



# MAIYUE TECHNOLOGY LIMITED

## 邁越科技股份有限公司

*(Incorporated in the Cayman Islands with limited liability)*  
Stock code: 2501

INTERIM **2024**  
REPORT

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## **CORPORATE INFORMATION**

### **BOARD OF DIRECTORS**

#### **EXECUTIVE DIRECTORS**

Mr. Li Changqing (*Chairman of the Board*)  
Mr. Wang Yufei  
Mr. Hui Chi Chung Nevin  
Ms. Deng Caidie  
Mr. Zhang Guangbai

#### **INDEPENDENT NON-EXECUTIVE DIRECTORS**

Mr. Hou Chang  
Mr. Hu Zhongqiang  
Mr. Lin Peigan

#### **AUDIT COMMITTEE**

Mr. Lin Peigan (*Chairman*)  
Mr. Hou Chang  
Mr. Hu Zhongqiang

#### **REMUNERATION COMMITTEE**

Mr. Hu Zhongqiang (*Chairman*)  
Mr. Hou Chang  
Mr. Lin Peigan

### **NOMINATION COMMITTEE**

Mr. Li Changqing (*Chairman*)  
Mr. Hou Chang  
Mr. Hu Zhongqiang

### **JOINT COMPANY SECRETARIES**

Ms. Dai Tianqiao  
(resigned on 12 January 2024)  
Ms. Li Hoi Mei  
Mr. Yeung Kwong Wai  
(appointed on 12 January 2024)

### **AUTHORISED REPRESENTATIVES**

Mr. Li Changqing  
Mr. Hui Chi Chung Nevin

### **HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC**

Room 806, 8th Floor  
Office Area, Block B, East Tower  
Guangxi Sports Centre Supporting Project  
Complex  
9 Gehai Road  
Nanning, Guangxi, PRC

## **CORPORATE INFORMATION** *(Continued)*

### **PRINCIPAL PLACE OF BUSINESS IN HONG KONG**

Unit 808-809, Level 8,  
Cyberport 1  
100 Cyberport Road  
Southern District, Hong Kong

### **REGISTERED OFFICE IN THE CAYMAN ISLANDS**

Conyers Trust Company (Cayman) Limited  
Cricket Square  
Hutchins Drive  
PO Box 2681, Grand Cayman  
KY1-1111, Cayman Islands

### **INDEPENDENT AUDITOR**

KPMG  
*Public Interest Entity Auditor registered in  
accordance with the Accounting and  
Financial Reporting Council Ordinance*  
8th Floor, Prince's Building  
10 Chater Road  
Central, Hong Kong

### **LEGAL ADVISERS**

As to Hong Kong law:  
Deacons  
5th Floor, Alexandra House  
18 Chater Road  
Central, Hong Kong

As to PRC law:  
Zhong Lun Law Firm  
22/F, Tower A  
China Resources Building  
1366 Qianjiang Road  
Shangcheng District  
Hangzhou 301120, P.R. China

### **COMPLIANCE ADVISOR**

Quam Capital Limited  
5/F and 24/F (Rooms 2401 and 2412)  
Wing On Centre  
111 Connaught Road Central  
Hong Kong

## **CORPORATE INFORMATION** *(Continued)*

### **CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE**

### **STOCK CODE**

2501

Conyers Trust Company (Cayman) Limited  
Cricket Square  
Hutchins Drive  
PO Box 2681  
Grand Cayman, KY1-1111  
Cayman Islands

### **COMPANY'S WEBSITE**

<http://www.maiyuesoft.com/>

### **HONG KONG SHARE REGISTRAR**

Tricor Investor Services Limited  
17/F, Far East Finance Centre  
16 Harcourt Road  
Hong Kong

### **PRINCIPAL BANK**

Guilin Bank Nanning Branch  
111 Minzu Avenue  
Qingxiu District  
Nanning, Guangxi, PRC

## FINANCIAL HIGHLIGHTS

For the six months ended 30 June

|                                    | 2024           | 2023           |
|------------------------------------|----------------|----------------|
|                                    | <i>RMB'000</i> | <i>RMB'000</i> |
|                                    | (Unaudited)    | (Unaudited)    |
| Revenue                            | 22,040         | 19,640         |
| Gross Profit                       | 7,830          | 3,485          |
| Gross Profit Margin                | 35.5%          | 17.7%          |
| Loss before taxation               | (17,994)       | (12,378)       |
| Loss for the period                | (15,032)       | (10,651)       |
| <b>LOSS PER SHARE</b>              |                |                |
| - Basic and diluted ( <i>RMB</i> ) | <u>(0.03)</u>  | <u>(0.03)</u>  |

## MANAGEMENT DISCUSSION AND ANALYSIS

The board (the “**Board**”) of directors (the “**Directors**”) of Maiyue Technology Limited (the “**Company**”) is pleased to announce the interim report of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2024 (the “**Period**”) together with the comparative unaudited figures for the six months ended 30 June 2023 (the “**Corresponding Period**”).

### BUSINESS REVIEW

The Group is an active integrated IT solutions services provider in the education and government IT solutions markets in the Guangxi Zhuang Autonomous Region of the PRC (“**Guangxi**”), which principally engaged in the provision of customised integrated IT solutions services to customers in the education sector, primarily formal public education institutions, for the purpose of their digitalised campus development.

For the Period, the Group’s revenue stood at approximately RMB22.0 million, representing a growth of 12.2% as compared to that of the Corresponding Period. The Group had an increase in demand from customers for integrated IT solutions projects and standalone IT services segments, while the Group recorded a decrease of the sales of hardware and/or software compared to that of the Corresponding Period. The Group also continued to invest in research and development and enrich its self-developed product portfolio during the Period.

### Investment cooperation intention agreement

On 22 May 2024, the Group entered into an investment cooperation intention agreement with party 1 and party 2 to jointly invest, construct and operate an artificial intelligence computing power center industrial integration project (the “**Project**”) in Guangxi.

The Project is planned to be developed in two phases. In the first phase, the infrastructure including the computing power center, intelligent computing center and computing power platform will be built. The second phase will involve further expansion of computing power scale and construction of new relevant supporting facilities.

The Group has been paying close attention to the development of the artificial intelligence (AI) industry, focusing on empowering its customers in sectors such as government, business and education in their journey towards digital and intelligent transformation, with the Group's technologies such as AI, big data and Internet of Things. The party 1 is Ternary Fund Management Pte Ltd, a fund management company that specializes in investing in technology-driven growth companies, with active pursuit of growth in Asia and focus on AI field. It will provide an international perspective and strong support for the cooperation. The party 2 is a PRC enterprise focusing on research and development of GPU chips. Its core team has extensive research and development experience in high-performance GPU. It will provide strong technical support for the Project in terms of research and development.

### **Shortlisted framework agreement procurement**

The Chuangpengyun desktop computer independently developed by the Group passed the public bidding of the Guangxi Zhuang Autonomous Region Government Procurement Centre in June 2024. After the evaluation committee evaluated the bidding enterprises in various aspects, including manufacturer qualification, product quality, after-sales service and comprehensive strength, it successfully entered the 2024 information products framework agreement procurement (desktop computer) list in June 2024.

The Group believes that the shortlisting of the framework agreement procurement list proves that the Group has strong research and development strength in the field of domestic computers and technological advancement, which will bring more business and economic benefits to the Group. The information technology application innovation industry of PRC has started to develop vigorously, and began to apply to the eight industries which are finance, telecommunications, electricity, petroleum, transportation, aerospace, education and medical care after the pilot projects in the governmental entities. Information technology application innovation industry will continue to maintain a strong growth momentum in the future, benefiting from the continued strong support of government policies, the continuous expansion of market demand and the continuous improvement of industrial ecology, which will also be the Group's new business growth point.



## **Contract management AI intelligent platform**

In conjunction with a state-owned company in Guangxi, the Group has successfully developed an AI intelligent platform for contract management. The platform realizes the intelligent, electronic and process-oriented contract management of the whole cycle, and provides an efficient and convenient contract management solution for government and enterprise entities. At present, the platform has been put into use in the state-owned company, and effectively improving its operational efficiency and contract management level.

## **OUTLOOK**

Looking forward in the current financial year, the Group will continue to devote its resources in the area of research and development. The Group will also further improve the quality and competitiveness of its self-developed products through collaborations with tertiary institutions and marketing campaigns and actively explore business opportunities through cooperations with reputable customers and/or business partners as to enhance the Group's brand awareness and expand its market presence in different segments or regions in the PRC.

## **Beijing R&D Center**

In July 2024, to enhance the Group's technological research and development strength in the field of artificial intelligence, the Group officially set up its research and development center in Beijing (the "**Beijing R&D Center**"). The Beijing R&D Center focuses on the research and development and application of cutting-edge AI technology, aiming to provide more high-quality and intelligent solutions for education, government and enterprise industries through technological innovation. The Beijing R&D Center will mark the further improvement of the Group's artificial intelligence technology research and development system and lay a solid technical foundation for the long-term development of the Group.

## FINANCIAL OVERVIEW

### Revenue

|                                     | Six months ended 30 June |                |
|-------------------------------------|--------------------------|----------------|
|                                     | 2024                     | 2023           |
|                                     | <i>RMB'000</i>           | <i>RMB'000</i> |
|                                     | (Unaudited)              | (Unaudited)    |
| Revenue                             |                          |                |
| – Integrated IT solutions services  | <b>14,455</b>            | 11,941         |
| – Sales of hardware and/or software | <b>6,115</b>             | 6,463          |
| – Standalone IT services            | <b>1,470</b>             | 1,236          |
|                                     | <b>22,040</b>            | 19,640         |

Revenue for the Period amounted to approximately RMB22.0 million, representing an increase of approximately 12.2% or approximately RMB2.4 million as compared to that of the Corresponding Period, mainly resulting from the increase in demand from customers for integrated IT solutions services.

In particular, revenue from integrated IT solutions services for the Period was approximately RMB14.5 million, accounting for approximately 65.6% of the total revenue during the Period, representing an increase of approximately 21.1% or approximately RMB2.5 million as compared to that of the Corresponding Period.

