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**INTERNATIONAL
BUSINESS
DIGITAL TECH**

International Business Digital Technology Limited

國際商業數字技術有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1782)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

The board (the “**Board**”) of directors (the “**Directors**”) of International Business Digital Technology Limited (the “**Company**”) is pleased to announce the unaudited interim condensed consolidated financial statements of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2024.

The Group’s unaudited interim condensed consolidated financial results for the six months ended 30 June 2024 have been reviewed by the audit committee and the management of the Company, which were of the view that the preparation of such financial results have complied with the applicable accounting standards, the requirements under the Rules Governing the Listing of Securities (the “**Listing Rules**”) of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and other applicable legal requirements, and that adequate disclosures have been made.

This announcement, containing the full text of the 2024 interim report of the Company, complies with the relevant requirements of the Listing Rules in relation to information to accompany preliminary announcement of interim results. Printed version of the Company’s 2024 interim report, if necessary, will be delivered to the registered shareholders of the Company and available for viewing on the website of the Stock Exchange at www.hkexnews.hk and of the Company at www.ibdtcbdc.com on or before 30 September 2024.

By Order of the Board

International Business Digital Technology Limited

Shi Zhimin

Chairman, Chief Executive Officer and executive Director

Hong Kong, 23 August 2024

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

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

Non-executive Director

Mr. Guan Haiqing

Independent Non-executive Directors

Mr. Yeung Man Simon

Mr. Hu Jianjun

Ms. Ru Tingting

COMPANY SECRETARY

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

AUTHORISED REPRESENTATIVES

Mr. Shi Zhimin

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

AUDIT COMMITTEE

Mr. Yeung Man Simon (*Chairman*)

Mr. Hu Jianjun

Ms. Ru Tingting

REMUNERATION COMMITTEE

Mr. Hu Jianjun (*Chairman*)

Ms. Ru Tingting

Mr. Yeung Man Simon

Mr. Shi Zhimin

NOMINATION COMMITTEE

Ms. Ru Tingting (*Chairlady*)

Mr. Yeung Man Simon

Mr. Hu Jianjun

Mr. Shi Zhimin

INDEPENDENT AUDITOR

Ernst & Young

REGISTERED OFFICE

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CORPORATE INFORMATION

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PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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LEGAL ADVISER

Li & Partners
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Hong Kong

PRINCIPAL BANKER

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

In Hong Kong
Standard Chartered Bank China
CITIC Bank International

WEBSITE ADDRESS

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STOCK CODE

1782

FINANCIAL HIGHLIGHTS

For the six months ended 30 June

	2024 RMB'000	2023 RMB'000
Revenue	42,101	37,008
Loss for the period	(39,033)	(20,972)
Net loss attributable to the ordinary equity holders of the parent	(38,545)	(21,087)
Loss per share (RMB cents)	(5.06)	(2.77)
Gross margin	42.4%	46.4%
Net loss margin	-92.7%	-56.7%

	As at 30 June 2024 RMB'000	As at 31 December 2023 RMB'000
Cash and cash equivalents	84,964	122,620
Total assets	248,006	289,857
Total liabilities	45,644	47,795
Total Equity	202,362	242,062
Current ratio	5.0	5.4
Quick ratio	4.8	5.3
Debt to equity ratio (<i>Note</i>)	4.9%	4.1%

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

MANAGEMENT DISCUSSION AND ANALYSIS

The board (the “**Board**”) of directors (the “**Directors**”) of International Business Digital Technology Limited (the “**Company**”) announces its unaudited consolidated interim results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2024 together with the comparative figures for the corresponding period in 2023.

BUSINESS REVIEW AND OUTLOOK

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

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

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

In the first half of 2024, the Group’s revenue amounted to approximately RMB42.1 million and its net loss attributable to the owners of the parent to approximately RMB38.5 million.

CBDC Business

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

APM Business

In terms of APM business, the Group increased its investment in emerging business directions in strengthening the integrated application and promotion of existing solutions to achieve significant results in strategic industries such as energy, transportation, and fully connected factories through technological innovation.

With the rise of general artificial intelligence (“AI”) technology, the Group has closely followed technological trends and invested heavily in the research, development, and application of AI large model technology. By leveraging a combination of general AI large models and professional intelligence, the Group has comprehensively reshaped its product technology system. This transformation from “APM+AI” to “AI+APM” provides customers with a full range of business-aware intelligent solutions, empowering numerous industries.

In the large telecom operator industry, the Group’s AI+ business-aware intelligent solutions have been fully applied in the field of Artificial Intelligence for IT Operations (“AIOps”), achieving remarkable results. These solutions help operators transition towards high-end autonomous networks, enabling self-repair of network faults and self-optimization of network operation quality. The operational efficiency of peacekeeping business has significantly improved, fault response times have shortened, operation and maintenance costs have reduced, and user satisfaction has continuously increased. Additionally, the products have been extended to computing power networks, operational big data, Internet of Vehicles, Internet of Things, and other fields, providing business-aware intelligent services for operators to develop a new generation of digital services.

