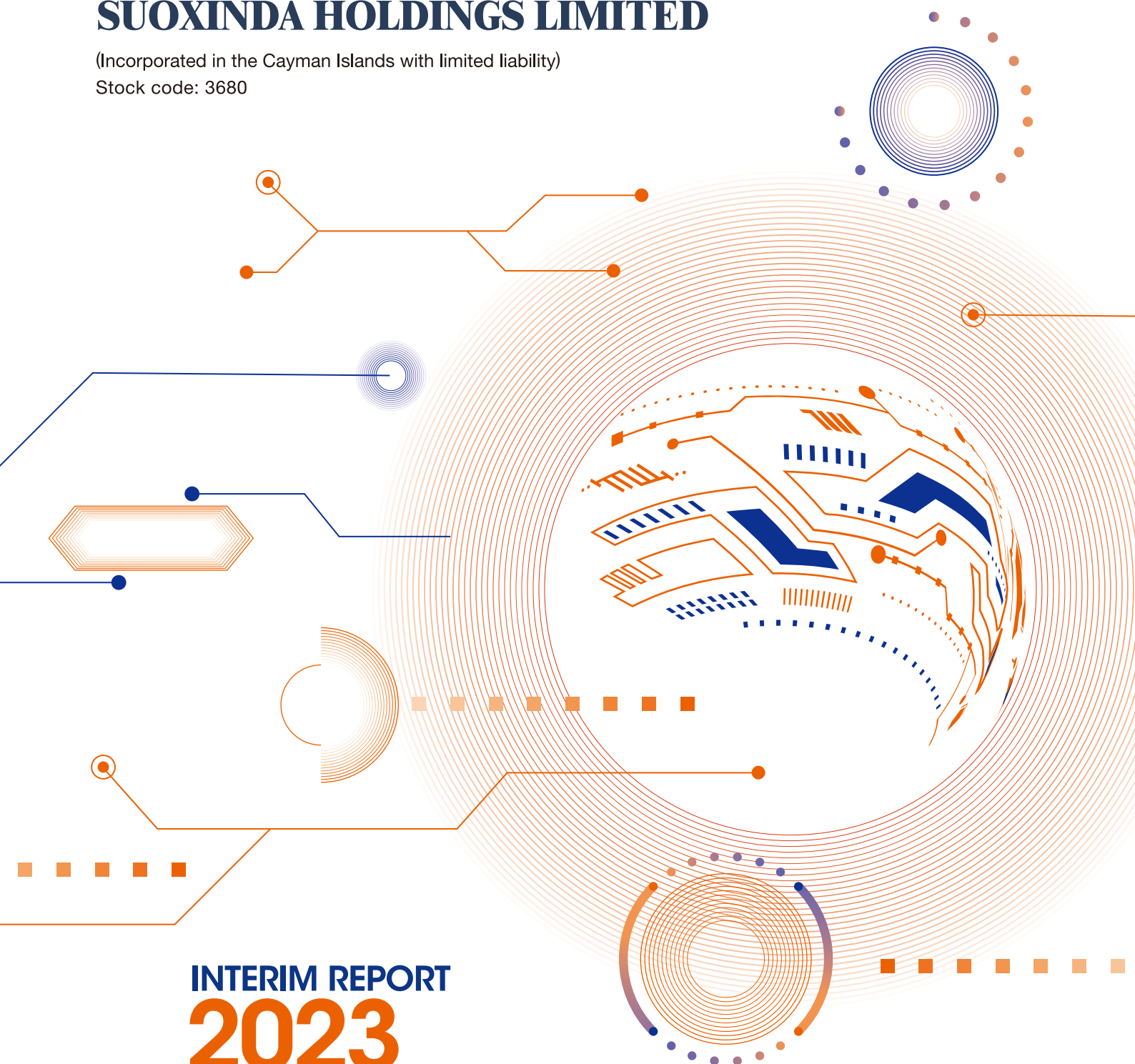




索信达控股有限公司 SUOXINDA HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock code: 3680



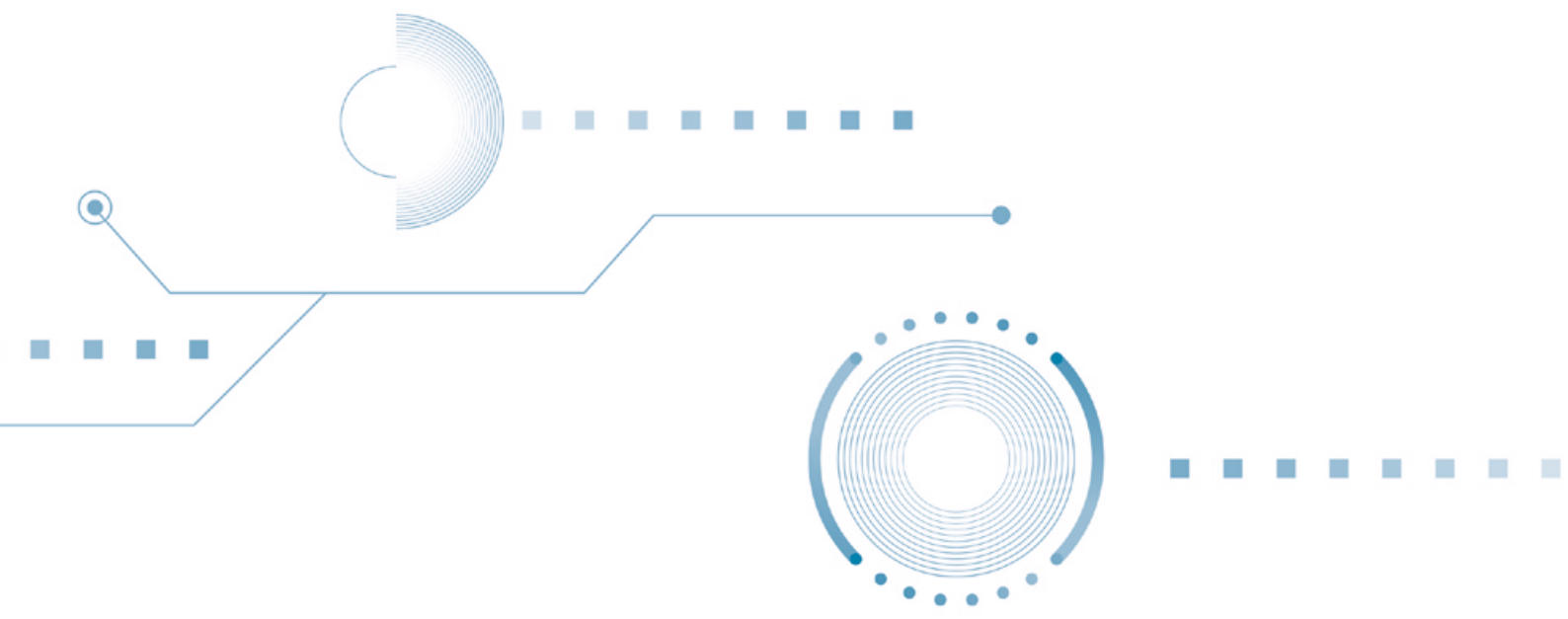
INTERIM REPORT 2023



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Corporate Information

Board of Directors

Executive Directors

Mr. Xue Shouguang (*Chairman of the Board, appointed on 18 July 2023*)
Ms. Zhao Yiqing (*appointed on 18 July 2023*)
Mr. Shi Banchao

Non-executive Directors

Mr. Chen Zhenping
Dr. Wu Fu-Shea
Mr. Wu Xiaohua (*redesignated from executive Director to non-executive Director on 18 July 2023*)

Independent Non-executive Directors

Mr. Yang Haifeng
Ms. Dan Xi (*appointed on 6 January 2023*)
Mr. Fei Xiang (*appointed on 18 July 2023*)

Chief Executive Officer

Mr. Xue Shouguang (*appointed on 18 July 2023*)

Company Secretary

Ms. So Ka Man (*FCG, HKFCG(PE)*)
(*appointed on 20 June 2023*)

Authorised Representatives

Mr. Shi Banchao (*appointed on 20 January 2023*)
(*Mr. Lam Chun Hung Stanley (appointed on 20 January 2023) as his alternate*)
Ms. So Ka Man (*appointed on 20 June 2023*)
Ms. Yang Juan (*resigned on 20 June 2023*)

Audit Committee

Mr. Yang Haifeng (*Committee Chairman*)
(*redesignated as the Committee Chairman on 6 January 2023*)
Ms. Dan Xi (*appointed on 6 January 2023*)
Mr. Fei Xiang (*appointed on 18 July 2023*)

Remuneration Committee

Mr. Yang Haifeng (*Committee Chairman*)
Ms. Dan Xi (*appointed on 6 January 2023*)
Mr. Fei Xiang (*appointed on 18 July 2023*)

Nomination Committee

Mr. Fei Xiang (*Committee Chairman, appointed on 18 July 2023*)
Mr. Yang Haifeng
Mr. Chen Zhenping

Independent Auditor

ZHONGHUI ANDA CPA Limited
Certified Public Accountants
23/F, Tower 2
Enterprise Square Five
38 Wang Chiu Road
Kowloon Bay
Hong Kong

Hong Kong Legal Advisor

Eversheds Sutherland

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Registered Office

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P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

Principal Place of Business in the PRC

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Cangqian Street, Yuhang District
Hangzhou City
Zhejiang Province
the PRC

Principal Place of Business in Hong Kong

5/F, Manulife Place
348 Kwun Tong Road
Kowloon
Hong Kong

Principal Share Registrar and Transfer Office in the Cayman Islands

Conyers Trust Company (Cayman) Limited

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

Tricor Investor Services Limited

17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

Principal Banks

China Construction Bank Shenzhen Jinsha Branch

Shop 137, 1st Floor
KK ONE Mall
Jingji Binhe Times Square
No.9289 Binhe Avenue
Futian District, Shenzhen
the PRC

China Merchants Bank Shenzhen Weisheng Building Branch

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Nanshan District, Shenzhen
the PRC

Website

www.datamargin.com

Stock Code

3680

Financial Highlights

Revenue of Suoxinda Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) for the six months ended 30 June 2023 (the “**Reporting Period**”) amounted to approximately RMB121,126,000, representing a decrease of approximately 29.7% or approximately RMB51,112,000 as compared with that of 1H2022. This was mainly due to the decrease in revenue from data solutions business by approximately 32.2% or approximately RMB42,251,000 as compared with that of 1H2022 as a result of tightened of information technology budgets of financial institutions as well as fierce competition in the market.

Gross profit for the Reporting Period amounted to approximately RMB25,302,000, representing a decrease of approximately 41.7% as compared with that of 1H2022. This was mainly due to (1) the decrease in market orders as a result of the market environment; and (2) the lower gross margins of customer orders obtained during the Reporting Period as a result of intensified competition in the market.

The net loss for the Reporting Period was approximately RMB63,176,000, representing an increase of approximately 68.5% as compared with that of 1H2022. The increase in loss was mainly due to the following reasons: (1) under the impact of the global economic downtrend, different financial institutions have adjusted the operational strategies with tightened information technology and marketing budgets, and in the meantime the competition in the market has become intensified, resulting in a decrease in gross profit of approximately RMB18,130,000; (2) impairment of property and equipment, intangible assets and right-of-use assets of approximately RMB17,800,000 as a result of adjustments in the Company’s business strategies; and (3) provision for impairment of the Group’s financial and contract assets of approximately RMB9,923,000.

The Company’s basic loss per share for the Reporting Period was approximately RMB12.40 cents and diluted loss per share for the Reporting Period amounted to approximately RMB12.40 cents (1H2022: basic loss per share was approximately RMB9.12 cents and diluted loss per share was approximately RMB9.14 cents).

Management Discussion and Analysis

BUSINESS REVIEW

I. Analysis on Industry Background

Looking back at the economic situation in the first half of 2023, as pointed out at the meeting of the Political Bureau of the Communist Party of China Central Committee, the Chinese national economy has continued to recover, with an overall positive rebound, high-quality development is being pushed forward solidly, and industrial upgrading has achieved moderate progress with abundant preparation. China's economy has enormous development resilience and potential, and the fundamentals of long-term improvement remain unchanged.

From the industry level, in the first half of 2023, the Chinese government provided greater policy support to the development of the data industry, the innovative application of artificial intelligence (“AI”) technology, digital-intelligent construction, and the development of information technology application innovation. At the same time, government regulatory authorities have also standardised and strictly monitored data security, data supervision and innovative application of AI technology to ensure the safety of the application of new technologies and guard against technology application risks.

In February 2023, the Central Committee of the Communist Party of China and the State Council issued the “Plan for the Overall Layout of Building a Digital China” (《數字中國建設整體佈局規劃》) (the “**Plan**”). The Plan proposes key points such as to construct a self-reliant and self-improving digital technology innovation system, strengthen the principal position of enterprise technology innovation, facilitate the in-depth integration of digital technology and the real economy, and accelerate the innovative application of digital technology in key areas such as agriculture, industry, finance, education, healthcare, transportation and energy. The Plan proposes by 2025, to accelerate the enhancement in the scale and quality of data resources, effectively release the value of data elements and achieve a significant breakthrough in digital technology innovation. It also proposes the goals such as to secure a global leading position in the level of digitalisation development and attain significant achievements in the construction of digital China by 2035. In March 2023, China announced the establishment of the National Bureau of Data (國家數據局), which is responsible for coordinating and promoting the construction of the fundamental data system, coordinating and planning data resource integration for sharing, development and utilisation, as well as coordinating to push forward the planning and construction of digital China, the digital economy and the digital society.