Revenue from sales of hardware and/or software was approximately RMB6.1 million, representing a decrease of approximately 5.4% or approximately RMB0.3 million as compared to that of the Corresponding Period.

Revenue from standalone IT services was approximately RMB1.5 million, representing an increase of approximately 18.9% or approximately RMB0.2 million as compared to that of the Corresponding Period.

## **Cost of sales**

The cost of sales mainly comprised procurement costs for hardware and software, service costs for IT and supporting services, staff costs and others. The cost of sales decreased by approximately RMB2.0 million or 12.0% from approximately RMB16.2 million for the Corresponding Period to approximately RMB14.2 million for the Period.

## **Gross profit and gross profit margin**

Gross profit for the Group for the Period amounted to approximately RMB7.8 million, representing an increase of approximately 124.7% or approximately RMB4.3 million as compared to that of Corresponding Period. Gross profit margin for the Period was approximately 35.5% (Corresponding Period: approximately 17.7%).

The increase in gross profit and gross profit margin was mainly due to (i) the increased proportion of integrated IT solutions services accounted for the total revenue during the Period; and (ii) the increase in gross profit from the integrated IT solutions services segment.

## **Selling expenses**

The selling expenses mainly comprised staff costs, tendering fees, warranty expenses and others. For the Period, the Group's selling expenses were approximately RMB2.4 million, representing an decrease of approximately 25.6% or approximately RMB0.8 million as compared to that of the Corresponding Period, and were equivalent to approximately 11.0% of the Group's revenue during the Period (Corresponding Period: approximately 16.6%). The decrease in selling expenses was mainly due to the decrease in staff cost and warranty expenses.

## **Administrative expenses**

The administrative expenses mainly comprised staff costs, depreciation and amortisation, travelling expenses, legal and professional fee and others. The administrative expenses of the Group for the Period amounted to approximately RMB13.2 million, representing a decrease of approximately 4.6% or approximately RMB0.6 million as compared to that of the Corresponding Period. The decrease in administrative expenses was mainly due to the decrease in listing expenses.

## **Research and development expenses**

The research and development expenses mainly comprised staff costs, project development expenses, depreciation and amortisation and others. The research and development expenses of the Group for the Period, amounted to approximately RMB1.5 million, representing an increase of approximately 3.0% as compared to that of the Corresponding Period, and were equivalent to approximately 6.8% of the Group's revenue during the Period (Corresponding Period: approximately 7.4%). The increase in research and development expenses was mainly due to the increase in project development expenses.

## **(Impairment loss)/reversal of impairment loss on trade receivables and contract assets**

The Group assesses the recoverability of trade receivables and performs impairment analysis at each reporting date using a loss rate approach to measure expected credit losses. The loss rates are based on groupings of ageing. The Group develops loss rate statistics on the basis of actual loss experience over the recent past years. 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, the Group writes off trade receivables when there is any information indicating that the customer is in severe financial difficulty and there is no realistic prospect of future recovery.

The impairment loss on trade receivables and contract assets of approximately RMB4.1 million was recognised for the Period, as compared to the reversal of impairment loss on trade receivables and contract assets of RMB3.5 million for the Corresponding Period. The impairment loss on trade receivables and contract assets was recognised mainly due to the increase in long-aged trade receivables.

Nonetheless, the Group recorded trade receivable balance of approximately RMB294.5 million as at 30 June 2024 (31 December 2023: approximately RMB323.4 million). The decrease in trade receivables balance was mainly due to (i) impairment loss on trade receivable of approximately RMB4.1 million was recognised during the Period; and (ii) the amount of trade receivables collected was greater than the increase in revenue recognised during the Period.

### **Finance costs**

For the Period, the Group's finance costs was approximately RMB5.6 million, representing an increase of approximately 24.0% or approximately RMB1.1 million as compared to that of the Corresponding Period, which was mainly due to the increase in the average bank and other loans balances for the Period.

### **Income tax credit**

The Group is subject to income tax on an entity basis for profit arising in or derived from the jurisdiction in which members of the Group domicile or operate.

The Group recognised income tax credit of approximately RMB3.0 million for the Period (Corresponding Period: approximately RMB1.7 million) mainly due to the recognition of deferred tax assets for credit loss allowances and cumulative tax losses.

## **Loss for the period and loss per share**

For the Period, the Group recorded loss for the period of RMB15.0 million, representing an increase of approximately 41.1% as compared with approximately RMB10.7 million in the Corresponding Period.

There were no dilutive potential ordinary shares for the Period and the Corresponding Period, therefore the diluted loss per share were the same as the basic loss per share. Basic and diluted loss per share for the Period and the Corresponding Period were RMB3.0 cents.

## **Liquidity and financial resources**

### *A. Operating activities*

The net cash outflow from operating activities of the Group for the Period was approximately RMB17.9 million, representing a decrease of approximately RMB21.7 million as compared with that of the Corresponding Period, which was mainly due to the decrease in project procurement, salary expenses, related tax expenses and other miscellaneous expenses during the Period.

### *B. Investing activities*

The net cash outflow from investing activities of the Group for the Period was approximately RMB5.4 million, representing an increase of approximately RMB2.1 million as compared with that of the Corresponding Period, which was mainly due to the increase in the Group's investment in joint venture.

### *C. Financing activities*

The net cash outflow from financing activities of the Group for the Period was approximately RMB8.9 million, representing a decrease of approximately RMB0.8 million as compared with that of the Corresponding Period which was mainly due to: (1) the decrease in repayment of loans; and (2) the decrease in new loans.

## Capital structure

### *Bank and other borrowings*

As at 30 June 2024, our current bank and other loans were approximately RMB160.1 million (31 December 2023: approximately RMB135.5 million), non-current bank and other loans were approximately RMB20.0 million (31 December 2023: approximately RMB47.6 million).

### *Debt securities*

As at 30 June 2024, the Group had no debt securities.

### *Contingent liabilities*

As at 30 June 2024, the Group had no major contingent liabilities or guarantees.

### *Treasury policies*

The Group has adopted a prudent financial management approach for its treasury policy. The Board closely monitors the Group's liquidity position to ensure that the liquidity structure of its assets, liabilities, and other commitments can meet its funding needs all the time.

### *Gearing ratio*

Gearing ratio is calculated by dividing the sum of bank and other loans and lease liabilities by total equity and multiplied by 100%. As at 30 June 2024, the gearing ratio of the Group was approximately 59.6% (31 December 2023: approximately 57.9%).

## CHARGE ON THE GROUP'S ASSETS

As at 30 June 2024, the Group's bank borrowings were secured and/or guaranteed by:

- (i) At 30 June 2024, the bank and other loans were secured by assets of the Group and the carrying amounts of these assets are as below:

|                               | <b>At 30 June<br/>2024<br/>RMB'000</b> | At 31 December<br>2023<br>RMB'000 |
|-------------------------------|--|-----------------------------------|
| Pledged bank deposits         | <b>1</b>                               | 9                                 |
| Trade receivables             | <b>70,822</b>                          | 78,395                            |
| Property, plant and equipment | <b>7,934</b>                           | 8,161                             |
|                               | <b>78,757</b>                          | 86,565                            |

- (ii) As at 30 June 2024, bank and other loans of RMB6,161,000 (31 December 2023: RMB8,650,000) are guaranteed by the shareholders of the Group.
- (iii) As at 30 June 2024, bank and other loans of RMB8,000,000 (31 December 2023: RMB8,000,000) are guaranteed by third parties.



## MATERIAL INVESTMENTS

In April 2022, the Group reached an agreement with Guangxi Qianlong Education Technology Co., Ltd. (廣西千龍教育科技有限責任公司), in relation to the development and operation of a business park in Nanning (the “**Business Park**”). Pursuant to the agreement, the Group has established a project company, Guangxi Qianyue Information Technology Company (廣西千越信息科技有限公司) (“**Guangxi Qianyue**”) in the PRC in April 2022, which is held as to 19% and 81% by the Group and Guangxi Qianlong Education Technology Co., Ltd., designated for the development of the Business Park. Details of the Investment are set out in the section headed “Business – Properties – Business park development” in the prospectus of the Company dated 28 September 2023 (the “**Prospectus**”).

In view that (i) in accordance with the memorandum and articles of Guangxi Qianyue, relevant activities of the entity require consent with simple majority of shareholding; and (ii) the Group only own 19% of Guangxi Qianyue’s equity interest and therefore cannot exercise significant influence over Guangxi Qianyue. The Group designated its investment in Guangxi Qianyue at FVOCI (non-recycling), as the investment is held for strategic purposes.

As at 30 June 2024, the financial assets were valued as approximately RMB39.0 million, representing approximately 6.9% of the total assets of the Group.

The Directors consider that the investment in the Business Park will be in line with the Group’s business strategies, where the Group can leverage to strengthen its collaboration with other IT solutions services providers and expand the Group’s office to support its business expansion. Going forward, while the Group intends to benefit from the investment in Guangxi Qianyue by utilising part of the Business Park area to expand its office and receiving return of investment, the Group may also consider to sell, partially or wholly, the equity interest in Guangxi Qianyue to realise the capital appreciation, taking into accounts factors such as the prevailing market rate of the corresponding properties.

## FUTURE PLAN FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 30 June 2024, the Group did not have other plans for material investments or capital assets.

## **CAPITAL COMMITMENTS**

The Group had no capital commitment during the Period.

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

The Group has no significant investments or material acquisitions and disposals of subsidiaries, associates and joint ventures during the Period.