The AI+ business-aware intelligent solution has also been expanded and applied to industries such as smart finance, smart power, smart mines, smart ports and shipping, smart transportation, and autonomous vehicles, which have high requirements for real-time, stability, and continuity of business awareness. These solutions have brought far-reaching application value, improving the stability of application systems, ensuring the continuity of key businesses, and helping such solutions to stand out in fierce market competition.

The Group will focus on AI+ as the core of its business strategy, continuing to deepen the application of business-aware intelligence in various fields. By continuously optimizing product functions and improving service quality, the Group aims to empower the development of the digital economy, inject new momentum into the construction of Digital China, and expand its digital and smart business landscape.

FINANCIAL REVIEW

Revenue

The Group's revenue for the six months ended 30 June 2024 amounted to approximately RMB42.1 million, representing an increase of approximately RMB5.1 million or 13.8% as compared with that of approximately RMB37.0 million recorded for the six months ended 30 June 2023. The increase was mainly attributable to the combined effect of: (1) the increase in revenue generated from the provision of integrated APM system solutions of approximately RMB2.9 million; (2) the increase in revenue generated from the provision of software development services of approximately RMB4.9 million; (3) the decrease in revenue generated from the provision of technical services of approximately RMB1.3 million; and (4) the decrease in revenue generated from sales of embedded hardware and standard APM software of approximately RMB1.4 million.

The following analysis sets forth a breakdown of the Group's revenue by service type for the six months ended 30 June 2023 and 2024, respectively:

Integrated APM system solutions

This segment provides integrated APM system solutions by tailor-making our APM products to allow our customers to better manage and monitor their applications and networks. The Group has recorded an increase in the revenue generated from the provision of integrated APM system solutions of approximately 21.8% from approximately RMB13.3 million for the six months ended 30 June 2023 to approximately RMB16.2 million for the six months ended 30 June 2024. The increase was mainly because the Group's and customers' operations were gradually returning to normal in the post-COVID-19 period, the time to deliver system solutions shortened and the project completion accelerated.

Software development services

This segment provides software development services which typically involve developing customized supporting software for upgrade and expansion of the APM products which are already integrated with our customers' systems and networks. Our revenue derived from the provision of software development services increased by approximately 32.9% from approximately RMB14.9 million for the six months ended 30 June 2023 to approximately RMB19.9 million for the six months ended 30 June 2024. Such increase was due to increased customer demand for the 5G private network project software development services provided by the company.

MANAGEMENT DISCUSSION AND ANALYSIS

Technical services

This segment provides advisory services, including operational support, system maintenance, network analysis and optimization for our APM products, and research study of specific topics on application and network performance. Our revenue derived from the provision of technical services decreased by approximately 18.1% from approximately RMB7.1 million for the six months ended 30 June 2023 to approximately RMB5.8 million for the six months ended 30 June 2024. Such decrease was primarily attributable to our allocation of more resources to the promotion of new products and technologies of our Integrated APM system solutions.

Sales of embedded hardware and standard APM software

We sell embedded hardware and standard APM software to customers who do not require tailor-making services. Our revenue generated from the sales of embedded hardware and standard APM software decreased by approximately 86.7% from approximately RMB1.7 million for the six months ended 30 June 2023 to approximately RMB0.2 million for the six months ended 30 June 2024. Such decrease was primarily due to the combined effect of the increasing customers' purchases of full system integration solutions and their decreasing purchases of embedded hardware and standard software correspondingly.

Gross profit and gross profit margin

The Group's gross profit increased by approximately 4.0% from approximately RMB17.2 million for the six months ended 30 June 2023 to approximately RMB17.9 million for the six months ended 30 June 2024. Such increase was mainly due to the increase in the business volume for sales of integrated APM system solutions, and software development services. The Group's gross profit margin was recorded at approximately 46.4% and approximately 42.4% for the six months ended 30 June 2023 and 2024, respectively. The decrease in gross profit margin is mainly due to the fact that the Group has invested more resources in the development of new AI+ business-aware intelligent solutions. It is currently in the investment stage and requires the investment of high-end R&D personnel, which takes up a large amount of resources and the gross profit margin has decreased accordingly.

Other income and gains

The Group recorded other income and gains of approximately RMB6.4 million and approximately RMB4.3 million for the six months ended 30 June 2023 and 2024, respectively. The decrease was mainly due to the decrease in the Hong Kong dollar balance held by the Group and the lower appreciation of the Hong Kong dollar against the RMB compared with the same period last year, resulting in a decrease in exchange gains of approximately RMB 1.8 million.

MANAGEMENT DISCUSSION AND ANALYSIS

Selling and distribution expenses

The Group's selling and distribution expenses increased by approximately 111.0% from approximately RMB6.0 million for the six months ended 30 June 2023 to approximately RMB12.7 million for the six months ended 30 June 2024. Such increase was primarily due to our enlarged marketing activities in post COVID-19 era in China and the need of further business developments for our software development services and technical services into a new business market of the CBDC network system, in an attempt to expand the Group's clientele and diversify its sources of income.

