000

As at 30 June 2023 (unaudited)

	Financial assets at FVPL RMB'000	Financial liabilities at FVPL RMB'000
At 1 January 2022	2,280	–
Purchase	9,385	–
Acquisition of subsidiaries	–	30,810
Disposal of a subsidiary	–	(11,740)
Fair value changes recognised in profit or loss	14,035	2,740
At 31 December 2022 and 1 January 2023	25,700	21,810
Fair value changes recognised in profit or loss	–	(126)
Exchange adjustments	274	–
At 30 June 2023	25,974	21,684

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

22. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Assets and liabilities measured at fair value (Continued)

The quantitative information of the significant unobservable input and description of valuation techniques used in Level 3 fair value measurement are as follows:

Financial Instruments	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs
	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000			
Financial assets at FVPL					
Unlisted equity investments	30,153	30,100	Level 3	Market approach – in this approach considers prices recently paid for similar assets, with adjustments made to market prices to reflect condition and utility of the appraised assets relative to the market comparable.	Price-to-sales ratio, taking into account management's experience and knowledge of market conditions of the comparable companies with their revenue from the same or similar industry, ranging from 4.96% to 10.77% as at 30 June 2024 and 31 December 2023 Market index change of 17% as at 30 June 2024 and 31 December 2023 Discount for lack of marketability of 15.7% as at 30 June 2024 and 31 December 2023
Financial liabilities at FVPL					
Contingent consideration	21,000	21,000	Level 3	Scenario analysis method – is a process of examining and evaluating possible events or scenarios that could take place in the future and predicting the various feasible results or possible outcomes.	Discount rate of 14% as at 30 June 2024 and 31 December 2023 Probability-adjusted revenues and profits, with a range from RMB216,654,000 to 234,298,000 and a range From RMB5,061,000 to RMB6,459,000.

In the opinion of the directors of the Company, the fair value change on the unlisted equity investments and contingent consideration are considered to be insignificant for the six months ended 30 June 2024 because there is no significant change in the financial projections of the investments, unobservable input and assumptions.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

22. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)

(b) Assets and liabilities not measured at fair value

In the opinion of the directors, no other financial assets and liabilities of the Group are carried at amount materially different from their fair values as at 30 June 2024 and 31 December 2023.

23. COMPARATIVE FIGURES

The change in fair value of contingent consideration of approximately RMB126,000 that was included in other income and gains, and impairment losses on trade receivables and contracts assets, net of approximately RMB8,019,000 and impairment loss on investment in an associate of approximately RMB2,310,000 that were included in other expenses for the period ended 30 June 2023 were separately disclosed in the interim condensed consolidated statement of profit or loss and other comprehensive income in order to align with the current period presentation. These reclassifications have no effect on the reported financial position, results or cash flows of the Group.

The interest received of approximately RMB3,903,000 and interest paid of approximately RMB69,000 that was included in cash flows used in operating activities for the period ended 30 June 2023 were reclassified as cash flows under investing activities and financing activities in the interim condensed consolidated statement of cashflows respectively in order to align with the current period presentation. These reclassifications have no effect on the reported financial position and results of the Group. For the consolidated statement of cash flows for the period ended 30 June 2023, the net cash used in operating activities and financing activities increased by approximately RMB3,834,000 and approximately RMB69,000, while the net cash used in investing activities decreased by approximately RMB3,903,000.