## **EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES**

The Group conducts most of the businesses in Renminbi. Certain bank balances, other receivables and accruals and other payables of the Company are denominated in foreign currencies, including Hong Kong Dollar, and are exposed to foreign currency risk. The Group currently does not have a foreign currency hedging policy. The management will continue to monitor foreign exchange exposure and will consider appropriate hedging measures in the future should the need arise.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2024, the interests and short positions of the Directors and the chief executive of the Company in the Company's ordinary shares (the "**Shares**"), underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as notified to the Company and the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") were as follows:

| Name of Directors  | Capacity                           | Number of Shares Interested <sup>(1)</sup> | Approximate Percentage of Shareholding (%) |
|--|------------------------------------|--|--|
| Mr. Li Changqing <sup>(2)</sup> (" <b>Mr. Li</b> ")      | Interest in controlled corporation | 306,000,000                                | 61.2                                       |
| Mr. Wang Yufei <sup>(2)</sup> (" <b>Mr. Wang</b> ")      | Interest in controlled corporation | 306,000,000                                | 61.2                                       |
| Ms. Deng Caidie <sup>(2)</sup> (" <b>Ms. Deng</b> ")     | Interest in controlled corporation | 306,000,000                                | 61.2                                       |
| Mr. Zhang Guangbai <sup>(2)</sup> (" <b>Mr. Zhang</b> ") | Interest in controlled corporation | 306,000,000                                | 61.2                                       |

Notes:

1. Interests in shares stated above represent long positions.
2. Deep Blue Ocean Electronics Technology Limited (“**Deep Blue Ocean**”) holds 306,000,000 Shares or 61.2% of the issued share capital of the Company. Deep Blue Ocean is beneficially owned as to 52% by Mr. Li, 25% by Mr. Wang, 15% by Ms. Deng and 8% by Mr. Zhang. Mr. Li, Mr. Wang, Ms. Deng and Mr. Zhang have agreed to act in concert to consolidate and maintain their control over the Company. Each of Mr. Li, Mr. Wang, Ms. Deng and Mr. Zhang is deemed to be interested in the same number of Shares that are held by Deep Blue Ocean under the SFO.

Save as disclosed above and to the best knowledge of the Directors, as at 30 June 2024, none of the Directors or the chief executive of the Company had 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.

## **SUBSTANTIAL SHAREHOLDERS’ INTERESTS AND SHORT POSITIONS IN THE COMPANY’S SHARES AND UNDERLYING SHARES**

As at 30 June 2024, according to the register kept by the Company under Section 336 of the SFO, the corporations or persons (other than a Director or CEO) had interests of 5% or more in the Shares or underlying Shares which fell to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO were as follows:

| Name of Shareholder   | Capacity                             | Number of Shares Interested <sup>(1)</sup> | Approximate Percentage of Shareholding (%) |
|---|--------------------------------------|--|--|
| Deep Blue Ocean <sup>(2)</sup>                                | Beneficial owner                     | 306,000,000                                | 61.2                                       |
| Ms. Yang Zihan ("Ms. Yang") <sup>(2)</sup>                    | Interest of spouse                   | 306,000,000                                | 61.2                                       |
| Ms. Kong Xiaoyan ("Ms. Kong") <sup>(2)</sup>                  | Interest of spouse                   | 306,000,000                                | 61.2                                       |
| Mr. Xu Tao ("Mr. Xu") <sup>(2)</sup>                          | Interest of spouse                   | 306,000,000                                | 61.2                                       |
| Ms. He Deling ("Ms. He") <sup>(2)</sup>                       | Interest of spouse                   | 306,000,000                                | 61.2                                       |
| Canwest Profits Limited<br>("Canwest Profits") <sup>(3)</sup> | Beneficial owner                     | 30,000,000                                 | 6  |
| Mr. Ye Shanmin ("Mr. Ye") <sup>(3)</sup>                      | Interest in a controlled corporation | 30,000,000                                 | 6  |
| Ms. Ng Ling Ling ("Mrs. Ye") <sup>(3)</sup>                   | Interest of spouse                   | 30,000,000                                 | 6  |
| Million Oak Limited ("Million Oak") <sup>(4)</sup>            | Beneficial owner                     | 28,125,000                                 | 5.625                                      |
| Mr. Chan Eong Liat Jason<br>("Mr. Chan") <sup>(4)</sup>       | Interest in a controlled corporation | 28,125,000                                 | 5.625                                      |
| Ms. Koh Lik Ching ("Mrs. Chan") <sup>(4)</sup>                | Interest of spouse                   | 28,125,000                                 | 5.625                                      |

Notes:

- (1) Interests in shares stated above represent long positions.
- (2) Deep Blue Ocean is beneficially owned as to 52% by Mr. Li, 25% by Mr. Wang, 15% by Ms. Deng and 8% by Mr. Zhang. Mr. Li, Mr. Wang, Ms. Deng and Mr. Zhang have agreed to act in concert to consolidate and maintain their control over the Company. Each of Mr. Li, Mr. Wang, Ms. Deng and Mr. Zhang is deemed to be interested in the same number of Shares that are held by Deep Blue Ocean under the SFO. Ms. Yang, Ms. Kong, Mr. Xu and Ms. He is the spouse of Mr. Li, Mr. Wang, Ms. Deng and Mr. Zhang respectively and they are therefore deemed to be interested in the same number of Shares in which Mr. Li, Mr. Wang, Ms. Deng and Mr. Zhang are interested under the SFO.

- (3) Canwest Profits is beneficially wholly owned by Mr. Ye. Mr. Ye is deemed to be interested in the same number of Shares that are held by Canwest Profits under the SFO. Mrs. Ye is the spouse of Mr. Ye and is therefore deemed to be interested in the same number of Shares in which Mr. Ye is interested under the SFO.
- (4) Million Oak is beneficially wholly owned by Mr. Chan. Mr. Chan is deemed to be interested in the same number of Shares that are held by Million Oak under the SFO. Mrs. Chan is the spouse of Mr. Chan and is therefore deemed to be interested in the same number of Shares in which Mr. Chan is interested under the SFO.

Save as disclosed above, as at 30 June 2024, no other person (other than a Director or CEO) had registered an interest or short position in the Shares, underlying Shares and debentures of the Company which fell to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO.

## **REMUNERATION POLICY AND EMPLOYMENT BENEFITS**

As at 30 June 2024, the Group employed approximately 200 employees. The Group offers a comprehensive and competitive remuneration, retirement scheme and benefit package to its employees. Discretionary bonus is offered to the staff depending on their performance. The Group is required to make contribution to a social insurance scheme in Chinese Mainland. The Group provided training programmes to employees to equip them with the requisite working skills and knowledge.

Directors and senior management of the Group receive compensation in the forms of salaries, contributions to pension schemes and other allowances and benefits in kind subject to applicable laws, rules and regulations. The primary goal of the remuneration policy with regard to the remuneration packages of the executive Directors is to enable the Group to retain and motivate executive Directors by linking their compensation with performance as measured against corporate objectives achieved.

The Group did not experience any significant problems with its employees or disruption to its operations due to labour disputes, nor have experienced any difficulties in the recruitment and retention of experienced staff during the Period.

## **SHARE OPTION SCHEME**

The Company has approved the share option scheme on 18 September 2023 (the “**Share Option Scheme**”). The terms of the Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules. The Share Option Scheme is designed to motivate executives and key employees and other persons who make a contribution to the Group and enable the Group to attract and retain individuals with experience and ability and to reward them for their past contributions. The following is a summary of the principal terms of the Share Option Scheme:

### **(A) Purpose of the Share Option Scheme**

The purpose of the Share Option Scheme is to provide an incentive or a reward to eligible persons for their contribution to the Group.

### **(B) Participants of the Share Option Scheme**

The participants of the Share Option Scheme shall be:

- (1) any director of the Company, or any of the subsidiaries of the Company, or any employee employed by the Company and/or its subsidiaries (whether full time or part time), including persons who are granted options under the Share Option Scheme as an inducement to enter into employment contracts with any of such companies;

- (2) any director or employee (whether full-time or part-time) of the Company's holding companies, fellow subsidiaries and associated companies; and
- (3) any person who provides services to the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interest of the long-term growth of the Group, including consultants and advisers in respect to the business development and management of the Company (excluding any placing agents or financial advisers providing advisory services for fundraising, merger and acquisitions, and professional service providers such as auditors or valuers who provide assurance, or are required to perform their services with impartiality and objectively).

**(C) Total number of Shares available for issue under the Share Option Scheme**

Under the Share Option Scheme, the total number of Shares which may be allotted and issued upon exercise of all share options to be granted under the Share Option Scheme and any other share option scheme of the Company must not in aggregate exceed 10% of the number of issued shares on 11 October 2023, the date the Shares were listed on the main board (the "**Main Board**") of the Stock Exchange (the "**Listing Date**") unless the Company obtains a fresh approval from the Shareholders.

As at the date of this interim report, a total of 50,000,000 Shares, representing 10% of the issued share capital of the Company, are available for issue under the Share Option Scheme.



**(D) Maximum entitlement of each participant under the Share Option Scheme**

The maximum entitlement of each participant under the Share Option Scheme in any 12-month period up to and including the date of grant of the options must not exceed 1% of the total number of Shares in issue.

Each grant of share options to a Director, chief executive or substantial shareholder of the Company or any of their respective associates, is subject to approval in advance by the independent non-executive Directors. In addition, any grant of share options to a substantial shareholder or an independent non-executive Director, or to any of their associates, resulting in the Shares issued and to be granted (including options exercised, cancelled and outstanding) to such person, in a 12-month period up to and including the date of such grant in excess of 0.1% of the Shares in issue, is subject to Shareholders' approval in advance in a general meeting of the Company.

**(E) The period within which the Shares must be taken up under an option**

The period during which an option may be exercised is determined by the Board at its discretion, save that such period shall not be longer than 10 years from the date of grant.

**(F) The minimum period for which an option must be held before it can be exercised**

As determined by the Board upon the grant of an option.

**(G) The amount payable on acceptance of an option and the period within which payments shall be made**

A consideration of HKD1 is payable on acceptance of the offer of grant of an option where the grantee should accept or decline the offer of grant of an option within the date as specified in the offer letter issued by the Company.