Research and development expenses

The Group's research and development ("R&D") expenses increased by approximately 7.4% from approximately RMB19.2 million for the six months ended 30 June 2023 to approximately RMB20.6 million for the six months ended 30 June 2024. The increase was mainly attributable to the increase in R&D staff costs due to the increase in headcounts of 5G related business and AI research team as compared to last year, in order to improve its competitiveness.

Administrative expenses

The Group's administrative expenses increased by approximately 41.5% from approximately RMB19.5 million for the six months ended 30 June 2023 to approximately RMB27.6 million for the six months ended 30 June 2024. The increase was mainly attributable to the need of further business developments for our software development services and technical services into a new business market of the CBDC network system, in an attempt to expand the Group's clientele and diversify its sources of income.

Net loss

Due to the foregoing reasons, the Group recorded a net loss of approximately RMB39.0 million for the six months ended 30 June 2024 as compared to a net loss of approximate RMB21.0 million for the six months ended 30 June 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND FINANCIAL RESOURCES

For the six months ended 30 June 2024, the Group's cash and cash equivalents, together with available credit facilities and expected cash flow from operations, were sufficient to satisfy the current operational requirements and the capital expenditures of the Group.

The Group's net current assets decreased from approximately RMB209.0 million as at 31 December 2023 to approximately RMB166.5 million as at 30 June 2024. Our cash and cash equivalents were approximately RMB85.0 million as at 30 June 2024 (as at 31 December 2023: approximately RMB122.6 million).

The Group's current ratio decreased from 5.4 as at 31 December 2023 to 5.0 as at 30 June 2024. The Group's debt to equity ratio increased from 4.1% as at 31 December 2023 to 4.9% as at 30 June 2024. The calculation of debt-equity ratio is based on the total interest-bearing borrowings divided by total equity and multiplied by 100%.

The current ratio remained at a stable level. The debt to equity ratio recorded a slight increase, which was primarily attributable to recorded net loss of the current period.

TREASURY POLICY

The Group has adopted a prudent financial management approach towards its treasury policy and thus maintained a healthy liquidity position for the six months ended 30 June 2024. To manage the liquidity risk, 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 its funding requirements from time to time.

EXPOSURE TO EXCHANGE RATE FLUCTUATION

The Group's main operations are in China with most of its transactions being settled in RMB. Some of the Group's cash and bank deposits are denominated in Hong Kong dollars ("HK\$") and US dollars ("US\$"). The balance of cash and cash equivalents as at 30 June 2024 including HK\$35.2 million (equivalent to approximately RMB32.1 million) and US\$74,000 (equivalent to approximately RMB0.5 million) were held in banks in Hong Kong and China. The Group did not experience any impact or difficulties in liquidity on its operations resulting from currency exchange and no hedging transaction or forward contract arrangement was made by the Group during the six months ended 30 June 2024. The management will continue to closely monitor foreign exchange risk to ensure that appropriate measures are implemented in a timely and effective manner.

CAPITAL STRUCTURE

There was no change in the capital structure of the Company during the six months ended 30 June 2024. The capital structure of the Group mainly consists of shareholders' equity, which includes share capital and reserves, and bank borrowings. As at 30 June 2024, the Company's issued share capital comprises only 762,000,000 ordinary shares of HK\$0.01 each and amounted to HK\$7,620,000 (equivalent to RMB6,686,000). Total shareholders' equity of the Company amounted to approximately RMB202.4 million as at 30 June 2024 (as at 31 December 2023: approximately RMB242.1 million).

As at 30 June 2024, the Group's interest-bearing bank borrowings which were repayable within one year amounted to RMB10.0 million (as at 31 December 2023: RMB10.0 million). There is no material seasonality of borrowing requirements for the Group. The interest rates of the Group's total interest-bearing bank borrowings were denominated in RMB and fixed at approximately 2.25% per annum during the six months ended 30 June 2024.

USE OF PROCEEDS

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets out the details of the said net proceeds that were utilised and unutilised as of 30 June 2024 with reference to the revised intended utilisation of net proceeds in accordance with the Announcement (the “Change in Use of Proceeds”):

Intended use of proceeds	Original intended utilisation of net proceeds (unutilised as at 31 December RMB million)	Net proceeds utilised up to 30 June 2023 RMB million	Intended utilisation of net proceeds as revised in the Announcement RMB million	Net proceeds utilised from 1 July 2023 to 31 December 2023 RMB million	Net proceeds utilised from 1 January 2024 to 30 June 2024 RMB million	Unutilised net proceeds as at 30 June 2024 RMB million	Expected timeline for utilising unutilised net proceeds (Note 1)
(a) Investment in and upgrade of big data and AI analysis technologies to expand its existing APM Business	100.6	17.4	– (Note 2)	– (Note 2)	– (Note 2)	– (Note 2)	–
(b) Investment in and upgrade of digital technologies (including but not limited to CBDC, big data, AI and their related technologies) to expand the businesses of all its existing business segments	–	–	83.2	37.4	20.6	25.2	The unutilised amount of approximately RMB25.2 million will be utilised during the six months ending 31 December 2024
(c) General corporate and working capital purposes	17.4	3.0	14.4	5.0	5.0	4.4	The unutilised amount of approximately RMB4.4 million will be utilised during the six months ending 31 December 2024
Total	118.0	20.4	97.6	42.4	25.6	29.6	

