



瑞和数智科技控股有限公司

RUIHE DATA TECHNOLOGY HOLDINGS LIMITED

(FORMERLY KNOWN AS SUOXINDA HOLDINGS LIMITED 索信达控股有限公司)
(INCORPORATED IN THE CAYMAN ISLANDS WITH LIMITED LIABILITY)

STOCK CODE: 3680

2024

INTERIM REPORT

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Corporate Information

Board of Directors

Executive Directors

Mr. Xue Shouguang (*Chairman of the Board*)
Ms. Zhao Yiqing
Mr. Fei Xiang

Non-executive Directors

Dr. Wu Fu-Shea
Mr. Wu Xiaohua
Mr. Chen Zhenping

Independent Non-executive Directors

Mr. Yang Haifeng
Dr. Jin Yong
Dr. Tian Yu

Chief Executive Officer

Mr. Xue Shouguang

Company Secretary

Ms. So Ka Man (*FCG, HKFCG(PE)*)

Authorised Representatives

Ms. So Ka Man
Mr. Fei Xiang

Audit Committee

Mr. Yang Haifeng (*Committee Chairman*)
Dr. Jin Yong
Dr. Tian Yu

Remuneration Committee

Mr. Yang Haifeng (*Committee Chairman*)
Mr. Fei Xiang
Dr. Tian Yu

Nomination Committee

Mr. Xue Shouguang (*Committee Chairman*)
Mr. Yang Haifeng
Dr. Jin Yong

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

Jia Yuan Law Office
7/F and 17/F
No. 238 Des Voeux Road Central
Sheung Wan
Hong Kong

Corporate Information

Registered Office	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Principal Place of Business in the PRC	Room 4101, 41st Floor, Building 2 Euro-American Financial City 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 1st Floor, Weisheng Technology Building No.9966 Shennan Road Nanshan District, Shenzhen the PRC
Website	www.datamargin.com
Stock Code	3680

Financial Highlights

Revenue of Ruihe Data Technology Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) for the six months ended 30 June 2024 (the “**Reporting Period**”) was approximately RMB181,011,000, marking an increase of approximately 49.4% or approximately RMB59,885,000 as compared to the first half of 2023 (“**1H 2023**”). The change was mainly due to the strategic reorientation of the Group’s business and the expansion of new track during the Reporting Period, committed to the innovative application of data elements, inclusion of data asset in the financial statements and the localization of the alternative information technology (“**IT**”) innovation, the followings were main changes in the composition of revenue during the Reporting Period: (1) The Group expanded its sales of software, hardware and related services, resulting in an increase in revenue of approximately 115.7% or approximately RMB25,197,000 during the Reporting Period; (2) The Group expanded its new business model and added the commodity trading business during the Reporting Period, resulting in revenue of approximately RMB61,720,000 (1H2023: RMB Nil).

Gross profit for the Reporting Period was approximately RMB14,577,000, reflecting a decrease of approximately 42.4% compared with the first half of 2023. The decrease in gross profit was mainly due to the adjustment of the structure of revenue during the Reporting Period, and the increase in the proportion of commodity trading, sales of software, hardware and related services. The characteristics of the above business determine that their gross profit margin are significantly different from the gross profit margin of data solutions business which the Group has been involving. The adjustment of the composition of revenue is mainly to pave the way for the future development of related businesses.

Net loss for the Reporting Period decreased by 38.8% or approximately RMB24,541,000 from the corresponding period of the previous year to approximately RMB38,635,000 (1H 2023: Net loss of RMB63,176,000). Main reasons for the decrease in loss during the Reporting Period:

- (1) For the Reporting Period, due to the optimization of the Group’s project management model and the improvement of accounts receivable management, the provision for impairment of the Group’s financial and contract assets decreased by approximately RMB8,523,000 to approximately RMB1,400,000 compared to the corresponding period of the previous year;
- (2) During the Reporting Period, the Group reduced its selling expenses by approximately RMB5,805,000 to RMB5,528,000 as compared to the corresponding period of the previous year by adjusting its organizational structure and optimizing its compensation incentive system;
- (3) The products previously developed by the Group reached a higher level of maturity, the current focus had shifted to the promotion and application of the products, resulting in a decrease in research and development expenses of approximately RMB3,485,000 to approximately RMB19,449,000 during the Reporting Period;
- (4) During the Reporting Period, there were no impairment losses recorded on intangible assets (1H 2023: approximately RMB12,000,000).