**(H) The basis of determining the exercise price**

The exercise price of a share in respect of any particular option granted under the Share Option Scheme shall be a price determined by the Board in its absolute discretion and notified to an eligible person, and shall be at least the higher of: (1) the closing price of the shares as stated in the Stock Exchange's daily quotation sheet on the date of grant, (2) the average closing price of the shares as stated in the Stock Exchange's daily quotation sheets for the five consecutive business days immediately preceding the date of grant, and (3) the nominal value of a share on the date of grant.

**(I) The remaining life of the Share Option Scheme**

The Share Option Scheme shall be valid and effective for a period of 10 years from 13 October 2023 until 12 October 2033. No share option has been granted, exercised, cancelled or lapsed under the Share Option Scheme since its adoption, and there is no outstanding share option as at 30 June 2024 and as at the date of this interim report.

## **BANK AND OTHER LOANS**

Details of the bank and other loans of the Group as at 30 June 2024 are set out in note 12 to the interim consolidated financial statements.

## **PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Period.

## **USE OF NET PROCEEDS FROM THE SHARE OFFER**

After deducting the underwriting fees and commissions and other listing expenses borne by the Company, the net proceeds from the listing (the "**Net Proceeds**") amounted to approximately RMB90,900,000. As at the date of this interim report, the Directors are not aware of any material change to the planned use of proceeds as set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus. The Company will use the net proceeds raised from the global offering for the intended use of net proceeds as set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

An analysis of the intended use of net proceeds as stated in the Prospectus and the actual utilisation of the net proceeds during the period from the Listing Date and up to the date of this interim report is set out below:

|   | Planned use of the Net Proceeds in total | Actual use of the Net Proceeds from 1 January 2024 up to 30 June 2024 | Actual use of the Net Proceeds from the Listing Date up to 30 June 2024 | Unutilised amount at 30 June 2024 | Expected timeline to use the Net Proceeds |
|---|--|---|---|-----------------------------------|---|
|   | RMB (in million)                         | RMB (in million)  | RMB (in million)  | RMB (in million)                  |   |
| 1 Fund the capital needs and cash flow for new projects   | 19.0                                     | –   | 19.0  | –                                 | Not applicable                            |
| 2 Establish and strengthen the research and development centres and recruit additional research and development staff | 25.3                                     | 14.0  | 19.8  | 5.5                               | 31 December 2024                          |
| 3 Recruit additional staff in the sales and marketing team, project mangement team and technical team                 | 8.3                                      | 4.5   | 4.8   | 3.5                               | 31 December 2024                          |
| 4 Upgrade IT infrastructure   | 10.7                                     | 6.6   | 10.3  | 0.4                               | 31 December 2024                          |
| 5 Repayment of bank borrowings  | 18.5                                     | –   | 18.5  | –                                 | Not applicable                            |
| 6 General working capital   | 9.1                                      | 0.9   | 8.9   | 0.2                               | 31 December 2024                          |
| <b>Total</b>  | <b>90.9</b>                              | <b>26.0</b>   | <b>81.3</b>   | <b>9.6</b>                        |   |

Note: Net Proceeds to be applied to working capital depend on the actual requirement in operation of the Group

Save as disclosed above, the Group has no other update on the use of Net Proceeds as at the date of this interim report. The Company will make further announcement (s) if there is any change in the use of Net Proceeds.

## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board is committed to achieving high corporate governance standards. The Board believes that high corporate governance standards are essential in providing a framework for the Company to safeguard the interests of Shareholders and to enhance corporate value and accountability.

Except for the disclosed in the paragraph headed “Chairman and Chief Executive Officer”, the Company has fully complied with all the code provisions of the corporate governance code (the “**Corporate Governance Code**” or “**CG Code**”) set forth in Appendix C1 to the Listing Rules during the period from the Listing Date to 30 June 2024.

### Chairman and Chief Executive Officer

Under code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separated and should not be performed by the same individual. Mr. Li Changqing (“**Mr. Li**”) is the chairman (“**Chairman**”) and chief executive officer of the Group (“**CEO**”). In view of the fact that Mr. Li has been responsible for the day-to-day management of the Group since 2003 and the steady development of the Group, the Board believes that with the support of Mr. Li’s extensive experience and knowledge in the business of the Group, vesting the roles of both Chairman and CEO in Mr. Li strengthens the consistent and solid leadership of the Group, and thereby allows for efficient business planning and decision which is in the best interest of the Group as a whole.

Directors consider that the deviation from code provision C.2.1 of the CG Code is appropriate in such circumstances. Notwithstanding the above, the Board is also of the view that the current management structure is effective for the Group’s operations, and sufficient checks and balances are in place. The Board will continue to review the effectiveness of the corporate governance structure of the Company in order to assess whether separation of the roles of Chairman and CEO is necessary.

## **COMPLIANCE WITH THE MODEL CODE**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules. Specific enquiries have been made to all the Directors and the Directors have confirmed that they have complied with the Model Code and the Company’s code of conduct regarding directors’ securities transactions during the period from the Listing Date to 30 June 2024.

The Company has also established written guidelines no less exacting than the Model Code for securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company. No incident of non-compliance of such guidelines by the employees was noted by the Company.

## **BOARD OF DIRECTORS**

As at the date of this interim report, the Board comprises three executive Directors, namely, Mr. Li Changqing (Chairman of the Board), Mr. Hui Chi Chung Nevin, Mr. Wang Yufei, Ms. Deng Caidie and Mr. Zhang Guangbai, and three independent non-executive Directors, namely, Mr. Mr. Hou Chang, Mr. Hu Zhongqiang and Mr. Lin Peigan.

## **UPDATE ON DIRECTORS’ INFORMATION**

During the Period, there are no updates on directors related information or other information required to be disclosed pursuant to Rule 13.51B(1) of the Rules Governing the Listing of Securities on the Stock Exchange.

## **INTERIM DIVIDEND**

The Board did not recommend the payment of an interim dividend for the Period (Corresponding Period: Nil).

## **SUFFICIENT PUBLIC FLOAT**

Based on the information that is publicly available to the Company and the best knowledge of the Directors as at the latest practicable date prior to the dispatch of this interim report, the Company had maintained a sufficient public float for the issued shares (i.e. at least 25% of the issued shares being held by the public) as required under the Listing Rules.

## **MATERIAL LITIGATION**

The Company was not involved in any material litigation or arbitration during the Period nor were the Directors aware of any material litigation or claims that were pending or threatened against the Company.

## **AUDIT COMMITTEE AND REVIEW OF FINANCIAL INFORMATION**

The audit committee of the Company (the “**Audit Committee**”) has been established in compliance with Rules 3.21 and 3.22 of the Listing Rules with written terms of reference in compliance with the CG Code. The primary responsibilities of the Audit Committee are to review and monitor the financial reporting, risk management and internal control systems of the Company and to assist the Board to fulfill its responsibilities over the audit. As at the date of this announcement, the Audit Committee comprises three independent non-executive Directors, namely, Mr. Lin Peigan, Mr. Hou Chang, Mr. Hu Zhongqiang, and Mr. Lin Peigan is the chairman of the Audit Committee.

The Audit Committee has reviewed and confirmed the accounting principles and policies adopted by the Group and discussed the financial related matters with the management of the Group. The interim results are unaudited and have not been reviewed by the auditors, but have been reviewed by the Audit Committee.

## **COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS**

As far as the Board and the management of the Group are aware, the Group has complied in material aspects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the Period, there was no material breach of or non-compliance with the applicable of relevant laws and regulations by the Group.

## **EVENTS AFTER THE END OF THE PERIOD**

There has been no other significant events that might affect the Group since the end of the Period and up to the date of this interim report.

By order of the Board  
**Maiyue Technology Limited**  
**Mr. Li Changqing**  
*Chairman and Chief Executive Officer*

Hong Kong, 30 September 2024

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

For the six months ended 30 June 2024 - unaudited

(Expressed in Renminbi)

|   | Note | Six months ended 30 June |                 |
|---|------|--------------------------|-----------------|
|   |      | 2024<br>RMB'000          | 2023<br>RMB'000 |
| <b>Revenue</b>  | 3    | <b>22,040</b>            | 19,640          |
| Cost of sales   |      | <b>(14,210)</b>          | (16,155)        |
| <b>Gross profit</b>   |      | <b>7,830</b>             | 3,485           |
| Other income  | 5    | <b>1,469</b>             | 3,753           |
| Selling expenses  |      | <b>(2,433)</b>           | (3,268)         |
| Administrative expenses   |      | <b>(13,181)</b>          | (13,817)        |
| Research and development expenses   |      | <b>(1,502)</b>           | (1,458)         |
| (Impairment loss)/reversal of impairment loss<br>on trade receivables and contract assets |      | <b>(4,149)</b>           | 3,471           |
| <b>Loss from operations</b>   |      | <b>(11,966)</b>          | (7,834)         |
| Finance costs   | 6(a) | <b>(5,615)</b>           | (4,530)         |
| Share of loss of joint ventures   |      | <b>(413)</b>             | (14)            |
| <b>Loss before taxation</b>   | 6    | <b>(17,994)</b>          | (12,378)        |
| Income tax  | 7    | <b>2,962</b>             | 1,727           |
| <b>Loss for the period</b>  |      | <b>(15,032)</b>          | (10,651)        |
| <b>Attributable to:</b>   |      |                          |                 |
| Equity shareholders of the Company  |      | <b>(14,892)</b>          | (10,379)        |
| Non-controlling interests   |      | <b>(140)</b>             | (272)           |
| <b>Loss for the period</b>  |      | <b>(15,032)</b>          | (10,651)        |
| <b>Loss per share</b>   |      |                          |                 |
| Basic and diluted (RMB)   | 8    | <b>(0.03)</b>            | (0.03)          |

The notes on pages 38 to 60 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company are set out in note 13(a).



## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME *(Continued)*

For the six months ended 30 June 2024 - unaudited

(Expressed in Renminbi)

|  | <b>Six months ended 30 June</b> |          |
|--|---------------------------------|----------|
|  | <b>2024</b>                     | 2023     |
|  | <b>RMB'000</b>                  | RMB'000  |
| <b>Loss for the period</b>   | <b>(15,032)</b>                 | (10,651) |
| <b>Other comprehensive income for the period(after tax and reclassification adjustments)</b>       |                                 |          |
| <i>Item that may be reclassified subsequently to profit or loss:</i>                               |                                 |          |
| Exchange differences on translation of financial statements of operations outside Chinese Mainland | <b>357</b>                      | (554)    |
| <b>Other comprehensive income for the period</b>   | <b>357</b>                      | (554)    |
| <b>Total comprehensive income for the period</b>   | <b>(14,675)</b>                 | (11,205) |
| <b>Attributable to:</b>  |                                 |          |
| Equity shareholders of the Company   | <b>(14,535)</b>                 | (10,933) |
| Non-controlling interests  | <b>(140)</b>                    | (272)    |
| <b>Total comprehensive income for the period</b>   | <b>(14,675)</b>                 | (11,205) |

The notes on pages 38 to 60 form part of this interim financial report.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024 - unaudited

(Expressed in Renminbi)

|   |      | At 30 June<br>2024<br>RMB'000 | At 31 December<br>2023<br>RMB'000 |
|---|------|-------------------------------|-----------------------------------|
|   | Note |                               |                                   |
| <b>Non-current assets</b>   |      |                               |                                   |
| Property, plant and equipment   | 9    | 10,046                        | 11,169                            |
| Intangible assets   |      | 14,951                        | 13,762                            |
| Interests in joint ventures   |      | 2,464                         | 2,117                             |
| Equity securities designated at fair value<br>through other comprehensive income<br>("FVOCI") |      | 38,999                        | 38,999                            |
| Deferred tax assets   |      | 6,165                         | 3,227                             |
| Other non-current assets  |      | 7,701                         | 7,701                             |
|   |      | <u>80,326</u>                 | <u>76,975</u>                     |
| <b>Current assets</b>   |      |                               |                                   |
| Inventories   |      | 4,259                         | 2,958                             |
| Contract assets   |      | 20,658                        | 22,583                            |
| Trade and other receivables   | 10   | 442,620                       | 449,799                           |
| Pledged bank deposits   |      | 1                             | 9                                 |
| Cash and cash equivalents   |      | 15,626                        | 47,808                            |
|   |      | <u>483,164</u>                | <u>523,157</u>                    |
| <b>Current liabilities</b>  |      |                               |                                   |
| Trade and other payables  | 11   | 70,367                        | 89,623                            |
| Contract liabilities  |      | 1,432                         | 622                               |
| Bank and other loans  | 12   | 160,101                       | 135,543                           |
| Lease liabilities   |      | 1,030                         | 1,272                             |
| Current taxation  |      | 3,686                         | 3,738                             |
|   |      | <u>236,616</u>                | <u>230,798</u>                    |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

At 30 June 2024 - unaudited

(Expressed in Renminbi)

|  | Note  | At 30 June<br>2024<br>RMB'000 | At 31 December<br>2023<br>RMB'000 |
|--|-------|-------------------------------|-----------------------------------|
| <b>Net current assets</b>  |       | <b>246,548</b>                | 292,359                           |
| <b>Total assets less current liabilities</b>                               |       | <b>326,874</b>                | 369,334                           |
| <b>Non-current liabilities</b>   |       |                               |                                   |
| Bank and other loans   | 12    | 20,026                        | 47,596                            |
| Lease liabilities  |       | –                             | 215                               |
| Deferred revenue   |       | 2,810                         | 2,810                             |
|  |       | <b>22,836</b>                 | 50,621                            |
| <b>NET ASSETS</b>  |       | <b>304,038</b>                | 318,713                           |
| <b>CAPITAL AND RESERVES</b>  |       |                               |                                   |
| Share capital  | 13(b) | 4,590                         | 4,590                             |
| Reserves   |       | 297,853                       | 312,388                           |
| <b>Total equity attributable to equity<br/>shareholders of the Company</b> |       | <b>302,443</b>                | 316,978                           |
| Non-controlling interests  |       | 1,595                         | 1,735                             |
| <b>TOTAL EQUITY</b>  |       | <b>304,038</b>                | 318,713                           |

Approved and authorised for issue by the board of directors on 29 August 2024.

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Li Changqing  
Executive Director, Chief  
Executive Officer and Chairman

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Wang Yufei  
Executive Director and  
Deputy General Manager

The notes on pages 38 to 60 form part of this interim financial report.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024 - unaudited  
(Expressed in Renminbi)

|   | Attributable to equity shareholders of the Company |                          |                          |                          |                             |                                  |   | Non-controlling interests<br>RMB'000 | Total equity<br>RMB'000 |                             |                  |
|---|--|--------------------------|--------------------------|--------------------------|-----------------------------|----------------------------------|---|--------------------------------------|-------------------------|-----------------------------|------------------|
|   | Note   | Share capital<br>RMB'000 | Share premium<br>RMB'000 | Other reserve<br>RMB'000 | Exchange reserve<br>RMB'000 | PRC statutory reserve<br>RMB'000 | Fair value reserve (non-recycling)<br>RMB'000 |                                      |                         | Retained profits<br>RMB'000 | Total<br>RMB'000 |
| <b>Balance at 1 January 2023</b>                                    | -*   | -                        | -                        | (36,047)                 | (819)                       | 11,390                           | -   | 202,950                              | 177,474                 | 1,969                       | 179,443          |
| <b>Changes in equity for the six months ended 30 June 2023:</b>     |  |                          |                          |                          |                             |                                  |   |                                      |                         |                             |                  |
| Loss for the period   | -  | -                        | -                        | -                        | -                           | (10,379)                         | -   | (10,379)                             | (10,379)                | (272)                       | (10,651)         |
| Other comprehensive income  | -  | -                        | -                        | -                        | (954)                       | -                                | -   | -                                    | (954)                   | -                           | (554)            |
| Total comprehensive income  | -  | -                        | -                        | -                        | (954)                       | -                                | -   | (10,379)                             | (10,933)                | (272)                       | (11,205)         |
| Balance at 30 June 2023 and 1 July 2023                             | -*   | -                        | -                        | (36,047)                 | (1,373)                     | 11,390                           | -   | 192,571                              | 166,541                 | 1,697                       | 168,238          |
| <b>Changes in equity for the six months ended 31 December 2023:</b> |  |                          |                          |                          |                             |                                  |   |                                      |                         |                             |                  |
| Profit for the period   | -  | -                        | -                        | -                        | -                           | -                                | -   | 33,260                               | 33,260                  | 38                          | 33,298           |
| Other comprehensive income  | -  | -                        | -                        | -                        | (1,244)                     | -                                | (959)   | -                                    | (2,203)                 | -                           | (2,203)          |
| Total comprehensive income  | -  | -                        | -                        | -                        | (1,244)                     | -                                | (959)   | 33,260                               | 31,057                  | 38                          | 31,095           |
| Issuance of new share   | 1,148  | 118,332                  | -                        | -                        | -                           | -                                | -   | -                                    | -                       | -                           | 119,380          |
| Effect of the capitalisation issue                                  | 3,442  | (3,442)                  | -                        | -                        | -                           | -                                | -   | -                                    | -                       | -                           | -                |
| Appropriation to PRC statutory reserves                             | -  | -                        | -                        | -                        | -                           | 774                              | -   | (774)                                | -                       | -                           | -                |
| <b>Balance at 31 December 2023</b>                                  | 4,590  | 114,790                  | (36,047)                 | (2,617)                  | 12,164                      | (959)                            | 225,057                                       | 316,978                              | 1,735                   | 318,713                     |                  |

\* The balances represent amounts less than RMB500.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

For the six months ended 30 June 2024 - unaudited  
(Expressed in Renminbi)

|  | Attributable to equity shareholders of the Company |                          |                          |                             |                                  |   |                             |                  |                                      |                         |
|--|--|--------------------------|--------------------------|-----------------------------|----------------------------------|---|-----------------------------|------------------|--------------------------------------|-------------------------|
|  | Share capital<br>RMB'000                           | Share premium<br>RMB'000 | Other reserve<br>RMB'000 | Exchange reserve<br>RMB'000 | PRC statutory reserve<br>RMB'000 | Fair value reserve (non-recycling)<br>RMB'000 | Retained profits<br>RMB'000 | Total<br>RMB'000 | Non-controlling interests<br>RMB'000 | Total equity<br>RMB'000 |
| Balance at 1 January 2024                                | 4,590  | 114,790                  | (36,047)                 | (2,617)                     | 12,164                           | (959)   | 225,057                     | 316,978          | 1,735                                | 318,713                 |
| Changes in equity for the six months ended 30 June 2024: |  |                          |                          |                             |                                  |   |                             |                  |                                      |                         |
| Loss for the period                                      | -  | -                        | -                        | -                           | -                                | -   | (14,892)                    | (14,892)         | (140)                                | (15,032)                |
| Other comprehensive income                               | -  | -                        | -                        | 357                         | -                                | -   | -                           | 357              | -                                    | 357                     |
| Total comprehensive income                               | -  | -                        | -                        | 357                         | -                                | -   | (14,892)                    | (14,535)         | (140)                                | (14,675)                |
| Balance at 30 June 2024                                  | 4,590  | 114,790                  | (36,047)                 | (2,260)                     | 12,164                           | (959)   | 210,165                     | 302,443          | 1,595                                | 304,038                 |

The notes on pages 38 to 60 form part of this interim financial report.