Notes:

- The expected timeline for utilising the unutilised net proceeds is based on the best estimation of the Board assuming there are not any unforeseeable circumstances. It may be subject to change based on the current and future development of market conditions.
- Due to the change in use of proceeds in accordance with the Announcement, the unutilised net proceeds for item (a) shall be reallocated to item (b) in this table.

The Board considers that the Initial Intended Use will not be sufficiently profitable to the Group. After due and careful consideration of the current business and development needs of the Group, the Board is of the view that the Change in Use of Proceeds is to provide with the Group with more flexibility, including to develop cutting-edge digital technologies such as smart contract and privacy computing in new business market of the CBDC network system. Save for the aforementioned changes, there is no change in other intended use of net proceeds from the Rights Issue.

MANAGEMENT DISCUSSION AND ANALYSIS

The Board considers that the Change in Use of Proceeds (i) will not have any material adverse impact on the existing business and operations of the Group; (ii) is fair and reasonable as this will allow the Group to deploy its financial resources more effectively to better enhance the profitability of the Group; (iii) is in line with the business strategies of the Group; and (iv) is in the interests of the Group and the Shareholders as whole.

CAPITAL EXPENDITURES

For the six months ended 30 June 2024, the Group's capital expenditures amounted to approximately RMB1.6 million (for the six months ended 30 June 2023: RMB13.0 million), for purchases of computer equipment and leasehold improvements.

COMMITMENTS AND CONTINGENT LIABILITIES

As at 30 June 2024, apart from the future lease payments of RMB1.4 million (as at 31 December 2023: RMB0.2 million) for non-cancellable lease contracts due within one year and for which the underlying assets are of low value, the Group had no other material commitments or contingent liabilities.

DIVIDEND

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

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

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

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

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

SIGNIFICANT INVESTMENTS AND ACQUISITION OF CAPITAL ASSETS

Save as disclosed above, for the six months ended 30 June 2024, the Group did not hold any significant investments nor made any significant acquisition of capital assets.

CHARGE ON ASSETS

As at 30 June 2024, apart from RMB0.8 million that were pledged in relation to the guarantee (as at 31 December 2023: RMB4.2 million in relation to a short term bank loan, RMB0.9 million in relation to the guarantee), no other Group's assets were charged to any financial institutions.

MANAGEMENT DISCUSSION AND ANALYSIS

EMPLOYEES, TRAINING AND REMUNERATION POLICIES

As at 30 June 2024, the Group had a total of 320 employees. The Group's staff costs including directors' emoluments were approximately RMB40.8 million for the six months ended 30 June 2024 (for the six months ended 30 June 2023: approximately RMB38.8 million).

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

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "**MPF Scheme**") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme.

The employees of the Group's subsidiaries which operates in Chinese Mainland are required to participate in a central pension scheme operated by the local municipal government. The subsidiary operating in Chinese Mainland is required to contribute a certain percentage of its payroll costs to the central pension scheme. The contributions are charged to the consolidated statement of profit or loss and other comprehensive income as they become payable in accordance with the rules of the central pension scheme.

No contributions under the above pension schemes are available to be forfeited by employer to reduce the contribution payable in future years.

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

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

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

SUFFICIENCY OF PUBLIC FLOAT

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

SHARE OPTION SCHEME

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

Details of the Share Option Scheme are as follows:

- | | | |
|----|--|--|
| 1. | Purpose of the Share Option Scheme | The purpose of the Share Option Scheme is to enable the Company to grant options to eligible persons as incentives and rewards for their contributions and continuing efforts for promoting the interest of the Group. |
| 2. | Who may join | Any eligible employee (full time or part-time), executive Director, non-executive Director and independent non-executive Director, advisor and consultant of the Group. |
| 3. | Total number of shares available for issue and grant under the Share Option Scheme | As at 1 January and 30 June 2024, the total number of shares available for issue and grant under the Share Option Scheme was 48,674,500 Shares (representing 10% of the total number of Shares in issue as at 15 December 2016 (the "Listing Date"), the date on which the shares of the Company were listed on GEM of the Stock Exchange and approximately 6.4% of the total number of Shares in issue as at the date of this report). |
| 4. | Subscription price | <p>The subscription price shall be a price determined by the Board, but in any case shall not be less than the highest of:</p> <ul style="list-style-type: none"> (i) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheet on the date of the grant, which must be a trading day; (ii) the average closing price per share as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of the grant; and (iii) the nominal value of a share on such date of grant. |
| 5. | Maximum entitlement of each participant | The total number of Shares issued and to be issued upon exercise of options granted in any 12-month period to a participant under this Share Option Scheme and other schemes must not exceed 1% of the Shares in issue. |
| 6. | Time of acceptance | Options granted may be accepted by the eligible person within 28 days from the date of the grant of options. |
| 7. | Option period | A period which may expire no later than 10 years from the date of the offer of to be determined and notified by Directors to the grantee thereof. |
| 8. | Rights are personal to grantee | An option shall be personal to the grantee and shall not be transferable or assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber, or create any interest in favour of any third party over or in relation to any option. |
| 9. | Remaining life of the Share Option Scheme | As at 30 June 2024, the remaining life of the Share Option Scheme was approximately 2 years and 4 months (expiring on 20 November 2026). |