During the Reporting Period, a number of cities, including Beijing, Shanghai and Shenzhen, successively issued relevant documents to promote the development of the AI industry, demonstrating the Chinese government's supportive attitude towards the development of the AI industry. These policy documents explicitly propose to accelerate the construction and application of AI scenarios. For example, Shenzhen's “Action Plan for Accelerating the High-Quality Development and High-Level Application of Artificial Intelligence in Shenzhen (2023-2024)” (《深圳市加快推動人工智能高質量發展高水平應用行動方案(2023-2024年)》) puts forward measures to promote “1,000 industries + AI”; Beijing's “Implementation Plan for Accelerating the Establishment of a Place of Origin for the Innovation of Artificial Intelligence with Global Influence (2023-2025)” (《北京市加快建設具有全球影響力的人工智能創新策源地實施方案(2023-2025年)》) mentions the need to “promote the application demonstration of general AI technologies in areas such as government services, medical care, scientific research and finance”.

China has positioned “self-reliance and self-improvement in science and technology” as the strategic support for national development, focusing on the independent research and development and the degree of autonomous control of the information technology application innovation industry (the “**ITAI Industry**”). The State-owned Assets Supervision and Administration Commission issued Document No. 79 in September 2022, which comprehensively guides and requires central state-owned enterprises in China to implement the localisation of information technology application innovation of information system, and complete 100% replacement with information technology application innovation by 2027. The clear quantitative requirements of the policy will significantly boost the information technology application innovation market, and it is expected that it will enter a period of rapid development in the next five years, and by 2025 the scale of the ITAI Industry will exceed RMB2 trillion.

As the “No. 1 Financial AI Stock in Hong Kong Stock Market”, the Company’s main business is to provide domestic alternative products, solutions and consulting services in the fields of big data, AI and digital marketing for customers such as banks, insurance, securities, enterprises and governments. Under the support of national policies and the general trend of industry development, the development of industries which are highly relevant to the Company’s business, such as the digital economy, financial technology, big data, AI, and information technology application innovation industries, have brought noticeable support to the Company’s performance and bright prospects for the Company’s future development.

II. Business Review for the First Half of 2023

During the Reporting Period, the Company continued to expand its market. While stabilizing its existing customer base in banks, securities and funds, the Company, by leveraging its 19 years of experience and numerous successful cases in the fields of AI and big data, entered into cooperation with Huawei Cloud, Alibaba Cloud and other eco-partners, and provided digital transformation solutions for governments and enterprises, energy, medical care, manufacturing and other industries.

With data intelligence and marketing technology as the core, and the goal of empowering digital transformation of the industries, the Company continuously strengthened its independent research and development capabilities, and launched high-quality products and solutions to support the development of the ITAI Industry and the digital economy. With a team of advanced, sophisticated and cutting-edge talents, a solid customer base, a good market reputation, high-quality products and solutions, and abundant successful cases, the Company has earned the continuous trust of and business cooperation with customers, which provided a strong guarantee for the Company’s development.

1. *Actively expanding the market, and innovating and revolutionising the business to create new momentum for the Company's development*

While maintaining long-term cooperation with recurring customers, the Company continued to explore for new customers, new fields and new scenes, with extensive nation-wide market influence, establishing market territories covering the whole country, with customer categories covering banks, insurance, securities, funds and other financial institutions, as well as governments and enterprises.

During the Reporting Period, the Company acquired a new client, a large state-owned bank, and commenced cooperation in data application support projects. It demonstrated the Company's market influence and competitive edge in data application support areas such as data governance, data services and data analysis, and also showcased the customers' recognition of the Company's comprehensive capabilities. Meanwhile, the Company won the bidding of a national joint-stock bank's online traffic management model factory project with no. 1 ranking in terms of overall scores to enhance its customer refinement operation.

With AI big data and digital transformation as its core business, the Company gave full play to its technological advantages in data intelligence and marketing technology to deeply empower its clients in business scenarios such as customer analysis and insight, refined customer segment operation and intelligent marketing system construction. Meanwhile, in the field of data business, the Company has entered into cooperation with a number of financial institutions to help clients, among other things, to carry out data governance, improve the regulatory reporting system, optimise data asset management, and provide good support for data application. This has helped banking institutions to extract value from data and empower their business application, which has been receiving recognitions from the clients of the Company. During the Reporting Period, the Company maintained a 100% renewal rate with its major customers, and the customers it cooperated with covered more than 80% of the leading domestic banks in China, maintaining its extensive market influence in the financial sector.

2. *Continuing to improve the ability of independent innovation and master the independent intellectual property rights of core technologies*

The Company continued to introduce new products and technologies, and has established an end-to-end technology and service system from data platform, data analysis, data application to data operation, and strengthened its solution service capability. The Company owns a self-developed decentralised database with independent intellectual property rights, and in the meantime independently researched and developed data platform products such as data governance kits, data asset management platform, and data management and integrated development kits, which are integrated with data application softwares such as intelligent marketing, monitoring and reporting, and AI innovative products, to assist customers in opening the whole chain of front-, middle-, and back-end data.

The Company owned more than ten product series with independent intellectual property rights in the fields of intelligent marketing, AI and big data. The Company developed and delivered solutions, software platforms and professional services related to big data, AI and digital marketing for major financial institutions, government and enterprise customers, and empowered the industry's digital transformation and business innovation with independent and controllable technologies and products. As at 30 June 2023, the Company has obtained 35 national invention patents and 145 computer software copyright certificates. Among them, two products of the Company "Customer Label Management Software" and "Real-time Marketing Campaign Planning Platform" were accredited by the Beijing Municipal New Technology New Product (Service) Certification, indicating that the Company's level of technological advancement and product innovation capability have once again been authoritatively recognised by the governmental organisations.

In July 2023, Shenzhen Suoxinda Data Technology Co., Ltd.* (深圳索信达數據技術有限公司), an indirect wholly-owned subsidiary of the Company, was selected as a national specialised, high-end and innovation-driven "little giant" enterprise (國家級專精特新「小巨人」企業). Such national specialised and new "little giant" enterprises belong to the core areas of industrial foundation and key links in the industry chain, and their recognition standards are relatively high, requiring them to satisfy both quantitative and qualitative indicators in six aspects, namely professionalisation, refinement, specialisation, innovation capability, industrial chain support and the domains to which the leading products belong. The "little giants" among the small and medium enterprises are specialised in their respective fields of expertise and extremely inventive, and have become an important force in promoting the sustained and high-quality development of the economy. This is the second time that a company under the Group has won the same type of official honor after Suoxinda (Beijing) Data Technology Co., Ltd.* (索信达(北京)數據技術有限公司), an indirect wholly-owned subsidiary of the Company, being listed in the first batch of "Specialised and New" (「專精特新」) small and medium enterprises in Beijing in 2022. This is a full recognition of the Group's innovative ability and development quality. As a quality small and medium enterprise recognised by the government, the Company focuses on specialisation in the fields of data intelligence and marketing technology, always insists on practising independent innovation in science and technology, intensifies technological research and development, amplifies the efforts on core technology, promotes independent research and development and promotion of the application of products such as AI, big data, marketing technology and continues to improve its product innovation capability to create professional and specialised independent innovative products and technological solutions.

3. Being open and inclusive to form a highly cohesive cooperation ecosystem for science, technology and information technology application innovation

With the development of digital transformation and information technology application innovation, innovative entities in various industry chains and vertical fields are forming a highly cohesive ecological cooperation chain with an open, innovative and united attitude. During the Reporting Period, the Company attached great importance to the ecological cooperation layout and actively cooperated with a number of leading domestic organisations in China to provide customers with full-stack domestic implementation and deployment solutions.

In June 2023, the Company established an in-depth cooperation with Huawei and jointly released an intelligent marketing labelling platform solution, which can provide customers in the financial industry with a full stack of independent and controllable software and hardware for labelling data asset management. Currently, the Company's label management system, "Link-C Integrated Intelligent Marketing Platform", and data catalog software have completed the compatibility adaptation certification based on the Kunpeng architecture on Kunpeng Cloud under Huawei Cloud.

During the Reporting Period, the Company became one of the first batch of ecological partners of Baidu's "ERNIE Bot", fully experiencing and accessing the capability of ERNIE Bot through Baidu Cloud Intelligence, and applying the results of Baidu's leading intelligent dialog technology in the field of financial technology. The move signifies that the Company will receive the support of leading AI technology, promoting the practical application of conversational language modeling technology in the domestic financial scenes.

During the Reporting Period, the Company, together with KylinSoft and GBASE Nanda General, announced two joint solutions, namely, the customer portrait labelling solution and the panoramic regulatory compliance solution for the financial industry, which fully empowered the development of financial compliance and the transformation of digital-intelligent marketing. The three strong enterprises have joined forces to give full play to their respective edges in the underlying operating system, database infrastructure software, and application software level, joining hands to create an independent and controllable financial information technology application innovation solutions and to promote the development of financial information technology application innovation.

In the process of promoting digital transformation and information technology application innovation, multi-party cooperation is of great significance. In the face of the important mission of strengthening the level of science and technology of the country, each entity on the technological innovation front has long shared a common destiny. Through the division of labour and cooperation as well as synergetic development, it can realise the integration and complementarity of its advantages and strengths, establishing an open and win-win cooperation ecology, and jointly promoting the development of the science, technology and information technology application innovation industries.

Summarising the above business review, the Company made significant progress in the first half of 2023. The Company has actively expanded its markets and deepened its cooperation with customers, realising steady business growth. At the same time, the Company continued to strengthen its independent innovation capability, mastering the core technology and independent intellectual property rights to provide customers with high-quality solutions and services. Through an open and inclusive cooperation ecosystem for science, technology and information technology application innovation, the Company has further expanded its partner network and strengthened its competitive edge in the financial technology field.

III. Outlook

In the second half of 2023, it is expected that the economy as a whole will continue to improve, and the science and technology and digital transformation industries will have broad development prospects. Benefiting from the national policy support for independent innovation in science and technology, the development of the ITAI Industry and digital-intelligent transformation, the domestic digital-intelligent transformation and upgrading, and the development of digital economy will remain in strong demand, which will provide a solid foundation for the high-quality development of the industry.

According to the forecast data of CCID Consulting, the overall information technology investment in China's banking industry is expected to reach RMB513.234 billion by 2026, with an average annual compound growth rate of 16.66% from 2022 to 2026; of which, the market size of the information technology solution market for China's banking industry is expected to reach RMB139.011 billion by 2026, with an average annual compound growth rate of 23.55% from 2022 to 2026. As a result, it is expected that the development of the Company will have a wide room for growth.

In the future, the Company will continue to strive for progress while maintaining stability, focusing on the development of data intelligence and marketing technology; insist to position data as the body and operation as the wing to achieve joint development; strengthen the cooperation and support of internal and external ecological resources, so as to enable the enterprise to develop steadily in the long term and remain full of vitality, and to inject strong and powerful growth momentum into the enterprise through continuous innovation and change, and to keep abreast of the times. Specifically, the Company will focus on the following aspects to implement the new development strategy, continue to build its core competitiveness, forge a new engine of development, and realise steady development:

In terms of product research and development, the Company takes AI big data product research and development as its core competitiveness, strengthens the cultivation of the team of talents for AI big data, increases investment in research and development, continues to iteratively upgrade its core products and strengthens the application of AI large modeling technology, and continuously enhances the technological leadership and market competitiveness of its products, so as to build up the Company's technological competitive barriers and strengthen its moat.

In terms of customer service, the Company will coordinate and share resources across departments and regions, enhance communication efficiency and strengthen project management. Every Suoxinda employee should have the spirit of altruism, uphold the concept of creating more value for customers, enhance the digitization capability of customers, and empower the incremental business revenue of customers. While providing good services to the segment of leading enterprises, the Company will further widen the track, and conduct better research and technical output of the derivatives of the AI big data industry chain around the leading customers. At the same time, the Company will make good use of the resources of all parties, and leverage the power of governments and enterprises, chambers of commerce, associations, and business schools to empower the Company and take the opportunity of tight corners to make swift progress.

In terms of market development, the Group will not confine itself to the existing products, but will also expand with more products and solutions based on AI big data technology. Seizing the opportunity of the replacement with domestic information technology application innovation and digital transformation, it will provide customers with comprehensive solutions including software, hardware and services. Leveraging on years of customer accumulation, the Group will scale up and realise a rapid breakthrough.

In terms of enhancing performance, while broadening the sources of revenue, it is also necessary to focus on saving resources, reducing unnecessary costs, and continuously improving the efficiency of the employees. In the era of AI big data, it is important for every employee of the Group to have the spirit of ownership. The Company advocates the corporate culture to be motivated to make more efforts to achieve more results, and the sense of proactiveness, commitment, passion and dedication to the role.

In terms of talent introduction, the Company will increase the cultivation of professional and technical talents and the introduction of high-end talents, and optimise and establish an all-round complex talent structure, expand the team of high-quality data and intelligence experts, focusing on the cultivation of talents and strengthening the construction of the platform and mechanism for cultivating talents in industry, academia and research sectors, so as to fully bring into full play the talent-driven force of enterprise development. The Company will accelerate the introduction of new executives and high-level talents, and jointly push the Company to a higher level.