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2024 - unaudited

(Expressed in Renminbi)

|   | Six months ended 30 June |                      |
|---|--------------------------|----------------------|
|   | 2024                     | 2023                 |
|   | RMB'000                  | RMB'000              |
| <b>Operating activities</b>                               |                          |                      |
| Cash used in operations                                   | (17,891)                 | (36,812)             |
| Income tax paid   | (29)                     | (2,826)              |
|   | <u>(17,920)</u>          | <u>(39,638)</u>      |
| <b>Net cash used in operating activities</b>              | <u>(17,920)</u>          | <u>(39,638)</u>      |
| <b>Investing activities</b>                               |                          |                      |
| Payment for the purchase of property, plant and equipment | (209)                    | (237)                |
| Payment for software license                              | (28)                     | –                    |
| Proceeds from disposal of property, plant and equipment   | 296                      | –                    |
| Investment in joint ventures                              | (760)                    | –                    |
| Expenditure on development costs                          | (4,707)                  | (5,763)              |
| Uplift of pledged bank deposits                           | 8                        | 2,742                |
|   | <u>(5,400)</u>           | <u>(3,258)</u>       |
| <b>Net cash used in investing activities</b>              | <u>(5,400)</u>           | <u>(3,258)</u>       |
| <b>Financing activities</b>                               |                          |                      |
| Capital element of lease rentals paid                     | (451)                    | (193)                |
| Interest element of lease rentals paid                    | (32)                     | (5)                  |
| Proceeds from new bank and other loans                    | 18,559                   | 47,000               |
| Repayment of bank and other loans                         | (21,693)                 | (53,188)             |
| Interest paid   | (4,753)                  | (2,393)              |
| Payment of listing expenses                               | (492)                    | (901)                |
|   | <u>(8,862)</u>           | <u>(9,680)</u>       |
| <b>Net cash used in financing activities</b>              | <u>(8,862)</u>           | <u>(9,680)</u>       |
| <b>Net decrease in cash and cash equivalents</b>          | <b>(32,182)</b>          | <b>(52,576)</b>      |
| <b>Cash and cash equivalents at 1 January</b>             | <b>47,808</b>            | <b>62,601</b>        |
| <b>Effect of foreign exchange rate changes</b>            | <b>–*</b>                | <b>–*</b>            |
| <b>Cash and cash equivalents as at 30 June</b>            | <b><u>15,626</u></b>     | <b><u>10,025</u></b> |

\* The balances represent amounts less than RMB500.

The notes on pages 38 to 60 form part of this interim financial report.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

## 1 BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard (“HKAS”) 34, Interim financial reporting, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). It was authorised for issue on 29 August 2024.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2023 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2024 annual financial statements. Details of any changes in accounting policies are set out in Note 2.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2023 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”). The interim financial report is unaudited and has not been reviewed by the auditors, but has been reviewed by the audit committee of the Company.

## 2 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued the following amendments that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group’s financial statements:

- Amendments to HKAS 1, *Presentation of financial statements: Classification of liabilities as current or non-current*
- Amendments to HKAS 1, *Presentation of financial statements: Non-current liabilities with covenants*

## 2 CHANGES IN ACCOUNTING POLICIES (Continued)

- Amendments to HKFRS 16, *Leases: Lease liability in a sale and leaseback*
- Amendments to HKAS 7, *Statement of cash flows and HKFRS 7, Financial instruments: Disclosures – Supplier finance arrangements*

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

## 3 REVENUE AND SEGMENT REPORTING

### (a) Disaggregation of revenue

The principal activities of the Group are the provision of integrated IT solution services, sales of hardware and software and providing warranty, upgrade, technical guidance and maintenance service for customers in the PRC. Further details regarding the Group's principal activities are disclosed in Note 3(b).

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

|   | <b>Six months ended 30 June</b> |         |
|---|---------------------------------|---------|
|   | <b>2024</b>                     | 2023    |
|   | <b>RMB'000</b>                  | RMB'000 |
| <b>Revenue from contracts with customers within the scope of HKFRS 15</b> |                                 |         |
| Disaggregated by major products or service lines                          |                                 |         |
| – Revenue from provision of integrated IT solution services               | <b>14,455</b>                   | 11,941  |
| – Revenue from hardware and software sales                                | <b>6,115</b>                    | 6,463   |
| – Revenue from provision of standalone IT services                        | <b>1,470</b>                    | 1,236   |
|   | <b>22,040</b>                   | 19,640  |



### 3 REVENUE AND SEGMENT REPORTING (Continued)

#### (a) Disaggregation of revenue (Continued)

|  | Six months ended 30 June |               |
|--|--------------------------|---------------|
|  | 2024                     | 2023          |
|  | RMB'000                  | RMB'000       |
| Disaggregated by timing of revenue recognition |                          |               |
| – Over time                                    | 1,426                    | 3,228         |
| – Point in time                                | 20,614                   | 16,412        |
|  | <u>22,040</u>            | <u>19,640</u> |

Revenue from major customers which accounts for 10% or more of the Group's revenue are set out below:

|            | Six months ended 30 June |         |
|------------|--------------------------|---------|
|            | 2024                     | 2023    |
|            | RMB'000                  | RMB'000 |
| Customer A | N/A*                     | 4,432   |
| Customer B | 3,257                    | 2,227   |
| Customer C | N/A*                     | 2,017   |
| Customer D | 6,637                    | N/A*    |
| Customer E | 3,744                    | N/A*    |

\* Less than 10% of the Group's revenue in the respective periods.

### 3 REVENUE AND SEGMENT REPORTING *(Continued)*

#### **(b) Segment reporting**

The Group manages its businesses by service lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following three reportable segments. No operating segments have been aggregated to form the following reportable segment.

- Provision of integrated IT solution services: the Group acts as an information solution provider under this segment, which includes primarily the design and implementation of the solution, sales of related software and hardware to customers, and follow-up maintenance.
- Sales of hardware and software: this segment includes solely the sales of hardware and the sales of self-developed software.
- Provision of standalone IT services: this segment includes primarily maintenance service, system upgrade and enhancement service, warranty service, software installation, data migration and technology consulting service.

#### **(i) Segment results**

For the purposes of assessing segment performance and allocating resources between segments, the Group's most senior executive management monitors the results attributable to each reportable segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the cost of sales incurred by those segments. The measure used for reporting segment result is gross profit. Assistance provided by one segment to another, including sharing of assets and technical know-how, is not measured.

The Group's other operating expenses, such as staff costs, depreciation and other operation expenses, and assets and liabilities are not measured under individual segments. Accordingly, neither information on segment assets and liabilities nor information concerning interest income and interest expenses is presented.

### 3 REVENUE AND SEGMENT REPORTING (Continued)

#### (b) Segment reporting (Continued)

##### (i) Segment results (Continued)

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the period is set out below.

|                                      | Provision of<br>integrated<br>IT solution<br>services<br><i>RMB'000</i> | Sales of<br>hardware<br>and<br>software<br><i>RMB'000</i> | Provision of<br>standalone<br>IT services<br><i>RMB'000</i> | Total<br><i>RMB'000</i> |
|--------------------------------------|---|---|---|-------------------------|
| <b>Six months ended 30 June 2024</b> |   |   |   |                         |
| Revenue                              | 14,455  | 6,115   | 1,470   | 22,040                  |
| Cost of sales                        | (8,663)   | (4,547)   | (1,000)   | (14,210)                |
| Gross profit                         | <u>5,792</u>  | <u>1,568</u>  | <u>470</u>  | <u>7,830</u>            |
| <b>Six months ended 30 June 2023</b> |   |   |   |                         |
| Revenue                              | 11,941  | 6,463   | 1,236   | 19,640                  |
| Cost of sales                        | (10,213)  | (5,589)   | (353)   | (16,155)                |
| Gross profit                         | <u>1,728</u>  | <u>874</u>  | <u>883</u>  | <u>3,485</u>            |

### 3 REVENUE AND SEGMENT REPORTING (Continued)

#### (c) Reconciliations of reportable segment profit or loss

|   | Six months ended 30 June |          |
|---|--------------------------|----------|
|   | 2024                     | 2023     |
|   | RMB'000                  | RMB'000  |
| Reportable segment profit   | 7,830                    | 3,485    |
| Other income  | 1,469                    | 3,753    |
| Selling expenses  | (2,433)                  | (3,268)  |
| Administrative expenses   | (13,181)                 | (13,817) |
| Research and development expenses   | (1,502)                  | (1,458)  |
| (Impairment loss)/reversal of impairment loss on<br>trade receivables and contract assets | (4,149)                  | 3,471    |
| Finance costs   | (5,615)                  | (4,530)  |
| Share of loss of joint ventures   | (413)                    | (14)     |
|   | <hr/>                    | <hr/>    |
| Consolidated loss before taxation   | (17,994)                 | (12,378) |

### 4 SEASONALITY OF OPERATIONS

The Group experiences seasonal fluctuations in its operation. The Group's customers are mainly education institutions, many of which are primarily financed by government funds. These customers usually adopt a pre-approval management system and centralised procurement system, with annual budget and procurement plan formulated and design of tendering scheme carried out at the beginning of each year, followed by tendering process starting from the second quarter of the year. The project execution generally starts around the summer breaks of education institutions in the third quarter of the year to minimise disruption to the normal operation of education institutions. Projects are normally completed within approximately one to three months. After the project executions are completed, user acceptance tests are carried out and normally complete in the fourth quarter of the year. As a result, the Group typically reports higher revenue and segment results for the fourth quarter of the year.

## 5 OTHER INCOME

|   | Six months ended 30 June |              |
|---|--------------------------|--------------|
|   | 2024                     | 2023         |
|   | RMB'000                  | RMB'000      |
| Interest income   | 650                      | 1,088        |
| Government grants (Note (i))                                  | 669                      | 1,391        |
| Net foreign exchange gain                                     | 76                       | 594          |
| Net gain on disposal of property, plant and equipment         | 45                       | –            |
| Net gain on disposals of assets and liabilities held for sale | –                        | 676          |
| Others  | 29                       | 4            |
|   | <u>1,469</u>             | <u>3,753</u> |

Note:

- (i) The government grants mainly represent awards from Guangxi government authorities and VAT refund upon collection.