OTHER INFORMATION

Since the adoption of the Share Option Scheme and up to the date of this report, no share option has been granted, exercised, lapsed and cancelled pursuant to the Share Option Scheme. As at 1 January 2024 and 30 June 2024 and up to the date of this report, the Company does not have any outstanding share options, warranties, derivatives or securities that are convertible into or exchangeable for shares.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES

As at 30 June 2024, none of the Directors and chief executive of the Company had an interest or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571) of the laws of Hong Kong (the “SFO”)) which was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or was required to be recorded pursuant to section 352 of the SFO, or required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules (the “Model Code”).

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

As at 30 June 2024, so far as known to the Directors, the following Shareholders (other than Directors and the chief executive of the Company) who had interests or short positions in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

Long Positions in Shares

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

Notes:

- As at 30 June 2024, the Company had 762,000,000 Shares in issue.
- International Business Digital Technology Group Limited (formerly Phoenix Wealth (Cayman) Asset Management Limited) is an exempt company incorporated in the Cayman Islands with limited liability and is wholly-owned by International Business Digital Technology Group (Hong Kong) Limited.
- International Business Digital Technology Group (Hong Kong) Limited (formerly Phoenix Wealth (Hong Kong) Asset Management Limited) is incorporated in Hong Kong and is wholly-owned by International Business Digital Technology Group Limited.
- International Business Digital Technology Group Limited (formerly Phoenix Wealth Investment (Holdings) Limited) is incorporated in the British Virgin Islands and is wholly-owned by Mr. Du Li.

Save as disclosed above, as at 30 June 2024, the Company has not been notified by any persons (other than the Directors or chief executive of the Company) who held an interest or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO.

OTHER INFORMATION

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the sections headed "SHARE OPTION SCHEME" and "DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES" above, at no time during the six months ended 30 June 2024 and up to the date of this report, have the Directors and chief executive of the Company and their respective close associates (as defined in the Listing Rules) had any interest in, or had been granted or exercised any rights to subscribe for shares or underlying shares of the Company and/or its associated corporations (within the meaning of the SFO).

COMPETING INTERESTS

During the six months ended 30 June 2024 and up to the date of this report, none of the Directors or the controlling Shareholders or their respective associates (as defined in the Listing Rules) had an interest in any business which competes or may compete, either directly or indirectly, with the business of the Group or has any conflicts of interest which has or may have with the Group.

CORPORATE GOVERNANCE

During the six months ended 30 June 2024, the Company has applied the principles of and is in compliance with all code provisions of the Corporate Governance Code as set forth in Appendix C1 to the Listing Rules save as disclosed below.

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

CHANGE IN INFORMATION OF DIRECTORS

The change in the information of the Directors of the Company since the publication of the 2023 annual report of the Company which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules is set out below:

Since 19 August, 2024, Mr. Yeung Man Simon ceased to act as the chief financial officer and the company secretary of Zhong An Intelligent Living Service Limited, an integrated property management service provider in the PRC, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 2271).

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

THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

The Company has made specific enquiry to all Directors, who have confirmed that, during the six months ended 30 June 2024, each of them were in compliance with the Model Code.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries have purchased, sold or redeemed any securities of the Company during the six months ended 30 June 2024.

OTHER INFORMATION

AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) was established on 21 November 2016 with written terms of reference revised by the Board with effect from 29 November 2018 in compliance with Rules 3.21 and 3.22 of the Listing Rules and the code provision D.3.3 of the Code. During the six months ended 30 June 2024, the Audit Committee comprised Mr. Yeung Man Simon, Mr. Hu Jianjun and Ms. Ru Tingting, all of them were independent non-executive Directors of the Company. The chairman of the Audit Committee was Mr. Yeung Man Simon, who holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules.

During the six months ended 30 June 2024, none of the members of the Audit Committee are former partners of the Company’s existing external auditors.

The Group’s unaudited condensed consolidated results for the six months ended 30 June 2024 and this report have not been reviewed by the Company’s auditor but have been reviewed by the Audit Committee with the management. The Audit Committee is of the view that such results complied with the applicable accounting standards, the requirements under the Listing Rules and other applicable legal requirements, and that adequate disclosures had been made.

EVENTS AFTER THE REPORTING PERIOD

There is no significant event subsequent to 30 June 2024 which would materially affect the Group’s operating and financial performance as at the date of this report.