In terms of financing development, the Company will introduce external financing, strategic investors, capital market financing and other channels according to its own operating conditions and development needs, optimise the shareholder structure, provide diversified sources of funding for the Company's development and ensure a smooth capital chain. Meanwhile, the Company will make full use of internal and external resources to optimise the corporate governance structure, improve the operational efficiency, enhance the enterprise's self-restoration function, form a recyclable closed-loop driving force, and bring a long-term and steady development for the Group.

In terms of ecological cooperation, the Company actively responded to the national policies on digital economy and digital-reality integration, and built a diversified ecological cooperation system based on the concept of openness and win-win situation. The Company will continue to strengthen cooperation with Huawei, Alibaba and other technology giants, and continuously improve the ecosystem for upstream and downstream cooperation partners to jointly promote the in-depth integration of the digital economy with advanced manufacturing and modern service industries, and to promote the development of the real economy with the ability of digital intelligence.

In the present era, AI big data has received unprecedented attention and vigorous development support from the country. The Company has been dedicated and committed to the AI big data industry for 19 years, and based on years of accumulation, it will usher in new development and achieve new breakthroughs. The Company will pay close attention to the direction of national strategic development, give full play to its advantage of technological expertise, continuously improve customer satisfaction with excellent products and services, and strive to gradually realise its ambitious blueprint, helping the Company to become a new benchmark in the global AI big data industry.

FINANCIAL REVIEW

1. Revenue

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue		
Data solutions	88,885	131,136
Sales of hardware and software and related services as an integrated service	21,771	24,589
Information technology maintenance and support services	10,470	16,513
	121,126	172,238

Revenue for the Reporting Period amounted to approximately RMB121,126,000, representing an decrease of approximately 29.7% or approximately RMB51,112,000 as compared to that of 1H2022. In particular, revenue from data solutions for the Reporting Period was approximately RMB88,885,000, accounting for approximately 73.3% of the total revenue during the Reporting Period, representing an decrease of approximately 32.2% or approximately RMB42,251,000 as compared to that of 1H2022. Revenue from sales of hardware and software and related services as an integrated service was approximately RMB21,771,000, representing a decrease of approximately 11.5% or approximately RMB2,818,000 as compared to that of 1H2022. Revenue from information technology maintenance and support services was approximately RMB10,470,000, representing a decrease of approximately 36.6% or approximately RMB6,043,000 as compared to that of 1H2022. This was mainly due to the impact of the economic downtrend in the global market, financial institutions have adjusted the operating strategies with tightened information technology and marketing budgets, which resulted in a decrease in market orders.

2. Gross profit and gross profit margin

Gross profit for the Group for the Reporting Period amounted to approximately RMB25,302,000, representing a decrease of approximately 41.7%, or approximately RMB18,130,000 as compared to that of 1H2022. Gross profit margin was approximately 20.9% (1H2022: approximately 25.2%).

The main factors contributing to the decrease in gross profit and gross profit margin were: (1) a decrease in market orders due to impact of the market environment; and (2) intensified competition in the market, resulting in lower gross profit margin on customer orders acquired during the Reporting Period.

3. Selling expenses

For the Reporting Period, the Group's selling expenses were approximately RMB11,333,000, representing an increase of approximately 9.6% or approximately RMB989,000 as compared to that of 1H2022, and were equivalent to approximately 9.4% of the Group's revenue during the Reporting Period (1H2022: approximately 6.0%). The increase in selling expenses was mainly due to: (1) investment in strategic projects increased by approximately RMB772,000 as compared to that of 1H2022; and (2) the increase in offline marketing activities resulted in an increase in marketing expenses of approximately RMB502,000 as compared to that of 1H2022. However, the increase was partially offset by a decrease in corresponding labour costs of approximately RMB476,000 as compared to that of 1H2022 as a result of the optimisation of the Group's sales and pre-sales teams during the Reporting Period.

4. Research and development expenses

The research and development expenses of the Group for the Reporting Period, amounted to approximately RMB22,934,000, representing an increase of approximately 4.4% or approximately RMB965,000 as compared to that of 1H2022, and were equivalent to approximately 18.9% of the Group's revenue during the Reporting Period (1H2022: an equivalent of approximately 12.8% of the revenue). The increase in research and development expenses was mainly because the depreciation and amortisation expenses of research and development related intangible assets increased during the Reporting Period as compared to that of 1H2022.

5. Administrative expenses

The administrative expenses of the Group for the Reporting Period amounted to approximately RMB23,678,000, representing a decrease of approximately 55.2% or approximately RMB29,142,000 as compared to that of 1H2022. The decrease in administrative expenses was mainly due to: (1) share-based payment expenses arising from previously granted share options and awarded shares decreased by approximately RMB17,307,000 as compared to that of 1H2022; (2) salary expenses decreased by approximately RMB5,995,000 as compared to that of 1H2022 due to adjustments in management and salary structure; and (3) the streamlining of the Group's office premises and the decrease in rental expenses by approximately RMB3,056,000 as compared to that of 1H2022.

6. Income tax credit

The total income tax credit of the Group for the Reporting Period amounted to approximately RMB1,452,000 (1H2022: total income tax credit of approximately RMB71,000). Such changes were mainly due to the increase in deferred tax credits recognised for decelerated tax depreciation and expected credit losses on financial and contract assets.

7. Loss for the period

Net loss for the Reporting Period, amounted to RMB63,176,000, representing an increase of approximately 68.5% as compared to that of 1H2022. The increase in loss was primarily due to the following: (1) under the impact of the global economic downtrend, financial institutions have adjusted the operating strategies with tightened information technology and marketing budgets, and in the meantime competition in the market has become intensified, resulting in a decrease in gross profit of approximately RMB18,130,000 as compared to that of 1H2022; (2) the impairment of property and equipment, intangible assets and right-of-use assets of approximately RMB17,800,000 as a result of the adjustments in the Company's business strategies; and (3) the provision for impairment of the Group's financial and contract assets of approximately RMB9,923,000.

8. Loss for the period attributable to owners of the Company

The loss for the period attributable to owners of the Company during the Reporting Period was approximately RMB62,141,000 (1H2022: loss for the period attributable to owners of the Company of approximately RMB36,765,000). These changes were mainly due to the increase in net loss during the Reporting Period.

9. Loss per share

Basic and diluted loss per share for the Reporting Period amounted to approximately RMB12.4 cents, while basic loss per share amounted to approximately RMB9.12 cents and diluted loss per share amounted to approximately RMB9.14 cents for 1H2022.

10. Liquidity and financial resources

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Net cash inflow/(outflow) from operating activities	(51,588)	(78,732)
Net cash inflow/(outflow) from investing activities	(698)	(24,155)
Net cash inflow/(outflow) from financing activities	106,448	110,410

A. Operating activities

The net cash outflow from operating activities of the Group for the Reporting Period was approximately RMB51,588,000, representing a decrease of approximately RMB27,144,000 as compared with that of 1H2022, which was mainly due to the decrease in project procurement, salary expenses, related tax expenses and other miscellaneous expenses during the Reporting Period.

B. Investing activities

The net cash outflow from investing activities of the Group for the Reporting Period was approximately RMB698,000, representing a decrease of approximately RMB23,457,000 as compared with that of 1H2022, which was mainly due to the decrease in the Group's investment in associates and purchase expenses for intangible assets and equipment.

C. Financing activities

The net cash inflow from financing activities of the Group for the Reporting Period was approximately RMB106,448,000, as compared with the net cash inflow from financing activities of approximately RMB110,410,000 for 1H2022. The decrease in the net cash inflow from financing activities was mainly due to: (1) the decrease in bank borrowings of approximately RMB28,592,000 as compared to that of 1H2022; (2) the decrease in convertible bond financing of approximately RMB40,000,000 as compared to that of 1H2022. However, the decrease was partially offset by the proceeds from the Group's issuance of shares during the Reporting Period.

11. Capital structure

A. *Bank and other borrowings*

As at 30 June 2023, short-term bank borrowings of the Group were approximately RMB59,214,000, other short-term borrowings were approximately RMB25,297,000. Long-term bank borrowings were approximately RMB10,000,000.

B. *Debt securities*

As at 30 June 2023, the Group had no debt securities.

C. *Contingent liabilities*

As at 30 June 2023, the Group had no major contingent liabilities or guarantees.

D. *Treasury policy*

The Group has adopted a prudent financial management approach towards its treasury policy. The board of directors (the “**Directors**”) of the Company (the “**Board**”) closely monitors the Group’s liquidity position to ensure that the liquidity structure of the Group’s assets, liabilities, and other commitments can meet the Group’s funding needs all the time.

E. *Gearing ratio*

The gearing ratios as at 30 June 2023 and 31 December 2022 were approximately 82.7% and 143.6%, respectively. The decrease in the gearing ratio was mainly due to the: (i) decrease of approximately RMB13,342,000 in bank and other borrowings, amounts due to directors and a substantial shareholder and financial liabilities at FVTPL at the end of the Reporting Period as compared to that of the beginning of the Reporting Period; and (ii) total equity increased by approximately RMB60,147,000 as compared to that of the beginning of the Reporting Period.

Gearing ratio was calculated based on the Group’s total bank and other borrowings, amounts due to directors and a substantial shareholder and financial liabilities at FVTPL as at the end of the Reporting Period divided by the Group’s total equity as at the same date.

12. Pledge of assets

A. Banking facilities of the Group were secured and/or guaranteed by:

- (1) As at 30 June 2023, corporate guarantee from independent third parties of approximately RMB10,950,000 (31 December 2022: approximately RMB14,850,000);
- (2) As at 30 June 2023, building of the Group of approximately RMB9,763,000 (31 December 2022: approximately RMB10,128,000);

- (3) As at 30 June 2023, pledged bank deposits of approximately RMB1,005,000 (31 December 2022: approximately RMB221,000);
 - (4) As at 30 June 2023, outstanding trade receivables owed by certain customers of approximately RMB50,135,000 (31 December 2022: approximately RMB36,323,000);
 - (5) As at 30 June 2023, other deposits of RMB1,000,000 (31 December 2022: RMB1,000,000); and
 - (6) Personal guarantees of Mr. Song Hongtao (former director of the Company) and Mr. Wu Xiaohua (director of the Company) and their spouses, a legal representative of a subsidiary and a director of a subsidiary.
- B. Other borrowings of the Group were secured and/or guaranteed by:
- (1) As at 30 June 2023, the Group's certain equipment of approximately RMB10,318,000 (31 December 2022: approximately RMB18,445,000); and
 - (2) As at 30 June 2023, the Group's other deposits of RMB1,000,000 (31 December 2022: RMB1,000,000)

13. Significant Investments Held

During the Reporting Period, the Group did not hold any significant investment which had a significant impact on the Group's overall operation

14. Capital commitments

The Group had no capital commitment during the Reporting Period.

15. Material acquisitions and disposals of subsidiaries, associates and joint ventures

There were no material acquisitions and disposals of subsidiaries, associates and joint ventures during the Reporting Period.

16. Foreign exchange risk exposure

The Group has certain exposures to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the respective entities of the Group. The Group implemented an effective management policy to monitor closely changes in foreign exchange rates and review regularly foreign exchange risks. The Group will consider hedging significant foreign currency exposure when necessary.

17. Future plans for material investments or capital assets

As disclosed in the section headed "Use of Net Proceeds from the Share Offer" below in this announcement, the Group intended to apply the unutilised Net Proceeds (as defined below) of HK\$3,500,000 as at 30 June 2023 for the development of financial AI laboratory, display center and office facilities on or before 30 June 2024. Save as disclosed, as at 30 June 2023 the Group did not have other plans for material investments or capital assets.

Corporate Governance and Other Information

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As at 30 June 2023, the interests and short positions of the Directors and the chief executive of the Company in the shares of the Company (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 (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as otherwise 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 10 to the Rules Governing the Listing of Securities on the Stock Exchange (“**Listing Rules**”) were as follows:

Name of Director/ Chief Executive	Capacity/ Nature of Interest	Number of Shares Interested	Approximate Percentage of Shareholding (%)	Long/Short Position
Mr. Chen Zhenping	Beneficial owner	60,980,000	9.23	Long position
Mr. Wu Xiaohua ⁽¹⁾	Interest in controlled corporation	29,490,000	4.46	Long position
Mr. Shi Banchao (“ Mr. Shi ”) ⁽²⁾	Beneficial owner	22,650,835	3.43	Long position
Dr. Wu Fu-shea	Beneficial owner	11,450,000	1.73	Long position

Notes:

- Mr. Wu Xiaohua held 100% equity interest in Ideal Treasure Holdings Limited. Accordingly, Mr. Wu Xiaohua was deemed to be interested in the 29,490,000 Shares held by Ideal Treasure Holdings Limited pursuant to Part XV of the SFO.
- The 22,650,835 Shares held by Mr. Shi included 44,877 restricted Shares granted under the share award scheme of the Company adopted by the shareholders at the annual general meeting of the Company held on 8 June 2020 (the “**Share Award Scheme**”). Mr. Shi also held 25,644 options granted under the share option scheme of the Company adopted by the shareholders at the annual general meeting of the Company held on 8 June 2020 (the “**Share Option Scheme**”).