## 6 LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging/(crediting):

|   | <b>Six months ended 30 June</b> |                |
|---|---------------------------------|----------------|
|   | <b>2024</b>                     | 2023           |
|   | <b>RMB'000</b>                  | <i>RMB'000</i> |
| <b>(a) Finance costs</b>                              |                                 |                |
| Interest on bank and other loans                      | <b>5,588</b>                    | 4,504          |
| Interest on lease liabilities                         | <b>27</b>                       | 26             |
|   | <u><b>5,615</b></u>             | <u>4,530</u>   |
| <b>(b) Staff costs</b>                                |                                 |                |
| Salaries, wages and other benefits                    | <b>11,735</b>                   | 13,411         |
| Contributions to defined contribution retirement plan | <b>659</b>                      | 717            |
|   | <u><b>12,394</b></u>            | <u>14,128</u>  |
| <b>(c) Other items</b>                                |                                 |                |
| Amortisation of intangible assets                     | <b>3,546</b>                    | 3,055          |
| Depreciation  |                                 |                |
| – property, plant and equipment owned                 | <b>543</b>                      | 527            |
| – right-of-use assets                                 | <b>538</b>                      | 455            |
| Impairment loss/(reversal of impairment loss)         |                                 |                |
| – contract assets                                     | <b>111</b>                      | (385)          |
| – trade receivables                                   | <b>4,038</b>                    | (3,086)        |
|   | <u><b>4,149</b></u>             | <u>(3,471)</u> |
| Cost of inventories                                   | <b>11,871</b>                   | 13,606         |

## 7 INCOME TAX

Taxation in the consolidated statement of profit or loss and other comprehensive income represents:

|   | Six months ended 30 June |         |
|---|--------------------------|---------|
|   | 2024                     | 2023    |
|   | RMB'000                  | RMB'000 |
| <b>Current tax – PRC Corporate Income Tax</b>     |                          |         |
| Provision for the period                          | –                        | –       |
| (Over)/under-provision in prior years             | (24)                     | 419     |
|   | <b>(24)</b>              | 419     |
| <b>Deferred tax – PRC Corporate Income Tax</b>    |                          |         |
| Origination and reversal of temporary differences | (2,938)                  | (2,146) |
|   | <b>(2,962)</b>           | (1,727) |

Notes:

- (i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (“BVI”), the Group is not subject to any income tax in the Cayman Islands and BVI.
- (ii) For the six months ended 30 June 2024 and 2023, no provision for Hong Kong Profits Tax has been made, as the subsidiaries of the Group incorporated in Hong Kong did not have assessable profits which are subject to Hong Kong Profits Tax.
- (iii) The subsidiaries of the Group established in the PRC are subject to PRC Corporate Income Tax rate at the statutory rate of 25%.

## 7 INCOME TAX (Continued)

Notes: (Continued)

- (iv) The PRC Corporate Income Tax Law allows enterprises to apply for certificate of “High and New Technology Enterprise” (“**HNTE**”) which entitles the qualified companies to a preferential income tax rate of 15%, subject to fulfilment of the recognition criteria. Nanning Maiyue Software Company Limited (“**Nanning Maiyue**”) was qualified as a HNTE and renewed the qualification in 2022 to enjoy a preferential income tax rate of 15% for three years.
- (v) According to the announcement 2020 No.23 from the Ministry of Finance, State Administration of Taxation and National Development and Reform Commission, enterprise which is located in the PRC western region and engaged in the national encouraged industries could apply to enjoy the preferential income tax rate of 15% before 31 December 2030. Guangxi Silunjie Information Technology Company Limited (“**Guangxi Silunjie**”) and Nanning Maiyue meet the above criteria and are entitled to a preferential income tax rate of 15% for the period.
- (vi) According to the relevant tax rules in the PRC, qualified research and development costs are allowed for bonus deduction for income tax purpose, as a result, an additional 100% of the qualified research and development costs could be deemed as deductible expenses during the period.
- (vii) According to the PRC Corporate Income Tax Law and its implementation regulations, dividends receivable by non-PRC corporate residents from PRC enterprises are subject to withholding tax at a rate of 10%, unless reduced by tax treaties or arrangements, for profits earned since 1 January 2008.

The provision of the related deferred tax liabilities, if any, are based on the expected dividends to be distributed from these subsidiaries in the foreseeable future in respect of the profits generated since 1 January 2008. Deferred tax liabilities have not been recognised in respect of the tax that would be payable on the distribution of the retained profits as the Company controls the dividend policy of these subsidiaries and it has been determined that it is probable that these profits will not be distributed in the foreseeable future.



## 8 LOSS PER SHARE

The calculation of basic loss per share is based on the loss attributable to ordinary equity shareholders of the Company of RMB14,892,000 (six months ended 30 June 2023: RMB10,379,000) and the weighted average of 500,000,000 ordinary shares (six months ended 30 June 2023: 375,000,000 ordinary shares after adjusting for the capitalisation issue in 2023 as disclosed in Note 13(b)(ii)) in issue during the interim period, calculated as follows:

|   | Six months ended 30 June |         |
|---|--------------------------|---------|
|   | 2024                     | 2023    |
|   | '000                     | '000    |
| Issued ordinary shares at 1 January                   | 500,000                  | 10      |
| Effect of capitalisation issue (Note 13(b)(ii))       | —                        | 374,990 |
|   | <hr/>                    | <hr/>   |
| Weighted average number of ordinary shares at 30 June | 500,000                  | 375,000 |
|   | <hr/>                    | <hr/>   |

There were no dilutive potential ordinary shares for the six months ended 30 June 2024 and 2023, therefore the diluted loss per share were the same as the basic loss per share.

## 9 PROPERTY, PLANT AND EQUIPMENT

### (a) Acquisitions and disposals of owned assets

During the six months ended 30 June 2024, the Group acquired items of property, plant and equipment with a cost of RMB209,000 (six months ended 30 June 2023: RMB237,000). Items of property, plant and equipment with a net book value of RMB251,000 were disposed of during the six months ended 30 June 2024, resulting in a gain on disposal of RMB45,000.

### (b) Property, plant and equipment pledged for bank and other loans

As at 30 June 2024, property, plant and equipment with a carrying amount of RMB7,934,000 (31 December 2023: RMB8,161,000) are pledged to secure the Group's bank and other loans (Note 12(b)).

## 10 TRADE AND OTHER RECEIVABLES

|  | <b>At 30 June<br/>2024<br/>RMB'000</b> | At 31 December<br>2023<br>RMB'000 |
|--|--|-----------------------------------|
| Trade receivables  |  |                                   |
| – third parties  | <b>314,755</b>                         | 339,030                           |
| – related parties ( <i>Note 15(c)</i> )                      | <b>1,380</b>                           | 1,930                             |
| Less: loss allowance   | <b>(21,638)</b>                        | (17,600)                          |
|  | <b>294,497</b>                         | 323,360                           |
| Amounts due from shareholders ( <i>Note 15(c)</i> )          | <b>15</b>                              | 15                                |
| Amounts due from other related parties ( <i>Note 15(c)</i> ) | <b>6,128</b>                           | 6,128                             |
| Other deposits, prepayments and receivables                  | <b>141,980</b>                         | 120,296                           |
|  | <b>442,620</b>                         | 449,799                           |

- (i) Trade receivables amounting to RMB8,683,000 (31 December 2023: RMB17,673,000) are expected to be recovered after more than one year. All of the other trade and other receivables are expected to be recovered or recognised as expense within one year.
- (ii) Trade receivables with gross carrying amount of RMB70,822,000 (31 December 2023: RMB78,395,000) were pledged as collateral for the Group's bank and other loans of RMB67,160,000 (31 December 2023: RMB63,588,000).

## 10 TRADE AND OTHER RECEIVABLES (Continued)

As of the end of the reporting period, the ageing analysis of trade receivables (which are included in trade and other receivables), based on the transaction date and after the recognition of impairment loss, are as follows:

|  | <b>At 30 June</b> | At 31 December |
|--|-------------------|----------------|
|  | <b>2024</b>       | 2023           |
|  | <b>RMB'000</b>    | RMB'000        |
| Current (not past due)                                 | <b>57,314</b>     | 211,281        |
| Less than 3 months past due                            | <b>5,879</b>      | 31,579         |
| More than 3 months but less than<br>6 months past due  | <b>143,226</b>    | 34,192         |
| More than 6 months but less than<br>12 months past due | <b>52,403</b>     | 23,754         |
| More than 1 year past due                              | <b>35,675</b>     | 22,554         |
|  | <b>294,497</b>    | 323,360        |

Trade receivables (other than retention money) are normally due within 30 days from the date of billing. During the period, some trade receivables (other than retention money) are due over one year upon completion of work, which are negotiated on a case-by-case basis with customers. Retention money is due within one to seven years upon the completion of work. Retention money is included in contract assets until the end of the retention period and is transferred into trade receivables when the rights become unconditional.

## 11 TRADE AND OTHER PAYABLES

|  | <b>At 30 June</b> | At 31 December |
|--|-------------------|----------------|
|  | <b>2024</b>       | 2023           |
|  | <b>RMB'000</b>    | <i>RMB'000</i> |
| Trade payables                                       | <b>29,620</b>     | 43,551         |
| Accrued payroll                                      | <b>3,278</b>      | 1,993          |
| Amounts due to a joint venture ( <i>Note 15(c)</i> ) | <b>810</b>        | 860            |
| Other payables and accruals                          | <b>36,659</b>     | 43,219         |
|  | <b>70,367</b>     | 89,623         |

As of the end of the reporting period, the ageing analysis of trade payables (which are included in trade and other payables), based on the invoice date/transaction date, is as follows:

|                                 | <b>At 30 June</b> | At 31 December |
|---------------------------------|-------------------|----------------|
|                                 | <b>2024</b>       | 2023           |
|                                 | <b>RMB'000</b>    | <i>RMB'000</i> |
| Within 1 year                   | <b>25,339</b>     | 38,765         |
| Over 1 year but within 2 years  | <b>980</b>        | 2,006          |
| Over 2 years but within 5 years | <b>3,121</b>      | 2,592          |
| Over 5 years                    | <b>180</b>        | 188            |
|                                 | <b>29,620</b>     | 43,551         |