ACKNOWLEDGEMENT

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

* *For identification purpose only*

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

Hong Kong, 23 August 2024

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

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

For the six months ended 30 June 2024

	Notes	For the six months ended 30 June	
		2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
REVENUE	5	42,101	37,008
Cost of sales		(24,250)	(19,842)
Gross profit		17,851	17,166
Other income and gains	5	4,308	6,426
Selling and distribution expenses		(12,701)	(6,020)
Research and development expenses		(20,619)	(19,192)
Administrative expenses		(27,642)	(19,535)
Reversal of impairment losses on financial and contract assets, net		52	220
Other expenses		(39)	(57)
Finance costs		(219)	(157)
LOSS BEFORE TAX	6	(39,009)	(21,149)
Income tax (expenses)/credits	7	(24)	177
LOSS FOR THE PERIOD		(39,033)	(20,972)
OTHER COMPREHENSIVE INCOME		–	–
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(39,033)	(20,972)
Attributable to:			
Owners of the parent		(38,545)	(21,087)
Non-controlling interests		(488)	115
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	8	(5.06)	(2.77)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2024

	Notes	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
NON-CURRENT ASSETS			
Property and equipment	9	3,876	2,749
Right-of-use assets		11,721	4,296
Other intangible assets		19,124	21,535
Contract assets		3,341	3,341
Long term deposit	12	64	64
Deferred tax assets		896	896
Restricted cash	13	744	647
Total non-current assets		39,766	33,528
CURRENT ASSETS			
Inventories	10	8,291	5,989
Trade and bills receivables	11	11,191	12,844
Contract assets	12	85,545	96,059
Prepayments, other receivables and other assets		18,153	14,365
Pledged deposit	13	–	4,200
Restricted cash	13	96	252
Cash and cash equivalents	13	84,964	122,620
Total current assets		208,240	256,329
CURRENT LIABILITIES			
Trade and bills payables	14	6,402	9,819
Other payables and accruals		17,269	23,518
Interest-bearing bank borrowings		10,000	10,000
Lease liabilities		8,104	3,948
Total current liabilities		41,775	47,285
NET CURRENT ASSETS		166,465	209,044
TOTAL ASSETS LESS CURRENT LIABILITIES		206,231	242,572

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2024

	Notes	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
NON-CURRENT LIABILITIES			
Deferred tax liabilities		437	429
Lease liability		3,432	81
Total non-current liabilities		3,869	510
Net assets		202,362	242,062
EQUITY			
Issued capital	15	6,686	6,686
Reserves		196,421	235,933
Capital and reserves attributable to the owners of the parent		203,107	242,619
Non-controlling interests		(745)	(557)
Total equity		202,362	242,062

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

30 June 2024

	Issued capital	Share premium	Capital reserve	Statutory surplus reserve	Retained profits	Subtotal	Non-controlling interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	6,686	192,753	30,710	13,893	45,732	289,774	(399)	289,375
Loss for the period	–	–	–	–	(21,087)	(21,087)	115	(20,972)
Total comprehensive loss for the period	–	–	–	–	(21,087)	(21,087)	115	(20,972)
At 30 June 2023 (Unaudited)	6,686	192,753	30,710	13,893	24,645	268,687	(284)	268,403
At 1 January 2024	6,686	192,753	30,710	14,358	(1,888)	242,619	(557)	242,062
Loss for the period	–	–	–	–	(38,545)	(38,545)	(488)	(39,033)
Total comprehensive loss for the period	–	–	–	–	(38,545)	(38,545)	(488)	(39,033)
Transfer from retained profits	–	–	–	55	(55)	–	–	–
Acquisition of an additional 7.41% interests in a subsidiary	–	–	(967)	–	–	(967)	300	(667)
At 30 June 2024 (Unaudited)	6,686	192,753	29,743	14,413	(40,488)	203,107	(745)	202,362

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

		For the six months ended 30 June	
	Notes	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(39,009)	(21,149)
Adjustments for:			
Finance costs		219	157
Interest income		(1,338)	(1,320)
Depreciation		4,685	887
Amortization of other intangible assets	6	2,412	1,964
Net foreign exchange differences	6	(459)	(2,273)
		(33,500)	(21,734)
Increase in inventories		(2,302)	(6,338)
Decrease in contract assets		10,514	20,979
Decrease in trade and bills receivables		1,653	3,365
Increase in prepayments and other receivables		(667)	(12,532)
Decrease/(Increase) in restricted cash for guarantee	13	59	(356)
(Decrease)/Increase in trade payables		(3,417)	1,790
Decrease in other payables and accruals		(6,249)	(3,912)
Cash used in operations		(33,899)	(18,738)
Interest received		1,302	1,465
Income tax paid		(16)	(236)
Net cash flows used in operating activities		(32,613)	(17,509)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of items of property and equipment	9	(1,612)	(1,892)
Contract payment of additions to other intangible assets		–	(11,130)
Acquisition of an additional 7.41% interests in a subsidiary		(667)	–
Net cash flows used in investing activities		(2,279)	(13,022)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	Notes	For the six months ended 30 June	
		2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		(219)	(157)
Decrease in pledged deposits for a short term bank loans	13	4,200	–
Principal portion of lease payments		(4,119)	(257)
Increase in rental deposit		(3,085)	(528)
Net cash flows used in financing activities		(3,223)	(942)
NET DECREASE IN CASH AND CASH			
Cash and cash equivalents at beginning of period		122,620	171,366
Effect of foreign exchange rate changes, net		459	2,273
UNRESTRICTED CASH AND CASH EQUIVALENTS	13	84,964	142,166