Save as disclosed above, as at 30 June 2023, none of the Directors nor the chief executive of the Company had any interests or short positions in any of the Shares, underlying Shares or debentures of the Company or any of its Associated Corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES

As at 30 June 2023, the following corporations or persons (other than the Directors or the chief executive of the Company) had interests or short positions in the Company's Shares and underlying Shares as recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name of Shareholder	Capacity/ Nature of Interest	Number of Shares Interested	Approximate Percentage of Shareholding (%)	Long/Short Position
Mr. Xue Shouguang ⁽¹⁾	Interest in controlled corporation	104,000,000	15.74	Long position
Treasure Tree Asia Holdings Co. LTD ⁽¹⁾	Beneficial owner	104,000,000	15.74	Long position
Chen Weiping ⁽²⁾	Interest of spouse	104,000,000	15.74	Long position
Mr. Wang Donglin ⁽³⁾	Interest in controlled corporation	70,003,840	10.59	Long position
深圳市高盛達旅遊汽車服務有限公司 (Shenzhen Gaoshengda Travelling and Car Services Company Limited) ⁽³⁾	Interest in controlled corporation	70,003,840	10.59	Long position
Mindax Touch Global Limited ⁽³⁾	Beneficial owner	70,003,840	10.59	Long position
北京金融街資本運營集團有限公司 (Beijing Financial Street Capital Operation Group Co., Ltd) ⁽⁴⁾	Person having a security interest in shares	66,080,000	10.00	Long position
Ms. Wu Xinlan ⁽⁵⁾	Interest of spouse	60,980,000	9.23	Long position

Notes:

- (1) Mr. Xue Shouguang held 83.3% equity interest in Treasure Tree Asia Holdings Co. LTD. Accordingly, Mr. Xue Shouguang was deemed to be interested in the 104,000,000 Shares held by Treasure Tree Asia Holdings Co. LTD. pursuant to Part XV of the SFO. Mr. Xue ShouGuang was appointed as an executive Director on 18 July 2023.
- (2) According to the disclosure of interests as set out on the website of the Stock Exchange, Ms. Chen Weiping is the spouse of Mr. Xue Shouguang and was therefore deemed to be interested in the 104,000,000 Shares in which Mr. Xue Shouguang was interested pursuant to Part XV of the SFO.
- (3) According to the disclosure of interests as set out on the website of the Stock Exchange, Mr. Wang Donglin's shareholding in the Company was held through Mindas Touch Global Limited. Mindas Touch Global Limited was wholly owned by 深圳市高盛達旅遊汽車服務有限公司 (Shenzhen Gaoshengda Travelling and Car Services Company Limited), which was wholly owned by Mr. Wang Donglin. Accordingly, Mr. Wang Donglin and 深圳市高盛達旅遊汽車服務有限公司 (Shenzhen Gaoshengda Travelling and Car Services Company Limited) were deemed to be interested in these Shares pursuant to Part XV of the SFO.
- (4) According to the disclosure of interests as set out on the website of the Stock Exchange, 北京金融街資本運營集團有限公司 (Beijing Financial Street Capital Operation Group Co., Ltd) was interested in 66,080,000 Shares as person having a security interest in shares.
- (5) According to the disclosure of interests as set out on the website of the Stock Exchange, Ms. Wu Xinlan is the spouse of Mr. Chen Zhenping and was therefore deemed to be interested in the 60,980,000 Shares in which Mr. Chen Zhenping was interested pursuant to Part XV of the SFO.

Save as disclosed above, as at 30 June 2023, no person, other than the Directors or the chief executive whose interests are set out in the section headed "Directors' and Chief Executive's Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company or its Associated Corporations" above, had an interest or a short position in the Shares or underlying Shares as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

REMUNERATION POLICY AND EMPLOYMENT BENEFITS

The Group had 688 employees altogether in Mainland China and Hong Kong as at 30 June 2023. 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 Mainland China. 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 Reporting Period.

EQUITY INCENTIVE PLAN

The Share Option Scheme and the Share Award Scheme have been adopted by the shareholders of the Company at the annual general meeting of the Company held on 8 June 2020. The purposes of the Share Option Scheme and the Share Award Scheme are to recognise and motivate the contribution of the eligible participants and to provide incentives and help the Group retain its existing employees and recruiting additional employees and to provide it with a direct economic interest in attaining the long-term business objectives of the Group.

Share Option Scheme

Subject to the terms of the Share Option Scheme, the Board shall be entitled at any time within the period of ten years after 8 June 2020 to grant options to any participants as the Board may in its absolute discretion select. The total number of Shares which may be issued upon exercise of all share options to be granted by the Company under the Share Option Scheme and any other share option scheme(s) of the Company (the “**Share Option Scheme Mandate Limit**”) shall not exceed 10% of the total number of the Shares in issue on 8 June 2020, i.e. 40,000,000 Shares. Options lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of the Company under which such options are granted, as the case may be, will not be counted for the purpose of calculating the Share Option Scheme Mandate Limit. The Company may seek approval of the shareholders of the Company in general meetings to renew the Share Option Scheme Mandate Limit provided that the Share Option Scheme Mandate Limit so renewed must not exceed 10% of the Shares in issue as at the date of approval of the renewal by the shareholders of the Company.

As at 1 January 2023 and 30 June 2023, the number of options available for grant under the scheme mandate was 38,143,167.

During the Reporting Period, no share options were granted.

Subject to the terms of grant of any option, an option may be exercised by the grantee of the option at any time during the exercise period and in accordance with the vesting schedule and other terms specified in the offer. No option may be vested more than ten years after the date of the offer made. The vesting period of options granted under the Share Option Scheme is from the date of grant until the commencement of the exercise period. Vesting is subject to the terms and conditions as set out in the Share Option Scheme and/or such terms as specified in the offer. There is no performance target that must be achieved before the options can be exercised except otherwise imposed by the Board and stated in the offer of grant of an option. For the options granted during the year ended 31 December 2021 and 31 December 2022, respectively, the Board specified performance conditions that must be satisfied before the option can be exercised. These conditions include group financial performance targets and individual key performance indicators.

The number of Shares that may be issued in respect of options granted under the Share Option Scheme during the six months ended 30 June 2023 divided by the weighted average number of the Shares in issue for the six months ended 30 June 2023 is 0.1%.

Further details of the Share Option Scheme are set out in the circular of the Company dated 28 April 2020 and the 2022 annual report of the Company.

The table below sets out details of the outstanding options granted to the grantees under the Share Option Scheme and movements during the Reporting Period:

Name or category of grantee	Date of Grant	Vesting Schedule	Exercise Period	Fair value per share option at the date of grant (HK\$)	Exercise Price per Share (HK\$)	Outstanding as at 1 January 2023	Granted during the Reporting Period	Exercised during the Reporting Period	Closing price of the shares immediately before the date on which the options were granted (HK\$)	Weighted average closing price of the shares immediately before the dates on which the options were exercised (HK\$)	Lapsed/ forfeited during the Reporting Period	Cancelled during the Reporting Period	Exercise price of the cancelled options	Outstanding as at 30 June 2023
Director and senior management														
Mr. Shi	8 April 2022	25% of the share options granted shall vest on the first trading day after each of 31 March 2023, 31 March 2024, 31 March 2025 and after 31 March 2026, respectively	Subject to the vesting dates, from 8 April 2022 to 7 June 2030	2.84	5.38 (Note 2)	25,644	-	-	5.21	-	-	-	-	25,644
Other grantees - Employees														
In aggregate	28 December 2021	25% of the share options granted shall vest on the first trading day after each of 31 March 2022, 31 March 2023, 31 March 2024; and after 31 March 2025, respectively	Subject to the vesting dates, from 28 December 2021 to 7 June 2030	3.28	6.33 (Note1)	70,000	-	-	6.27	-	-	-	-	70,000
In aggregate	28 December 2021	25% of the share options granted shall vest on the first trading day after each of 31 March 2023, 31 March 2024, 31 March 2025 and after 31 March 2026, respectively	Subject to the vesting dates, from 28 December 2021 to 7 June 2030	3.28	6.33 (Note1)	204,100	-	-	6.27	-	106,100	-	-	98,000
In aggregate	8 April 2022	25% of the share options granted shall vest on the first trading day after each of 31 March 2023, 31 March 2024, 31 March 2025 and after 31 March 2026, respectively	Subject to the vesting dates, from 8 April 2022 to 7 June 2030	2.84	5.38 (Note2)	1,557,089	-	-	5.21	-	699,228	-	-	857,861
Sub-total						1,831,189	-	-			805,328	-	-	1,025,861
Total						1,856,833	-	-			805,328	-	-	1,051,505

Note 1: The exercise price of the share options represents the highest of: (i) the closing price of HK\$6.33 per Share as stated in the Stock Exchange's daily quotation sheets on the date of grant; (ii) the average closing price of HK\$6.246 per Share as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of HK\$0.01 per Share.

Note 2: The exercise price of the share options represents the highest of: (i) the closing price of HK\$5.38 per Share as stated in the Stock Exchange's daily quotation sheets on the date of grant; (ii) the average closing price of HK\$5.272 per Share as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of HK\$0.01 per Share.

Share Award Scheme

Subject to the terms of the Share Award Scheme, the Board shall be entitled at any time within the period of ten years after 8 June 2020 to grant restricted shares (the “**Restricted Shares**”) to any participants as the Board may in its absolute discretion select. Such Restricted Shares can be satisfied by (i) new Shares issued by the Company at par, (ii) existing Shares purchased by the trustee on the market, in either case out of cash paid by the Company by way of settlement to the trustee pursuant to the Share Award Scheme or (iii) returned Shares or further Shares awarded under the Share Award Scheme. The Company has appointed Trident Trust Company (HK) Limited or its wholly owned subsidiary, being SXD Talent Success Limited, as the trustee of the Share Award Scheme.

The Board shall not make any further award of Restricted Shares under the Share Award Scheme which will result in the aggregate number of the Shares awarded by the Board under the Share Award Scheme or held by the trustee under the Share Award Scheme exceeding 5% of the total number of the Shares in issue on 8 June 2020, i.e. 20,000,000 Shares (for the avoidance of doubt, Shares awarded but cancelled, lapsed and/or not yet vested are all excluded) (the “**Share Award Scheme Limit**”). The Company may refresh the Share Award Scheme Limit subject to prior approval from the Board, but in any event, the aggregate number of Shares awarded under the Share Award Scheme or held by the trustee under the Share Award Scheme following the date of the Board’s approval of the refreshed limit (the “**New Approval Date**”) shall not exceed 5% of the issued share capital of the Company as at the New Approval Date.

As at 1 January 2023 and 30 June 2023, the number of Restricted Shares available for grant under the scheme mandate was 13,289,099.

The vesting period of Restricted Shares granted under the Share Award Scheme may differ among the grantees. Vesting is subject to the terms and conditions as set out in the Share Option Scheme and/or such terms as specified in the grant. For the Restricted Shares granted during the year ended 31 December 2021 and 31 December 2022, respectively, the Board specified performance conditions that must be satisfied before vesting in the relevant grant letters. These conditions include group financial performance targets and individual key performance indicators.

The number of Shares that may be issued in respect of awards granted under the Share Award Scheme during the six months ended 30 June 2023 divided by the weighted average number of the Shares in issue for the six months ended 30 June 2023 is 0.2%.

Further details of the Share Award Scheme are set out in the circular of the Company dated 28 April 2020 and the 2022 annual report of the Company.