## 12 BANK AND OTHER LOANS

|   | <b>At 30 June<br/>2024<br/>RMB'000</b> | At 31 December<br>2023<br>RMB'000 |
|---|--|-----------------------------------|
| <b>Non-current</b>                      |  |                                   |
| Secured bank and other loans (Note (b)) | <b>20,026</b>                          | 27,596                            |
| Unsecured bank and other loans          | —                                      | 20,000                            |
|   | <b>20,026</b>                          | 47,596                            |
| <b>Current</b>                          |  |                                   |
| Secured bank and other loans (Note (b)) | <b>100,789</b>                         | 95,354                            |
| Unsecured bank and other loans          | <b>59,312</b>                          | 40,189                            |
|   | <b>160,101</b>                         | 135,543                           |

(a) The analysis of the repayment schedule of bank and other loans is as follows:

|                                 | <b>At 30 June<br/>2024<br/>RMB'000</b> | At 31 December<br>2023<br>RMB'000 |
|---------------------------------|--|-----------------------------------|
| Within 1 year or on demand      | <b>160,101</b>                         | 135,543                           |
| After 1 year but within 2 years | <b>20,026</b>                          | 47,596                            |
|                                 | <b>180,127</b>                         | 183,139                           |

## 12 BANK AND OTHER LOANS (Continued)

### (b) Assets pledged as security for bank and other loans

- (i) As of the end of the reporting period, the bank and other loans were secured by assets of the Group and the carrying amounts of these assets are as below:

|  | <b>At 30 June<br/>2024<br/>RMB'000</b> | At 31 December<br>2023<br>RMB'000 |
|--|--|-----------------------------------|
| Pledged bank deposits                        | <b>1</b>                               | 9                                 |
| Trade receivables (Note 10)                  | <b>70,822</b>                          | 78,395                            |
| Property, plant and equipment<br>(Note 9(b)) | <b>7,934</b>                           | 8,161                             |
|  | <b>78,757</b>                          | 86,565                            |

- (ii) As at 30 June 2024, bank and other loans of RMB6,161,000 (31 December 2023: RMB8,650,000) are guaranteed by the shareholders of the Group.
- (iii) As at 30 June 2024, bank and other loans of RMB8,000,000 (31 December 2023: RMB8,000,000) are guaranteed by third parties.

## 13 CAPITAL, RESERVES AND DIVIDENDS

### (a) Dividends

- (i) ***Dividends payable to equity shareholders of the Company attributable to the interim period***

The directors of the Company did not recommend the payment of an interim dividend for the six months ended 30 June 2024 and 2023.

- (ii) ***Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the interim period***

No dividends in respect of the previous financial year, approved and paid during the six months ended 30 June 2024 and 2023.

13 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(b) Share capital

|   | At 30 June 2024      |                 | At 31 December 2023  |                 |
|---|----------------------|-----------------|----------------------|-----------------|
|   | <i>No. of shares</i> | <i>Amount</i>   | <i>No. of shares</i> | <i>Amount</i>   |
|   | <i>('000)</i>        | <i>HK\$'000</i> | <i>('000)</i>        | <i>HK\$'000</i> |
| Ordinary shares:                                    |                      |                 |                      |                 |
| In issue at 1 January                               | 500,000              | 5,000           | 10                   | —*              |
| Capitalisation issue                                | —                    | —               | 374,990              | 3,750           |
| Issue of ordinary shares by initial public offering | —                    | —               | 125,000              | 1,250           |
|   | <u>—</u>             | <u>—</u>        | <u>125,000</u>       | <u>1,250</u>    |
| In issue at 30 June/31 December – fully paid        | <u>500,000</u>       | <u>5,000</u>    | <u>500,000</u>       | <u>5,000</u>    |
| Authorised – par value HK\$0.01                     | <u>1,000,000</u>     | <u>10,000</u>   | <u>1,000,000</u>     | <u>10,000</u>   |

\* The balances represent amounts less than HK\$500.

(i) **Authorised share capital**

Pursuant to the written resolution passed by the shareholders of the Company on 18 September 2023, the authorised share capital of the Company was increased from HK\$380,000 divided into 38,000,000 Shares to HK\$10,000,000 divided into 1,000,000,000 Shares by the creation of an additional 962,000,000 Shares with effect from the listing date.

(ii) **Capitalisation issue**

Pursuant to the written resolution passed by the shareholders of the Company on 18 September 2023, the capitalisation issue of an amount of HK\$3,750,000 (equivalent to approximately RMB3,442,000) standing to the credit of the share premium account of the Company and the appropriation of such amount to pay up in full at par 374,990,000 shares for allotment and issue to the existing shareholders with effect from the listing date.

## 13 CAPITAL, RESERVES AND DIVIDENDS *(Continued)*

### (b) Share capital *(Continued)*

#### ***(iii) Issue of ordinary shares by initial public offering***

On 11 October 2023, the shares of the Company were listed on the Main Board of the Stock Exchange of Hong Kong Limited, where 125,000,000 shares of HK\$0.01 each were issued and subscribed at a price of HK\$1.18 each. The Company received the net proceeds of HK\$130,046,000 (equivalent to approximately RMB119,380,000), after deducting all capitalized listing expenses. Out of the net proceeds from the listing, RMB1,148,000 and RMB118,232,000 were recorded in share capital and share premium accounts, respectively.

## 14 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

### (i) Financial assets and liabilities measured at fair value

#### ***Fair value hierarchy***

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.



## 14 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

### (i) Financial assets and liabilities measured at fair value (Continued)

#### *Fair value hierarchy (Continued)*

Analysis on fair value measurement of financial instruments as at 30 June 2024 and 31 December 2023 are as follows:

|                                       | <b>At 30 June<br/>2024<br/>RMB'000</b> | At 31 December<br>2023<br>RMB'000 |
|---------------------------------------|--|-----------------------------------|
| Categorised into level 3              |  |                                   |
| <b>Asset:</b>                         |  |                                   |
| Equity securities designated at FVOCI | <b>38,999</b>                          | 38,999                            |

Equity securities designated at FVOCI represented the investment in a non-listed company which is operating an under-construction business park. The Group determines the fair value by using the adjusted net assets value method, with unobservable inputs of net assets value. The fair value measurements are positively correlated to the net assets value.

As at the end of the reporting period, it is estimated that with all other variables held constant, an increase/decrease in the net assets value by 1% would have increase/decrease the Group's profit or loss and other comprehensive income by RMB390,000.

### (ii) Fair value of financial instruments carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 30 June 2024 and 31 December 2023.

15 MATERIAL RELATED PARTY TRANSACTIONS

(a) Key management personnel remuneration

|   | Six months ended 30 June |              |
|---|--------------------------|--------------|
|   | 2024                     | 2023         |
|   | RMB'000                  | RMB'000      |
| Short-term employee benefits                          | 1,323                    | 1,578        |
| Contributions to defined contribution retirement plan | 36                       | 39           |
|   | <u>1,359</u>             | <u>1,617</u> |

Total remuneration is included in "staff costs" (see Note 6(b)).

**15 MATERIAL RELATED PARTY TRANSACTIONS (Continued)**

**(b) Material transactions with related parties**

The Group enter into the following material related parties transactions during the reporting period are as follows:

|  | <b>Six months ended 30 June</b> |            |
|--|---------------------------------|------------|
|  | <b>2024</b>                     | 2023       |
|  | <b>RMB'000</b>                  | RMB'000    |
| <b>Recurring transactions:</b>   |                                 |            |
| Trade related:   |                                 |            |
| Provision of integrated IT solution services to Digital Guangxi Group Co. Ltd.* (數字廣西集團有限公司) (“ <b>Digital Guangxi</b> ”): |                                 |            |
| – Obligation for provision of information technology service   | <u>90</u>                       | <u>193</u> |
| Purchase of hardwares from Fangchenggang City Investment Digital Co. Ltd.  | <u>–</u>                        | <u>9</u>   |
| Purchase of hardwares from Shenzhen Chuangpengyun Technology Co., Ltd.   | <u>70</u>                       | <u>–</u>   |
| <b>Non-recurring transactions:</b>   |                                 |            |
| Non-trade related:   |                                 |            |
| Repayment to/advance to related parties  |                                 |            |
| – Mr Li Changqing  | –                               | 45         |
| – Mr Zhang Guangbai  | –                               | 15         |
| – Ms He Deling   | <u>–</u>                        | <u>35</u>  |
|  | <u>–</u>                        | <u>95</u>  |

\* The English translation of the name is for reference only. The official name of the entity is in Chinese.

15 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(c) Balances with related parties

(i) Amounts due from related parties

|                          | At 30 June<br>2024<br>RMB'000 | At 31 December<br>2023<br>RMB'000 |
|--------------------------|-------------------------------|-----------------------------------|
| <b>Trade related</b>     |                               |                                   |
| Contract assets          |                               |                                   |
| – Digital Guangxi        | <u>1,962</u>                  | <u>1,962</u>                      |
| Trade receivables        |                               |                                   |
| – Digital Guangxi        | <u>1,380</u>                  | <u>1,930</u>                      |
| Other receivables        |                               |                                   |
| – Digital Guangxi        | <u>6,093</u>                  | <u>6,093</u>                      |
| <b>Non-trade related</b> |                               |                                   |
| Other receivables        |                               |                                   |
| – Mr Zhang Guangbai      | 15                            | 15                                |
| – Ms He Deling           | <u>35</u>                     | <u>35</u>                         |
|                          | <u>50</u>                     | <u>50</u>                         |

15 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(c) Balances with related parties (Continued)

(ii) Amounts due to related parties

|   | At 30 June<br>2024<br>RMB'000          | At 31 December<br>2023<br>RMB'000 |
|---|--|-----------------------------------|
| <b>Trade related</b>                        |  |                                   |
| Trade payables                              |  |                                   |
| – Fangchenggang City Investment Digital     | <u>25</u>                              | <u>25</u>                         |
|   | <b>At 30 June<br/>2024<br/>RMB'000</b> | At 31 December<br>2023<br>RMB'000 |
| <b>Non-trade related</b>                    |  |                                   |
| Amounts due to a joint venture<br>(Note 11) | <u>810</u>                             | <u>860</u>                        |

Note:

The amounts due from/to related parties are unsecured, interest-free and repayable on demand.