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2024

1. CORPORATE INFORMATION

International Business Digital Technology Limited (formerly known as Vixtel Technologies Holdings Limited, the change of name was confirmed by the Registrar of Companies in Hong Kong on 4 July 2023 under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)) (the “**Company**”) was incorporated in the Cayman Islands on 10 November 2015 as an exempted company with limited liability under the Companies Law (2013 Revision) of the Cayman Islands. The address of the registered office of the Company is Windward 3, Regatta Office Park PO Box 1350, Grand Cayman KY1-1108 Cayman Islands. The shares of the Company were listed on the GEM of the Stock Exchange on 15 December 2016.

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

The Company is an investment holding company. The Group is principally engaged in providing APM solutions in the PRC. The Group is currently planning to enter a new business market under exploration for the CBDC network system by utilizing cutting-edge digital technology.

2. BASIS OF PRESENTATION

The interim condensed consolidated financial statements for the six months ended 30 June 2024 has been prepared in accordance with the Hong Kong Accounting Standards (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants, and the disclosure requirements of the Hong Kong Companies Ordinance.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statement, and should be read in conjunction with those of the annual report for the year ended 31 December 2023.

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

The unaudited consolidated results for the six months ended 30 June 2024 have not been audited by the Company’s auditors, but have been reviewed by the Company’s audit committee.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2024

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

Except as described below, the accounting policies applied in this condensed consolidated interim financial information are consistent with those of the annual financial statements for the year ended 31 December 2023.

Adoption of revised framework and amendments to standards

The Group has adopted the following revised framework and amendments to standards which are relevant to the Group's operations and are mandatory for the financial year beginning on 1 January 2024.

Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current</i>
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants</i>
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

The adoption of the above revised framework and amendments to standards did not have any significant impact on the interim condensed consolidated financial information.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2024

4. OPERATING SEGMENT INFORMATION

For the six months ended 30 June 2024, the Group is principally engaged in the provision of APM solutions in the Mainland China.

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

Geographical information

(a) Revenue from external customers

	For the six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Mainland China	41,653	36,938
Others	448	70
	42,101	37,008

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

(b) Non-current assets

For the six months ended 30 June 2024, all material non-current assets/capital expenditure of the Group were located/incurred in the Mainland China.

Information about major customers

Revenue of approximately RMB30,547,000 (six months ended 30 June 2023: RMB27,120,000) was derived from sales to a state-owned telecommunication operator group, including sales to a group of entities which are known to be under common control with that group, and accounted for more than 10% of the total revenue for the six months ended 30 June 2024.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2024

5. REVENUE, OTHER INCOME AND GAINS

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

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

	For the six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Revenue		
Integrated APM system solutions	16,191	12,291
Software development services	19,853	14,940
Technical services	5,838	7,124
Sales of embedded hardware and standard APM software	219	1,652
	42,101	37,007
Other income and gains		
Bank interest income	1,338	1,320
Government grants — related to expense (<i>Note</i>)	2,511	2,833
Exchange gain, net	459	2,273
	4,308	6,426

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2024

6. LOSS BEFORE TAX

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

	For the six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Cost of inventories sold	77	1,529
Cost of services rendered	13,037	7,560
Employee benefit expenses (excluding directors' and chief executives' remuneration):		
Salaries, allowance and other benefits	32,566	32,135
Pension scheme contributions (defined contribution scheme)	1,817	1,712
	34,383	33,847
Research and development costs	20,619	19,192
Depreciation of property and equipment	485	427
Depreciation of right-of-use assets	4,200	460
Amortization of other intangible assets	2,412	1,964
Bank interest income	(1,338)	(1,320)
Foreign exchange difference, net	(459)	(2,273)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2024

7. INCOME TAX

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

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

Pursuant to the PRC Corporate Income Tax Law and the respective regulations, Vixtel Technologies Limited, Vixtel Software Limited, Depuda (Wuxi) Technologies Limited and Vixtel Yunwang (Beijing) Technologies Limited are subject to corporate income tax at a rate of 25% on the taxable profit. A preferential tax treatment is available to Vixtel Technologies Limited, which was recognised as a High and New Technology Enterprise in 2010 in Mainland China, and a lower corporate income tax of 15% has been applied since then. The certificate of High and New Technology Enterprise must be renewed every three years and Vixtel Technologies Limited must re-apply for it every six years. Vixtel Technologies Limited has re-applied for and obtained the certificate of High and New Technology Enterprise on 30 December 2023. A preferential tax treatment is available to Vixtel Yunwang (Beijing) Technologies Limited, which was recognised as a software enterprise in 2021 in Mainland China, that it can be exempted from the income taxation in the first year and the second year; it should only pay half of the income taxation from the third year to the fifth year.