The table below sets out details of the Restricted Shares granted to the grantees under the Share Award Scheme and movements during the Reporting Period:

Name or category of share grantee	Date of grant	Vesting Schedule	Closing price per share immediately before the date of grant (HK\$)	Fair value per share of awards as at the date of grant (HK\$)	Purchase price of share awards (HK\$)	Unvested as at 1 January 2023	Granted during the Reporting Period	Vested during the Reporting Period	Lapsed/ forfeited during the Reporting Period (Note)	Cancelled during the Reporting Report	Purchase price of the cancelled awards	Unvested as at 30 June 2023	Weighted average closing price of the shares immediately before the vesting date (HK\$) (Note)
To be satisfied by new shares issued/to be issued													
Director and senior management													
Mr. Shi	8 April 2022	25% of the Restricted Share granted shall be vested on the first trading day after each of 31 March 2023, 31 March 2024, 31 March 2025 and 31 March 2026, respectively	5.21	5.38	-	59,835	-	14,968	-	-	-	44,877	0.8
Sub-total						59,835	-	14,968	-	-	-	44,877	
Other grantees - Employees													
In aggregate	28 December 2021	25% of the Restricted Share granted shall be vested on the first trading day after each of 31 March 2022, 31 March 2023, 31 March 2024 and 31 March 2025, respectively	6.27	6.33	-	2,056,775	-	352,532	1,176,504	-	-	527,739	0.8
In aggregate	28 December 2021	25% of the Restricted Share granted shall be vested on the first trading day after each of 31 March 2023, 31 March 2024, 31 March 2025 and 31 March 2026, respectively	6.27	6.33	-	78,900	-	9,000	42,900	-	-	27,000	0.8
In aggregate	28 December 2021	30% of the Restricted Share granted shall be vested on the first trading day after 31 March 2022 30% of the Restricted Share granted shall be vested on the first trading day after 31 March 2023 40% of the Restricted Share granted shall be vested on the first trading day after 31 March 2024	6.27	6.33	-	511,000	-	138,000	219,000	-	-	154,000	0.8
In aggregate	28 December 2021	30% of the Restricted Share granted would be vested as soon as practicable 30% of the Restricted Share granted shall be vested on the first trading day after 31 March 2023 40% of the Restricted Share granted shall be vested on the first trading day after 31 March 2024	6.27	6.33	-	502,430	-	350,928	151,502	-	-	-	0.8
In aggregate	28 December 2021	25% of the Restricted Share granted shall be vested on the first trading day after each of 31 March 2022, 31 March 2023, 31 March 2024 and 31 March 2025, respectively	6.27	6.33	-	105,000	-	35,000	-	-	-	70,000	0.8
In aggregate	28 December 2021	25% of the Restricted Share granted shall be vested on the first trading day after each of 31 March 2023, 31 March 2024, 31 March 2025 and 31 March 2026, respectively	6.27	6.33	-	24,000	-	6,000	18,000	-	-	-	0.8
In aggregate	8 April 2022	25% of the Restricted Share granted shall be vested on the first trading day after each of 31 March 2023, 31 March 2024, 31 March 2025 and 31 March 2026, respectively	5.21	5.38	-	546,772	-	112,790	126,334	-	-	307,648	0.8
In aggregate	8 April 2022	30% of the Restricted Share granted shall be vested on the first trading day after 30 June 2022 30% of the Restricted Share granted shall be vested on the first trading day after 30 June 2023 40% of the Restricted Share granted shall be vested on the first trading day after 30 June 2024	5.21	5.38	-	70,000	-	-	70,000	-	-	-	-
In aggregate	8 April 2022	60% of the Restricted Share granted would be vested as soon as practicable 40% of the Restricted Share granted shall be vested on the first trading day after 31 March 2023	5.21	5.38	-	12,789	-	12,789	-	-	-	-	0.8
Sub-total						3,907,666	-	1,017,039	1,804,240	-	-	1,086,387	
To be satisfied by existing shares													
Other grantees (employees) in aggregate	8 April 2022	25% of the Restricted Share granted shall be vested on the first trading day after each of 31 March 2023, 31 March 2024, 31 March 2025 and 31 March 2026, respectively	5.21	5.38	-	40,000	-	10,000	-	-	-	30,000	0.8
Total						4,007,501	-	1,041,997	1,804,240	-	-	1,161,264	

Note: The amount of HK\$0.8 represents the weighted average closing price of the Shares immediately before the the first trading day after 31 March 2023.

BANK LOANS AND OTHER BORROWINGS

Details of the bank loans and borrowings of the Group as at 30 June 2023 are set out in note 19 to the interim condensed 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 Reporting Period.

ISSUANCE OF EQUITY SECURITIES FOR CASH

- (1) On 15 January 2023, the Company (as issuer) entered into subscription agreements with no less than 6 subscribers in respect of the subscription of an aggregate of 50,800,000 subscription shares to be issued under a general mandate at the subscription price of HK\$0.645 per share. The subscribers were all individuals. The subscription shares are ordinary shares of the Company with an aggregate nominal value of HK\$508,000. The net subscription price, after deducting related fees and expenses, was approximately HK\$0.621 per subscription share. The closing price of the Shares on 13 January 2023, being the last trading day immediately prior to the date of the relevant subscription agreements, was HK\$0.77 per Share. The Directors considered that the issue of the subscription shares represented an opportunity to raise additional funds for the Group's general working capital needs. The Directors believed that the Company, by entering into the subscription agreements, would enhance its financial position and broaden the shareholder and capital bases of the Company. The investment would also demonstrate the investors' confidence in the overall business and growth potential of the Company. The subscription by the subscribers was completed on 22 February 2023 and an aggregate of 50,800,000 subscription shares were issued and allotted to no less than 6 subscribers. For details, please refer to the announcements of the Company dated 15 January 2023 and 22 February 2023, respectively.

The net proceeds from the subscription amounted to approximately HK\$31,533,000, which were intended to be used for working capital and general corporate purposes. As at the date of this interim report, 100% of the net proceeds were used for working capital and general corporate purposes.

- (2) On 19 March 2023, the Company (as issuer) entered into subscription agreements with no less than 6 subscribers in respect of the subscription of an aggregate of 175,500,000 subscription shares to be issued under a specific mandate at the subscription price of HK\$0.76 per share. The subscribers were either individuals or corporation with investment holding as the principal activity. The subscription shares are ordinary shares of the Company with an aggregate nominal value of HK\$1,755,000. The net subscription price, after deducting related fees and expenses, was approximately HK\$0.734 per subscription share. The closing price of the Shares on 17 March 2023, being the last trading day immediately prior to the date of the relevant subscription agreements, was HK\$0.80 per Share. The Directors considered that the issue of the subscription shares represented an opportunity to raise additional funds for the Group's general working capital needs. As disclosed in the profit warning announcement of the Company dated 15 March 2023, the Company was expected to record a net loss attributable to owners of the Company for the year ended 31 December 2022. Meanwhile, the Company expected that the PRC economy would recover and rebound in 2023. In light of the above, the Company needed more funds and resources to satisfy the working capital requirements and its need for the repayment of its loans, enhance the financial position, as well as prepare for the market recovery. The investment would also demonstrate the investors' confidence in the overall business and growth potential of the Company. The subscription by the subscribers was completed on 29 June 2023 and an aggregate of 143,000,000 subscription shares were issued and allotted to no less than 6 subscribers. The subscription of 32,500,000 subscription shares did not proceed to completion and was terminated as mutually agreed by the Company and the relevant subscribers. For details, please refer to the announcements dated 19 March 2023, the circular dated 24 April 2023, the poll results announcement dated 25 May 2023 and announcement dated 29 June 2023 of the Company, respectively.

The net proceeds were initially expected to be HK\$128,845,000, among which, (i) approximately 35.8% was intended to be used for replenishing working capital of the Company, (ii) approximately 12.5% was intended to be used for research and development, and (iii) approximately 51.7% was intended to be used for repayment of loans. As the subscription of certain subscription shares did not proceed, the net proceeds from the subscription amounted to approximately HK\$108,000,000, which were used generally in consistence with the proportion set out above, with adjustment according to the actual business need of the Company, and there was no material change in the use of proceeds. As at the date of this interim report, 100% of the net proceeds were used as follows:

- approximately HK\$43,700,000 or 40.5% of the net proceeds was used for replenishing working capital of the Company;
- approximately HK\$12,400,000 or 11.5% of the net proceeds was used for research and development; and
- approximately HK\$51,900,000 or 48% of the net proceeds was used for repayment of loans.

Save as disclosed above, Company did not issue for cash any equity securities (including securities convertible into equity securities) during the Reporting Period.

USE OF NET PROCEEDS FROM THE SHARE OFFER

The Shares were listed on the Stock Exchange on 13 December 2019 by way of share offer (the “**Share Offer**”). The Company offered 100,000,000 Shares at an offer price of HK\$1.50 per Share. According to the Company’s annual report for the year ended 31 December 2019 (“**2019 Annual Report**”) dated 27 April 2020, the actual net proceeds from the Share Offer were approximately HK\$104.0 million after deduction of listing expenses (the “**Net Proceeds**”). Set out below are the status of the use of Net Proceeds from the Share Offer:

	Allocation percentage	Allocation of Net Proceeds (HK\$ million)	Utilised Net Proceeds as at 30 June 2023 (HK\$ million)	Unutilised Net Proceeds as at 30 June 2023 (HK\$ million)	Proposed timetable for the use of unutilised Net Proceeds (Note)
Strengthening and expansion of the data solution offerings through continuously attracting and retaining high-quality personnel and offering attractive compensation packages to retain the employees	20%	20.8	20.8	–	N/A
Enhancement of the sales and marketing efforts including corporate branding activities	20%	20.8	20.8	–	N/A
Development of the financial AI laboratory, the display centre and office facilities (Note)	35%	36.4	32.9	3.5	On or before 31 June 2024
Potential strategic acquisition to supplement the organic growth	6.35%	6.6	6.6	–	N/A
Working capital and other general corporate purposes	18.65%	19.4	19.4	–	N/A
Total	<u>100%</u>	<u>104.0</u>	<u>100.5</u>	<u>3.5</u>	

Note: As disclosed in the announcements of the Company dated 2 December 2020 and 24 December 2021, respectively, the Company originally intended to apply approximately 35.0% of the Net Proceeds, or approximately HK\$36.4 million for the development of the financial AI laboratory, exhibition center and office facilities of Shenzhen Haina Property (as defined in the 2019 Annual Report). However, as one of the conditions precedent to the completion of the acquisition of Haina Property (as defined in the 2019 Annual Report) was not fulfilled, the Company and the relevant vendors terminated the acquisition of Haina Property (as defined in the 2019 Annual Report) on 2 December 2020. Therefore, the Board intended to use the unutilised Net Proceeds to identify new locations for the development of the Group’s financial AI laboratory, demonstration center and office facilities. The Board also subsequently resolved to extend the timetable for utilising all unutilised Net Proceeds to a date on or before 31 December 2022, for the long-term business development of the Group and better utilisation of the unutilised Net Proceeds. As more time is needed to identify a suitable location, the Board has further resolved to extend the timetable for utilising the remaining Net Proceeds of approximately HK\$3.5 million for the development of the financial AI laboratory, demonstration center and office facilities to 30 June 2024.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has adopted the principles and code provisions of the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 to the Listing Rules as the basis of the Company’s corporate governance practices. The code provision C.2.1 of Part 2 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Xue Shouguang was appointed as the chairman of the Board and the chief executive officer of the Company on 18 July 2023. The Board believes that having the same individual in both roles as the chairman and the chief executive officer will ensure that the Company has consistent leadership and the ability to make and implement the overall strategy of the Company effectively. The Board believes that this structure does not compromise the balance of power and authority between the Board and the management of the Company. The Board will regularly review the effectiveness of this structure to ensure that it is appropriate to the Company’s circumstances. Save as disclosed above, the Board has reviewed the Company’s corporate governance practices and is satisfied that the Company had complied with all the code provisions set out in the Part 2 of the CG Code during the Reporting Period.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code as its code of conduct regarding Directors’ dealing in the Company’s securities. Specific enquiry has been made to all the Directors and the Directors have confirmed that they had complied with the Model Code throughout the Reporting Period.

The Company has also adopted the Model Code as the standard of dealings in the Company’s securities by the relevant employees who are likely to possess inside information of the Company and/or its securities. No incident of non-compliance of the Model Code by the employees was noted by the Company during the Reporting Period.

BOARD OF DIRECTORS

The Company is headed by an effective Board which oversees the Group’s businesses, strategic decisions and performance and takes decisions objectively in the best interests of the Company.

As at the date of this interim report, the Board comprises three executive Directors, namely, Mr. Xue Shouguang, Ms. Zhao Yiqing and Mr. Shi, three non-executive Directors, namely, Dr. Wu Fu-Shea, Mr. Wu Xiaohua and Mr. Chen Zhenping, and three independent non-executive Directors, namely, Mr. Yang Haifeng, Ms. Dan Xi and Mr. Fei Xiang.

INTERIM DIVIDEND

The Board did not recommend the payment of an interim dividend for the Reporting Period (1H2022: Nil).

SUFFICIENT PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the 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 Reporting 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 Board, has reviewed the unaudited interim condensed consolidated financial information of the Group for the Reporting Period. The Audit Committee has also discussed with senior management members matters relating to the accounting policies and practices adopted by the Company and internal control. Based on the review and discussions with the senior management and the auditor of the Company, the Audit Committee was satisfied that the Group's unaudited interim condensed consolidated financial statements were prepared in accordance with applicable accounting standards and had fairly presented the Group's financial position and results for the Reporting Period.

The interim condensed consolidated financial information of the Group for the Reporting Period has not been audited by the Company's auditor.

DISCLOSURE OF CHANGES OF INFORMATION OF DIRECTORS

The changes in the information of the Directors since the date of the Company's annual report for the year ended 31 December 2022, which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules are set out below:

Name of Director	Details of Changes
Mr. Song Hongtao	Resigned as an executive Director and a member of the Remuneration Committee on 6 January 2023
Mr. Tu Xinchun	Resigned as an independent non-executive Director, the chairman of the Audit Committee and a member of the Remuneration Committee on 6 January 2023
Ms. Dan Xi	Appointed as an independent non-executive Director, a member of the Audit Committee and a member of the Remuneration Committee on 6 January 2023

Name of Director	Details of Changes
Mr. Yang Haifeng	Redesignated from a member to the chairman of the Audit Committee on 6 January 2023
Dr. Chen Wei	Appointed as a member of the Remuneration Committee on 6 January 2023 and resigned as an independent non-executive Director, the chairman of the Nomination Committee and a member of each of the Audit Committee and Remuneration Committee on 18 July 2023
Ms. Zhao Yue	Resigned as a non-executive Director on 18 July 2023
Dr. Wu Fu-Shea	Resigned as the Chairman of the Board on 18 July 2023
Mr. Shi	Resigned as the chief executive officer of the Company on 18 July 2023
Mr. Xue Shouguang	Appointed as an executive Director, the Chairman of the Board and the chief executive officer of the Company on 18 July 2023
Ms. Zhao Yiqing	Appointed as an executive Director on 18 July 2023
Mr. Fei Xiang	Appointed as an independent non-executive Director, the chairman of the Nomination Committee and a member of each of the Audit Committee and Remuneration Committee on 18 July 2023
Mr. Wu Xiaohua	Redesignated from an executive Director to a non-executive Director on 18 July 2023

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

Save as disclosed in the section headed “Corporate Governance and Other Information – Compliance with the Corporate Governance Code” in this interim report, for the Reporting Period, the Group was not aware of any material non-compliance with any relevant legislation or regulations that materially affect the Group’s business and operations.

EVENTS AFTER THE END OF THE REPORTING PERIOD

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

PUBLICATION OF INTERIM REPORT

This interim report of the Company for the Reporting Period containing all the information required by the Listing Rules is published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.datamargin.com.

Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2023

	Note	Six months ended 30 June	
		2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Revenue	6	121,126	172,238
Cost of sales		(95,824)	(128,806)
Gross profit		25,302	43,432
Selling expenses		(11,333)	(10,344)
Administrative expenses		(23,678)	(52,820)
Research and development expenses		(22,934)	(21,969)
(Expected credit losses)/reversal of expected credit losses on financial and contract assets	8	(9,923)	5,312
Impairment loss on property and equipment	8	(3,100)	–
Impairment loss on intangible assets	8	(12,000)	–
Impairment loss on right-of-use assets	8	(2,700)	–
Fair value change of financial liabilities at fair value through profit or loss (“FVTPL”)		(1,601)	636
Other income	7	2,518	3,615
Other losses, net	7	(1,293)	(85)
Operating loss		(60,742)	(32,223)
Finance income	9	48	19
Finance costs	9	(3,459)	(3,988)
Finance costs, net	9	(3,411)	(3,969)
Share of losses of associates		(475)	(1,363)
Loss before income tax	8	(64,628)	(37,555)
Income tax credit	10	1,452	71
Loss for the period		(63,176)	(37,484)
Attributable to:			
Owners of the Company		(62,141)	(36,765)
Non-controlling interests		(1,035)	(719)
		(63,176)	(37,484)
Loss for the period		(63,176)	(37,484)
Other comprehensive (loss)/income			
<i>Items that may be reclassified to profit or loss:</i>			
– Currency translation differences		(1,174)	458
Total comprehensive loss for the period, net of tax		(64,350)	(37,026)
Total comprehensive loss for the period attributable to			
Owners of the Company		(63,315)	(36,307)
Non-controlling interests		(1,035)	(719)
		(64,350)	(37,026)
Loss per share for loss attributable to owners of the Company:			
Basic loss per share (RMB cents)	11	(12.40)	(9.12)
Diluted loss per share (RMB cents)	11	(12.40)	(9.14)

The above interim condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Interim Condensed Consolidated Statement of Financial Position

As at 30 June 2023

	Note	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
ASSETS			
Non-current assets			
Property and equipment	12	22,345	30,508
Intangible assets	12	78,531	95,795
Right-of-use assets	12	11,333	17,023
Investment in associates		16,411	19,245
Deposit paid for acquisition of additional interests in a subsidiary		3,465	3,465
Deferred tax assets		8,230	8,427
		140,315	174,463
Current assets			
Trade receivables	13	67,541	82,322
Contract assets	14	94,103	124,840
Prepayments	15	5,363	1,604
Other receivables	15	10,128	12,322
Financial assets at FVTPL	24	612	–
Pledged bank deposits		1,005	221
Cash and cash equivalents		68,079	15,111
		246,831	236,420
Total assets		387,146	410,883
EQUITY			
Equity attributable to the owners of the Company			
Share capital	16	5,950	4,153
Other reserves		415,962	293,863
Accumulated losses		(277,971)	(215,257)
		143,941	82,759
Non-controlling interests		19,719	20,754
Total equity		163,660	103,513

Interim Condensed Consolidated Statement of Financial Position

As at 30 June 2023

	Note	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
LIABILITIES			
Non-current liabilities			
Lease liabilities	20	3,447	4,393
Deferred tax liabilities		767	852
Bank and other borrowings	19	10,000	2,461
		<u>14,214</u>	<u>7,706</u>
Current liabilities			
Trade payables	17	38,722	74,320
Accruals and other payables	18	39,480	70,360
Contract liabilities	14	1,584	1,907
Amount due to a director (31 December 2022: directors)		390	25,053
Current income tax liabilities		1,240	3,542
Lease liabilities	20	2,963	3,371
Bank and other borrowings	19	84,511	79,130
Financial liabilities at FVTPL	23	40,382	41,981
		<u>209,272</u>	<u>299,664</u>
Total liabilities		<u>223,486</u>	<u>307,370</u>
Total equity and liabilities		<u>387,146</u>	<u>410,883</u>
Net current assets/(liabilities)		<u>37,559</u>	<u>(63,244)</u>
Total assets less current liabilities		<u>177,874</u>	<u>111,219</u>

The above interim condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2023

	Attributable to owners of the Company										
	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Share-based payment reserve RMB'000	Other reserve RMB'000	Exchange reserve RMB'000	Statutory reserve RMB'000	Accumulated losses RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total RMB'000
Balance at 1 January 2023 (Audited)	4,153	181,237	67,373	26,308	(56)	(1,892)	20,893	(215,257)	82,759	20,754	103,513
Comprehensive loss											
Loss for the period (unaudited)	-	-	-	-	-	-	-	(62,141)	(62,141)	(1,035)	(63,176)
Other comprehensive income											
Currency translation differences (unaudited)	-	-	-	-	-	(1,174)	-	-	(1,174)	-	(1,174)
Total comprehensive income/(loss) for the period (unaudited)	-	-	-	-	-	(1,174)	-	(62,141)	(63,315)	(1,035)	(64,350)
Transaction with owners in their capacity as owners											
Issuance of new shares (Note 16(b)) (unaudited)	1,797	125,597	-	-	-	-	-	-	127,394	-	127,394
Share-based payments (unaudited)	-	-	-	(2,897)	-	-	-	-	(2,897)	-	(2,897)
Transfer to statutory reserve (unaudited)	-	-	-	-	-	-	573	(573)	-	-	-
Balance at 30 June 2023 (Unaudited)	5,950	306,834	67,373	23,411	(56)	(3,066)	21,466	(277,971)	143,941	19,719	163,660
Balance at 1 January 2022 (Audited)	3,597	130,040	67,373	5,772	-	(2,916)	13,300	(79,472)	137,694	16,476	154,170
Comprehensive loss											
Loss for the period (unaudited)	-	-	-	-	-	-	-	(36,765)	(36,765)	(719)	(37,484)
Other comprehensive income											
Currency translation differences (unaudited)	-	-	-	-	-	458	-	-	458	-	458
Total comprehensive income/(loss) for the period (unaudited)	-	-	-	-	-	458	-	(36,765)	(36,307)	(719)	(37,026)
Transaction with owners in their capacity as owners											
Issuance of awarded shares (Note 16(a)) (unaudited)	56	-	-	-	(56)	-	-	-	-	-	-
Share-based payments (unaudited)	-	-	-	14,410	-	-	-	-	14,410	-	14,410
Transfer to statutory reserve (unaudited)	-	-	-	-	-	-	7,594	(7,594)	-	-	-
Balance at 30 June 2022 (Unaudited)	3,653	130,040	67,373	20,182	(56)	(2,458)	20,894	(123,831)	115,797	15,757	131,554

The above interim condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2023

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Cash flows from operating activities		
Cash used in operations	(50,850)	(78,222)
Income tax paid	(738)	(510)
Net cash used in operating activities	<u>(51,588)</u>	<u>(78,732)</u>
Cash flows from investing activities		
Purchase of intangible assets	(3,833)	(17,160)
Payment for property and equipment	(1,072)	(3,308)
Proceed from disposal of property and equipment	140	5
Proceed from disposal of intangible assets	15	–
Repayment of advances to/(Investment and advances to) an associate	3,130	(3,711)
Net cash inflows arising on disposal of investment in an associate	2,448	–
Payment for acquisition of a subsidiary	(1,574)	–
Interests received	48	19
Net cash used in investing activities	<u>(698)</u>	<u>(24,155)</u>
Cash flows from financing activities		
Proceeds from issues of shares	131,163	–
Share issues expenses paid	(3,769)	–
Interests paid on bank and other borrowings	(3,285)	(1,064)
Increase in pledged bank deposits and other deposits	(784)	(1,500)
(Repayment of advances from)/advances from directors	(24,663)	49,515
Repayments of advances from a substantial shareholder	–	(3,000)
Repayment of lease liabilities	(1,934)	(8,334)
Proceeds from issue of financial liabilities at FVTPL	–	40,000
Interest paid on financial liabilities at FVTPL	(3,200)	–
Proceeds from other borrowings	20,000	11,000
Repayment of other borrowings	(2,700)	(419)
Proceeds from bank borrowings	26,960	57,400
Repayment of bank borrowings	(31,340)	(33,188)
Net cash generated from financing activities	<u>106,448</u>	<u>110,410</u>
Net increase in cash and cash equivalents	54,162	7,523
Cash and cash equivalents at beginning of the period	15,111	21,955
Effect of currency translation differences	(1,194)	438
Cash and cash equivalents at end of the period	68,079	29,916

The above interim condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

1 GENERAL INFORMATION

Suoxinda Holdings Limited (the “**Company**”) is a limited company incorporated in the Cayman Islands on 6 December 2018 as an exempted company. The registered address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (together, the “**Group**”) are engaged in provision of data solutions, sales of hardware and software and related services as an integrated service, and information technology (“**IT**”) maintenance and support services.

The interim condensed consolidated financial information is presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand (RMB’000).

2 BASIS OF PREPARATION

This interim condensed consolidated financial information for the six months ended 30 June 2023 has been prepared in accordance with the International Accounting Standard (“**IAS**”) 34, “Interim financial reporting”.

The interim condensed consolidated financial information does not include all the notes normally included in the annual financial statements. Accordingly, this interim condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2022, which have been prepared in accordance with International Financial Reporting Standards (“**IFRSs**”).

3 APPLICATION OF NEW AND REVISED IFRSs

In the current period, the Group has adopted all the new and revised IFRSs issued by the International Accounting Standards Board (“**IASB**”) that are relevant to its operations and effective for its accounting year beginning on 1 January 2023. IFRSs comprise International Financial Reporting Standards (“**IFRSs**”), International Accounting Standards (“**IASs**”) and Interpretations. The adoption of these new and revised IFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s interim condensed consolidated financial information and amounts reported for the current period and prior years.

The Group has not applied the new IFRSs that have been issued but are not yet effective. The application of these new IFRSs will not have material impact on the interim condensed consolidated financial information of the Group.

4 ESTIMATES

The preparation of interim condensed consolidated financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements for the year ended 31 December 2022.

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

5 FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks, including market risk (including foreign exchange risk and cash flow interest rate risk), credit risk, and liquidity risk. The Group's overall risk management approach focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The interim condensed consolidated financial information does not include all financial risk management information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements as at 31 December 2022.

There have been no changes in the risk management policies since year ended 31 December 2022.

5.2 Credit risk

The credit risk of the Group mainly arises from cash at bank, pledged bank deposits, trade receivables, contract assets and other receivables. The carrying amounts of these balances represent the Group's maximum exposure to credit risk in relation to financial assets.

To manage risk arising from cash at bank and pledged bank deposits, the Group only transacts with state-owned or reputable financial institutions in the PRC and reputable international financial institutions outside of the PRC. There has been no recent history of default in relation to these financial institutions.

To manage risk arising from trade receivables and contract assets, the Group has policies in place to ensure that credit terms are made to counterparties with an appropriate credit history and the management performs ongoing credit evaluations of its counterparties. The credit quality of the customers is assessed, which takes into account their financial position, past experience and other factors. Details of the credit risk assessment is included in Note 13 and Note 14 of the interim condensed consolidated financial information.

For other receivables, the Group has taken into account the historical default experience and the future prospects of the industries and/or considering various external sources of actual and forecast economic information, as appropriate, in estimating the probability of default of each of the other receivables as well as the loss upon default in each case. The directors considered that the lifetime expected credit losses allowance is insignificant.

5.3 Liquidity risk

Liquidity risk refers to the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial assets.

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding. Due to the nature of the underlying businesses, the Group's management responsible for treasury function aims to maintain flexibility in funding by keeping sufficient cash and committed banking facilities available.

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

5.4 Fair value measurements

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the interim condensed consolidated statement of financial position approximate their respective fair values.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

(a) Disclosures of level in fair value hierarchy at the end of the reporting period:

Description	Fair value measurements using:			Total RMB'000
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	
As at 30 June 2023				
– Financial assets at FVTPL (unaudited)	–	612	–	612
– Financial liabilities at FVTPL (unaudited)	–	–	40,382	40,382
	<u>–</u>	<u>612</u>	<u>40,382</u>	<u>40,382</u>
As at 31 December 2022				
Financial liabilities at FVTPL (audited)	–	–	41,981	41,981
	<u>–</u>	<u>–</u>	<u>41,981</u>	<u>41,981</u>

During the six months ended 30 June 2023, there were no transfer between financial instruments in Level 1 and Level 2 and no transfer into or out of Level 3.