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

	For the six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Current — PRC	16	236
Deferred tax	8	(413)
Total tax (expenses)/credits for the period	24	(177)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2024

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

The calculation of the basic loss per share for the period is based on the loss for the period attributable to ordinary equity holders of the parent, and the adjusted weighted average number of ordinary shares of 760,000,000 (six months ended 30 June 2023: 760,000,000) in issue during six months ended 30 June 2024.

There were no potentially dilutive ordinary shares in issue during the six months ended 30 June 2024 and 2023, and therefore the diluted loss per share amount is equivalent to the basic loss per share.

	For the six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Loss		
Loss attributable to ordinary equity holders of the parent (RMB'000)	(38,545)	(21,087)
Shares		
Weighted average number of ordinary shares in issue	760,000,000	760,000,000
Basic and diluted loss per share (RMB cents)	(5.06)	(2.77)

9. PROPERTY AND EQUIPMENT

During the six months ended 30 June 2024, the Group acquired assets with a cost of RMB1,612,000 (six months ended 30 June 2023: RMB1,892,000) on additions to computer equipment and leasehold improvements.

No assets were disposed of by the Group during the six months ended 30 June 2024 (six months ended 30 June 2023: nil).

10. INVENTORIES

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Raw materials	8,291	5,989

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2024

11. TRADE AND BILLS RECEIVABLES

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Trade receivables	11,275	12,056
Bills receivable	–	871
	11,275	12,927
Impairment	(84)	(83)
Trade and bills receivables	11,191	12,844

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

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

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

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

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Within 90 days	3,207	5,163
90 to 180 days	3,360	2,032
180 days to 1 year	2,342	3,343
Over 1 year	2,282	2,306
	11,191	12,844

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2024

12. CONTRACT ASSETS

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Contract assets arising from:		
Integrated APM system solutions	39,743	47,479
Software development services	50,969	53,184
Sales of embedded hardware and standard APM software	18	633
Total contract assets	90,370	101,296
Impairment	(1,843)	(1,896)
	88,886	99,400
Analysed into:		
Current portion	85,545	96,059
Non-current portion	3,341	3,341

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2024

13. CASH AND BANK BALANCES

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Cash and bank balances	85,804	127,719
Less: Restricted bank deposit		
Pledged time deposit for a bank loan	–	(4,200)
Current restricted cash for guarantee	(96)	(252)
Current restricted cash for guarantee	(744)	(647)
Cash and cash equivalents	84,964	122,620
Cash and cash equivalents, pledged deposit, timed deposit and restricted cash		
Denominated in:		
RMB	53,134	64,188
HK\$	32,140	63,006
US\$	530	525

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

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

14. TRADE PAYABLES

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

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Within 90 days	2,365	6,940
90 to 180 days	2,237	1,845
180 days to 1 year	1,180	580
Over 1 year	620	454
Total	6,402	9,819

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2024

15. ISSUED CAPITAL

	Par value HK\$	No of shares	Nominal value of ordinary shares HK\$'000
Authorized:			
At 1 January 2023, 31 December 2023, 1 January 2024 and 30 June 2024	0.01	20,000,000,000	200,000
	No of shares	HK\$'000	RMB'000
Issued and fully paid:			
At 1 January 2023, 31 December 2023, 1 January 2024 and 30 June 2024	762,000,000	7,620	6,686

16. RELATED PARTY TRANSACTIONS

- (a) There was no related party transaction between the Group and its related party during the periods ended 30 June 2024 and 30 June 2023.
- (b) Compensation of key management personnel of the Group:

	For the six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Fee	1,613	1,056
Other emoluments:		
Salaries, allowances and other benefits	3,776	2,667
Pension scheme contributions	139	136
	3,915	2,803
	5,528	3,859

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2024

17. FINANCIAL INSTRUMENTS BY CATEGORY

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

Financial assets at amortised costs	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Trade and bills receivables	11,191	12,844
Financial assets included in prepayments, other receivables and other assets	6,428	3,180
Pledged deposit	–	4,200
Restricted cash	840	899
Cash and cash equivalents	84,964	122,620
Long term deposit	64	64
	103,487	143,807
	<hr/>	
Financial liabilities at amortised cost	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Trade payables	6,402	9,819
Financial liabilities included in other payables and accruals	1,224	2,598
Interest-bearing bank and other borrowings	10,000	10,000
Lease liabilities	11,536	4,029
	29,162	26,446

18. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

19. EVENTS AFTER THE REPORTING PERIOD

There are no significant event subsequent to 30 June 2024 which would materially affect the Group's operating and financial performance as of the date of this report.

20. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These financial statements were approved and authorised for issue by the Board on 23 August 2024.