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

5.4 Fair value measurements (Continued)

(b) Reconciliation of liabilities measured at fair value based on level 3:

	For the six months ended	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Financial liabilities at FVTPL		
At 1 January	41,981	–
Issue of convertible loans	–	40,000
Interest paid	(3,200)	–
Total losses/(gains) recognised in profit or loss	1,601	(636)
At 30 June	40,382	39,364

The total losses/(gains) recognised in profit or loss are presented in fair value change of financial liabilities at FVTPL in the interim condensed consolidated statement of comprehensive income.

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 30 June 2023:

The Group's financial controller is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including level 3 fair value measurements. The financial controller reports directly to the Board of Directors for these fair value measurements. Discussions of valuation processes and results are held between the financial controller and the Board of Directors at least twice a year.

For level 3 fair value measurements, the Group will normally engage external valuation experts with the recognised professional qualifications and recent experience to perform the valuations.

Level 3 fair value measurements

Description	Valuation technique	Unobservable inputs	Effect on fair value for increase of inputs	Fair value as at 30 June 2023	Fair value as at 31 December 2022
				RMB'000 (unaudited)	RMB'000 (audited)
Convertible loans designated as financial liabilities at FVTPL	Binomial model, Expected discounted cash flow	Volatility	Increase	40,382	41,981
		Discount rate	Decrease		

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

6 REVENUE AND SEGMENT INFORMATION

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Revenue		
– Data solutions	88,885	131,136
– Sales of hardware and software and related services as an integrated service	21,771	24,589
– IT maintenance and support services	10,470	16,513
	121,126	172,238
Timing of revenue recognition		
– At a point in time	21,771	24,589
– Over time	99,355	147,649
	121,126	172,238

The chief operating decision-maker (“**CODM**”) has been identified as the directors of the Group. The directors of the Group regard the Group’s business as a single operating segment and review financial information accordingly. As the Group has only one operating segment qualified as reporting segment under IFRS 8 and the information that regularly reviewed by the directors of the Group for the purposes of allocating resources and assessing performance of the operating segment is the consolidated financial information of the Group, no separate segmental analysis is presented in the interim condensed consolidated financial information.

The amounts provided to the directors of the Group with respect to total assets and total liabilities are measured in a manner consistent with that in the interim condensed consolidated statement of financial position.

The Group’s revenue by geographical locations (as determined by the area or country in which the Group operates) is analysed as follows:

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Mainland China	121,126	172,238

The Group’s non-current assets are principally located in Mainland China.

For the Group’s provision of data solutions and the sales of hardware and software and related services as an integrated service, contracts are for periods of one year or less. For the Group’s IT maintenance and support services, the Group bills the amount for each hour of service provided, and therefore, the Group uses “right to invoice” practical expedient to recognise revenue in the amount to which the Group has a right to invoice. As permitted under practical expedient of IFRS 15, the transaction prices allocated to these unsatisfied contracts are not disclosed.

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

7 OTHER INCOME AND OTHER LOSS, NET

An analysis of other income and other loss, net is as follows:

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Other income:		
Government grants (Note i)	2,518	3,615
Other gains/(losses), net:		
(Loss)/gain on disposal of property and equipment, net	(840)	1
Loss on disposal of intangible assets	(759)	–
Gain on disposal of investment in an associate (Note 24)	701	–
Others	(395)	(86)
	(1,293)	(85)

Note:

- (i) Government grants are mainly related to unconditional government subsidies received by the Group from relevant government bodies for the purpose of giving incentive to enterprises, including but not limited to engage in research and development activities and refund of the value-added-tax (“VAT”) under the “immediate refund of VAT levied” policy.

8 LOSS BEFORE INCOME TAX

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

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Employee benefit expenses (including directors' emoluments)	100,663	148,267
Amortisation of intangible assets (Note 12)	8,329	6,502
Expenses related to short-term leases	197	490
Depreciation of right-of-use assets (Note 12)	3,396	6,787
Depreciation of property and equipment (Note 12)	4,132	6,594
Expected credit losses/(reversal of expected credit losses) on trade receivables (Note 13)	3,769	(9,018)
Expected credit losses on contract assets (Note 14)	6,154	3,706
Impairment loss on property and equipment (Note 12)	3,100	–
Impairment loss on intangible assets (Note 12)	12,000	–
Impairment loss on right-of-use assets (Note 12)	2,700	–

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

9 FINANCE COSTS, NET

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Finance income		
– Interest income on bank deposits	48	19
Finance costs		
– Interest expense on bank and other borrowings	(2,513)	(1,064)
– Interest expense on amount due to directors	(772)	(2,282)
– Finance charges on lease liabilities	(174)	(642)
	(3,459)	(3,988)
Finance costs, net	(3,411)	(3,969)

10 INCOME TAX CREDIT

The amount of income tax credit recorded in the interim condensed consolidated statement of comprehensive income represents:

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current income tax credit/(expenses)	1,564	(526)
Deferred income tax (expenses)/credit	(112)	597
Income tax credit	1,452	71

The Company was incorporated in the Cayman Islands and under the current Cayman Islands tax regime, is not subject to income tax.

The Company's subsidiaries established in the PRC are subject to the PRC Enterprise Income Tax rate of 25% for the six months ended 30 June 2023 (30 June 2022: 25%), while the applicable Enterprise Income Tax rates for Shenzhen Suoxinda Data Technology Co., Ltd. ("**Suoxinda Shenzhen**"), Suoxinda (Beijing) Data Technology Co., Ltd. ("**Suoxinda (Beijing)**") and Shenzhen Yinxing Intelligent Data Co., Ltd. ("**Shenzhen Yinxing**") are 15% for the six months ended 30 June 2023 (30 June 2022: the applicable enterprise tax rate for Suoxinda Shenzhen and Suoxinda (Beijing) was 15%), as these companies were recognised by relevant PRC authorities as National High and New Technological Enterprise ("**NHNTTE**") and were entitled to a preferential Enterprise Income Tax rate from 2020 to 2023, from 2021 to 2024 and from 2022 to 2025 respectively.

The Company's subsidiaries established in Hong Kong are subject to Hong Kong profits tax at a rate of 16.5% for the six months ended 30 June 2023 (30 June 2022: 16.5%).

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

11 LOSS PER SHARE

	Six months ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)
Loss attributable to owners of the Company for the purpose of calculating basic loss per share (RMB'000)	(62,141)	(36,765)
Adjustment of loss attributable to non-controlling interests of the subsidiary on conversion of convertible loans into subsidiary's capital (RMB'000)	<u>-</u>	<u>(91)</u>
Loss attributable to owners of the Company for the purpose of calculating diluted loss per share (RMB'000)	<u>(62,141)</u>	<u>(36,856)</u>
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share (Number of shares in thousand)	<u>501,226</u>	<u>403,311</u>
Basic loss per share (RMB cents)	<u>(12.40)</u>	<u>(9.12)</u>
Diluted loss per share (RMB cents)	<u>(12.40)</u>	<u>(9.14)</u>

Basic loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares issued during the respective periods and shares granted under share award scheme on 28 December 2021 and 8 April 2022.

Diluted loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares outstanding to assume the issue of all dilutive potential ordinary shares. Potential ordinary shares are dilutive when, and only when, their conversion to ordinary shares would decrease earnings per share or increase loss per share. Weighted average number of ordinary shares for the purpose of calculating diluted loss per share does not adjust for the effects of share awards, share options and convertible loans because (i) the exercise price of those share options is higher than the average market prices of the Company's shares; and (ii) the impacts of the shares to be issued under share awards scheme and convertible loans have anti-dilutive effects on the basic loss per share amounts presented. (Six months ended 30 June 2022: Weighted average number of ordinary shares for the purpose of calculating diluted loss per share does not adjust for the effects of share awards and share options because (i) the exercise price of those share options is higher than the average market prices of the Company's shares; and (ii) the impacts of the shares to be issued under share awards scheme have anti-dilutive effects on the basic loss per share amounts presented).

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

12 PROPERTY AND EQUIPMENT, INTANGIBLE ASSETS AND RIGHT-OF-USE ASSETS

	Property and equipment RMB'000	Intangible assets RMB'000	Right-of-use assets RMB'000
Six months ended 30 June 2023			
Net book value			
Opening amount as at 1 January 2023 (Audited)	30,508	95,795	17,023
Additions (unaudited)	35	3,833	406
Disposals (unaudited)	(974)	(774)	–
Written off (unaudited)	(6)	–	–
Depreciation and amortisation (unaudited)	(4,132)	(8,329)	(3,396)
Impairment losses (unaudited) (Note)	(3,100)	(12,000)	(2,700)
Exchange alignment (unaudited)	14	6	–
	<u>22,345</u>	<u>78,531</u>	<u>11,333</u>
Closing amount as at 30 June 2023 (Unaudited)	<u>22,345</u>	<u>78,531</u>	<u>11,333</u>
Six months ended 30 June 2022			
Net book value			
Opening amount as at 1 January 2022 (Audited)	51,842	87,051	41,738
Additions (unaudited)	930	17,160	1,881
Disposals (unaudited)	(2)	–	–
Written off (unaudited)	(2)	–	–
Depreciation and amortisation (unaudited)	(6,594)	(6,502)	(6,787)
Exchange alignment (unaudited)	20	–	–
	<u>46,194</u>	<u>97,709</u>	<u>36,832</u>
Closing amount as at 30 June 2022 (Unaudited)	<u>46,194</u>	<u>97,709</u>	<u>36,832</u>

Note:

The Group carried out reviews of the recoverable amount of its cash generating unit (“CGU”) without Shenzhen Yinxing in 2023 as a result of the deterioration of the operating results of the CGU. These assets are used in the Group’s single operating segment. The reviews led to the recognition of impairment losses of RMB3,100,000, RMB12,000,000 and RMB2,700,000 on property and equipment, intangible assets and right-of-use assets respectively, that has been recognised in profit or loss. The recoverable amount of the relevant assets has been determined on the basis of their value in use using discounted cash flow method (level 3 fair value measurement). The key assumptions including average annual growth rate, pre-tax discount rate used and terminal growth rate used in the value in use calculations are 16%, 17% and 3% respectively.

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

13 TRADE RECEIVABLES

Trade receivables analysis is as follows:

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Trade receivables	118,970	129,982
Less: provision for trade receivables	(51,429)	(47,660)
	<u>67,541</u>	<u>82,322</u>

As at 30 June 2023, trade receivables of the Group of approximately RMB50,135,000 (31 December 2022: RMB36,323,000) have been pledged for certain bank borrowings of the Group (Note 19(a)).

Movements on the Group's allowance for impairment of trade receivables are as follows:

	30 June 2023 RMB'000 (Unaudited)	30 June 2022 RMB'000 (Unaudited)
At the beginning of the period	(47,660)	(35,344)
(Increase)/decrease in expected credit losses	(3,769)	9,018
At the end of the period	<u>(51,429)</u>	<u>(26,326)</u>

(a) The Group allows a credit period of up to 60 days to its customers. The aging analysis of trade receivables based on invoice date is as follows:

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Up to 3 months	40,830	64,881
3 to 6 months	7,899	685
6 months to 1 year	10,922	4,768
Over 1 year	59,319	59,648
	<u>118,970</u>	<u>129,982</u>

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

13 TRADE RECEIVABLES (CONTINUED)

- (a) The Group allows a credit period of up to 60 days to its customers. The aging analysis of trade receivables based on invoice date is as follows: (Continued)

The Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been assessed based on credit risk characteristics of the customers with reference to a wide range of factors such as default rates of customers, aging profile of overdue balances, the repayment and default histories of different customers, on-going business relationship with the relevant customers and forward-looking information that affecting the customers' ability to repay the outstanding balances. Financial assets are written off when there is no reasonable expectation of recovery.

The allowance for expected credit losses on trade receivables as of 31 December 2022 and 30 June 2023 is determined as follows:

	Current	Up to 3 months past due	3 to 6 months past due	Over 6 months past due	6 to 12 months past due	Total
30 June 2023: (unaudited)						
Weighted average expected loss rate	1%	3%	7%	13%	85%	
Gross carrying amount (in RMB'000)	34,836	10,511	9,690	5,854	58,079	118,970
Allowance for expected credit losses (in RMB'000)	358	283	644	762	49,382	51,429
31 December 2022: (audited)						
Weighted average expected loss rate	2%	5%	17%	66%	77%	
Gross carrying amount (in RMB'000)	43,133	22,011	3,200	21,072	40,566	129,982
Allowance for expected credit losses (in RMB'000)	720	1,107	531	13,883	31,419	47,660

Weighted average expected credit losses rates were determined based on the cash collection performance for customers with respect to the credit terms granted to each customer and also taking into account the forward-looking information. The cash collection patterns are affected by a number of factors including but not limited to the change in customer portfolios of the Group, the effort of cash collection from the customers, the timing of settlement processes by customers of the Group etc.

14 CONTRACT ASSETS/(LIABILITIES)

Contract assets/(liabilities) analysis is as follows:

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Contract assets	122,795	147,378
Less: allowance for expected credit losses	(28,692)	(22,538)
	<u>94,103</u>	<u>124,840</u>
Contract liabilities	<u>(1,584)</u>	<u>(1,907)</u>

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For the six months ended 30 June 2023

14 CONTRACT ASSETS/(LIABILITIES) (CONTINUED)

Movements on the Group's allowance for expected credit losses on contract assets are as follows:

	30 June 2023 RMB'000 (Unaudited)	30 June 2022 RMB'000 (Unaudited)
At the beginning of the period	(22,538)	(10,457)
Increase in expected credit losses	(6,154)	(3,706)
At the end of the period	<u>(28,692)</u>	<u>(14,163)</u>

15 PREPAYMENTS AND OTHER RECEIVABLES

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Prepayments		
Prepaid expenses	<u>5,363</u>	<u>1,604</u>
Other receivables		
Utilities and other deposits (Note i)	5,610	4,464
Other receivables	4,518	1,728
Amounts due from associates (Note ii)	–	6,130
	<u>10,128</u>	<u>12,322</u>

Notes:

- (i) Pledged deposit of RMB1,000,000 (31 December 2022: RMB1,000,000) with an independent third party which are pledged for bank borrowings of approximately RMB5,950,000 (31 December 2022: approximately RMB8,650,000) as at 30 June 2023 (Note 19(a)).

Pledged deposit of RMB1,000,000 (31 December 2022: RMB1,000,000) with an independent third party which are pledged for other borrowings of approximately RMB5,297,000 (31 December 2022: approximately RMB7,997,000) as at 30 June 2023 (Note 19(b)).

- (ii) The amounts due from associates are unsecured, interest-free and repayable on demand.

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

16 SHARE CAPITAL

	Note	Number of ordinary shares of HK\$0.01 each	Nominal value of ordinary shares RMB'000
Issued and fully paid:			
As at 1 January 2022 (audited)		402,150,537	3,597
Issuance of award shares (unaudited)	(a)	<u>6,710,901</u>	<u>56</u>
As at 30 June 2022 (unaudited)		<u>408,861,438</u>	<u>3,653</u>
As at 1 January 2023 (audited)		467,068,036	4,153
Issuance of new shares (unaudited)	(b)	<u>193,800,000</u>	<u>1,797</u>
As at 30 June 2023 (unaudited)		<u>660,868,036</u>	<u>5,950</u>

Note:

- (a) On 28 December 2021 and 8 April 2022, the Board approved the grants of awards of a total of 5,972,322 awarded shares and 738,579 awarded shares (excluding 40,000 shares granted to connected persons subject to approval of shareholders in the extraordinary general meeting) respectively under the Share Awards Scheme. For details, please refer to the Company's announcements on 28 December 2021 and 8 April 2022 respectively.
- (b) On 15 January 2023, the Company entered into agreements with general mandate subscribers for subscription of Company's shares at the subscription price of HK\$0.645 per share. On 22 February 2023, the Company completed the issuance of 50,800,000 new shares to those subscribers to raise gross proceeds up to approximately RMB30,384,000, and net of shares issues expenses of approximately RMB908,000. On 19 March 2023, the Company entered into agreements with specific mandate subscribers for subscription of Company's shares at the subscription price of HK\$0.76 per share. On 29 June 2023, the Company completed the issuance of 143,000,000 new shares to those subscribers to raise gross proceeds up to approximate RMB100,779,000, and net of shares issues expenses of approximately RMB2,861,000. For details, please refer to the Company's announcements on 15 January 2023, 22 February 2023, 19 March 2023, 24 April 2023, 25 May 2023 and 29 June 2023 respectively.

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

17 TRADE PAYABLES

Trade payables analysis is as follows:

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Trade payables	38,722	74,320

The aging analysis of the trade payables based on invoice dates is as follows:

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Up to 30 days	15,062	38,091
31 to 60 days	1,082	8,849
61 to 90 days	2,965	1,517
Over 90 days	19,613	25,863
	38,722	74,320

18 ACCRUALS AND OTHER PAYABLES

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Accrued salaries and wages	14,153	33,680
Other tax payables	13,450	20,881
Payables for purchase of equipment and intangible assets	–	1,037
Consideration payable for the acquisition of a subsidiary	–	1,574
Others	11,877	13,188
	39,480	70,360

The carrying amounts of the accruals and other payables (excluding non-financial liabilities) approximate their fair values as at 30 June 2023 and 31 December 2022.

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

19 BANK AND OTHER BORROWINGS

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Non-current		
Bank borrowings (Note (a))	10,000	–
Other borrowings (Note (b))	–	2,461
	<u>10,000</u>	<u>2,461</u>
Current		
Bank borrowings (Note (a))	59,214	73,594
Other borrowings (Note (b))	25,297	5,536
	<u>84,511</u>	<u>79,130</u>
Total	<u><u>94,511</u></u>	<u><u>81,591</u></u>

(a) Bank borrowings

The bank loans due for repayment, based on the scheduled repayment dates set out in the loan agreements, are as follows:

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Within 1 year	59,214	73,594
In the second year	–	–
In the third to fifth years	10,000	–
	<u>69,214</u>	<u>73,594</u>
Less: Amount due for settlement within 12 months (shown under current liabilities)	<u>(59,214)</u>	<u>(73,594)</u>
Amount due for settlement after 12 months	<u><u>10,000</u></u>	<u><u>–</u></u>

The carrying amounts of the bank borrowings approximate their fair values and are denominated in RMB. The weighted average interest rate is 5.7% per annum for the six months ended 30 June 2023 (31 December 2022: 5.9%).

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

19 BANK AND OTHER BORROWINGS (CONTINUED)

(a) Bank borrowings (Continued)

The Group's banking facilities are secured and/or guaranteed by:

- (i) corporate guarantee from independent third parties of approximately RMB10,950,000 as at 30 June 2023 (31 December 2022: approximately RMB14,850,000);
- (ii) buildings of the Group of approximately RMB9,763,000 as at 30 June 2023 (31 December 2022: approximately RMB10,128,000);
- (iii) pledged bank deposits of approximately RMB1,005,000 held at bank as at 30 June 2023 (31 December 2022: approximately RMB221,000);
- (iv) trade receivables outstanding from specific customers of the Group of approximately RMB50,135,000 as at 30 June 2023 (31 December 2022: approximately RMB36,323,000) (Note 13);
- (v) other deposits of the Group of RMB1,000,000 as at 30 June 2023 (31 December 2022: RMB1,000,000) (Note 15(i)); and
- (vi) personal guarantee from Mr. Song Hongtao (a precedent director of the Company), Mr. Wu Xiaohua (director of the Company) and their spouses, a legal representative of a subsidiary and a director of a subsidiary.

(b) Other borrowings

The other borrowings due for repayment, based on the scheduled repayment dates set out in the loan agreements, is as follows:

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Within 1 year	25,297	5,536
In the second year	—	2,461
	25,297	7,997

In June 2023, the Group entered into an agreement with an independent third party to obtain a loan at a principal amount of RMB20,000,000. The loan is unsecured, bears interest at 6% per annum and repayable by September 2023.

19 BANK AND OTHER BORROWINGS (CONTINUED)

(b) Other borrowings (Continued)

In June 2022, the Group entered into a sale and leaseback agreement with an independent third party to obtain a loan at a principal amount of RMB11,000,000. The loan bears interest at 9.2% per annum and is repayable in equal monthly installments by 2024 and is secured by:

- (i) certain equipment of the Group of approximately RMB10,318,000 as at 30 June 2023 (31 December 2022: RMB18,445,000); and
- (ii) other deposits of the Group of RMB1,000,000 as at 30 June 2023 (31 December 2022: RMB1,000,000) (Note 15(i)).

The carrying amounts of bank and other borrowings approximate their fair values as at 30 June 2023 and 31 December 2022.

20 LEASE LIABILITIES

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Within one year	3,194	3,659
One to two years	1,708	2,128
Two to five years	1,943	2,564
Total lease payments	6,845	8,351
Less: future finance charges	(435)	(587)
Total lease liabilities	6,410	7,764
Less: portion classified as current liabilities	(2,963)	(3,371)
	3,447	4,393

The Group leases various office premises and equipment under lease agreements. The lease liabilities are denominated in RMB. No arrangement has been entered into for variable lease payments.

The Group's expenses related to short-term leases of RMB197,000 for the six months ended 30 June 2023 (30 June 2022: RMB490,000) have been recognised in the interim condensed consolidated statement of comprehensive income.

The total cash outflows for leases including payments of short-term leases, lease liabilities and payments of interest expenses for the six months ended 30 June 2023 is RMB2,131,000 (30 June 2022: RMB8,824,000).

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21 RELATED PARTY BALANCES AND TRANSACTIONS

For the purposes of the interim condensed consolidated financial statements, parties are considered to be related to the Group if the parties have the ability, directly or indirectly, to exercise significant influence over the Group in making financial and operating decisions. Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals. Parties are also considered to be related if they are subject to common control.

Name of the related parties	Relationship with the Group
Mr. Shi Banchao (“ Mr. Shi ”)	Executive Director, shareholder and the Chief Executive Officer
Mr. Wu Xiaohua (“ Mr. Wu ”)	Executive Director, shareholder and the Chief Financial Officer
Mr. Wu Fu-Shea	Non-executive Director and Chairman
Mr. Chen Zhenping (“ Mr. Chen ”)	Non-executive Director and shareholder
Ms. Zhao Yue (“ Ms. Zhao ”)	Non-executive Director
Dr. Chen Wei	Independent Non-executive Director
Mr. Yang Haifeng	Independent Non-executive Director
Ms. Dan Xi	Independent Non-executive Director
Ms. Jiang Yadong	Mr. Shi’s spouse
Mr. Song Aihua	Senior management
Ms. Wei Huijuan	Senior management
Ms. Yu Hongcui	Senior management
Mr. Jiang Jingxiang	Senior management
Mr. Jiang Shunli	Senior management
Ms. Dong Shiqin	Senior management
Ms. Liu Qin	Senior management
Mr. Dong Wei	Senior management

(a) Key management compensation

The compensation paid or payable to key management for employee services during the six months ended 30 June 2023 and 2022 are shown below:

	Six months ended 30 June	
	2023	2022
	RMB’000	RMB’000
	(Unaudited)	(Unaudited)
Salaries, bonuses, fees and allowances	4,119	9,789
Retirement benefit contributions	345	621
Equity-settled share based payments	741	4,345
	5,205	14,755

21 RELATED PARTY BALANCES AND TRANSACTIONS (CONTINUED)

(b) Related party balances

The amount due to a director (31 December 2022: directors) is unsecured and repayment on demand, of which approximately RMB390,000 (31 December 2022: RMB7,338,000) are interest-free, while the remaining RMB Nil (31 December 2022: RMB16,829,000 and HK\$1,000,000 (equivalent to approximately RMB886,000) bears interest at 4.75% per annum and 1.6% per annum respectively).

22 DIVIDENDS

No dividends have been paid or declared by the Company during the six months ended 30 June 2023 (30 June 2022: Nil).

23 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

On 19 May 2022, Suoxinda (Beijing), an indirectly wholly owned subsidiary of the Company, issued convertible loans with a principal amount of RMB40,000,000.

The loans are convertible at the option of the noteholders into the conversion capital and/or the subscription of additional capital of Suoxinda (Beijing) subjected to the conversion conditions. The conversion price shall be determined with reference to asset appraisal of Suoxinda (Beijing) to be conducted by third party valuer at the time of conversion, and shall be no more than 70% of the subscription price paid by third party investors in cash for the registered capital of Suoxinda (Beijing) during the last round of financing conducted by Suoxinda (Beijing) before the conversion and further the pre-money valuation of Suoxinda (Beijing) shall not be more than RMB900 million. Any convertible loans not converted will be redeemed upon the issuance of repayment notice by the investor to Suoxinda (Beijing) at any time on or after 1 January 2023 and in no event later than 31 December 2023 at their principal amount. Interest of 8% will be paid annually up until that settlement date. The convertible loans are secured by certain shares of the Company held by a substantial shareholder and personal guarantee from Mr. Song.

For details, please refer to the Company's announcements on 19 April 2022.

The Group designated the convertible loans as financial liabilities at fair value through profit or loss.

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23 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

The movement of financial liabilities at FVTPL during the six months ended 30 June 2023 and 2022 are as follows:

	For the six months ended	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
At the beginning of the period	41,981	–
Principal amount of convertible loans issued	–	40,000
Interest paid	(3,200)	–
Fair value change	1,601	(636)
	<u>40,382</u>	<u>39,364</u>
Fair value at the end of reporting period		

24 DISPOSAL OF INVESTMENT IN AN ASSOCIATE

During the six months ended 30 June 2023, on 24 May 2023, the Group disposed of 24% interest in an associate, Suoxinda (Shenzhen) Software Technology Co., Ltd. 索信达(深圳)软件技术有限公司 (“**Suoxinda Software**”), to a third party for consideration of RMB2,448,000. Before the disposal, the Group owned 30% interest in Suoxinda Software and the investment was previously accounted for as an investment in an associate using the equity method of accounting. The Group has retained the remaining 6% interest and classified the retained investment as financial assets at FVTPL. This transaction has resulted in the Group recognised a gain of approximately RMB701,000 in profit or loss, calculated as follows:

	RMB'000
Cash proceeds	2,448
Add: fair value of 6% retained interests in Suoxinda Software held by the Group	612
Less: Carrying amount of the 24% investment on the date of loss of significant influence of Suoxinda Software	<u>(2,359)</u>
Gain on disposal of investment in an associate (Note 7)	<u>701</u>