For the Reporting Period, the basic loss per share and diluted loss decreased by 55.8% to approximately RMB5.48 cents (1H 2023: Basic loss per share and diluted loss were approximately RMB12.40 cents).

Management Discussion and Analysis

BUSINESS REVIEW

I. Industry Background Analysis

In the first half of 2024, China's GDP grew by 5.0% year-on-year, with the overall operation being stable and progressing while stabilizing, new driving forces accelerating, and new progress being made in high-quality development. While China's economic fundamentals remained stable, the quality of economic development continued to improve. In the first half of the year, investment in high-tech industries grew by 10.6% year-on-year, faster than all investments by 6.7 percentage points; the value-added of above-average high-tech manufacturing industries grew by 8.7% year-on-year.

At the industry level, the government continued to introduce policies to promote the construction of a modernized industrial system, accelerate the development of new-quality productivity, promote the innovative development of the digital economy, and deepen the research and development applications of big data and artificial intelligence (“AI”). In the Report on the Implementation of the National Economic and Social Development Plan for 2023 and the Draft National Economic and Social Development Plan for 2024 adopted by the 14th National People's Congress, two actions, namely, “Artificial Intelligence +” and “Data Elements ×”, are listed as the major tasks in 2024 to actively foster the development of emerging and future industries, as well as to promote the in-depth integration of digital technology with the real economy.

On 4 January 2024, 17 departments including the National Bureau of Data jointly issued the “Data Elements ×” Three-year Action Plan (2024–2026), which aims to activate the potential of data elements and promote the high-quality development of the digital economy through the deep integration and innovative application of data. Data bureaus and data exchanges have been set up in 23 provinces, cities and regions, including Beijing, Shanghai, Zhejiang Province and Guangdong Province, to make overall plans and promote the construction of data markets and the management of the circulation of data elements. The “Guidance on Strengthening Data Asset Management” issued by the Ministry of Finance aims to build a “market-led, government-guided, multi-party co-construction” data asset governance model, gradually establish and improve the data asset management system, constantly improve and enrich the economic and social value of data assets, and promote the whole process management of data assets as well as compliance, standardization and value-adding.

In 2024, with the official implementation of data assets in financial reports, the development of China's data factor market ushered in a historical key node, the era of data factor industrialization has arrived, and the digital China strategy continues to advance. During the Report Period, the Chinese government and enterprises are actively promoting the prospects of data assets in the financial reports and completing case studies in several provinces and cities across the country.

Management Discussion and Analysis

With strong support from national policies, we expect China's digital economy to expand rapidly. According to the research report of Zhongyan Puhua Industrial Research Institute (中研普華產業研究院), the market size of China's digital economy is expected to reach RMB63.8 trillion in 2024, and the scale of China's digital economy is expected to reach RMB70.8 trillion in 2025, and the overall scale of China's digital economy market will continue to maintain significant growth. According to the data of the National Industry and Information Safety Development Research Center, it is expected that during the "14th Five-Year Plan" period, the compound growth rate of China's data factor market will exceed 25%, the activity of China's data factor circulation market will be significantly increased, and the overall scale will continue to expand, and the total value is expected to reach RMB159.2 billion in 2024. By 2025, the scale is expected to approach RMB200 billion. According to the forecast data of International Data Corporation (IDC) and CCID Consulting, the overall IT investment of China's banking industry is expected to reach RMB513.234 billion by 2026, with a compound annual growth rate of 16.66% from 2022 to 2026; Among them, the IT solution market size of China's banking industry is expected to reach RMB139.011 billion by 2026, with a compound annual growth rate of 23.55% from 2022 to 2026. It is expected that the Group's new business track expansion and financial business development have broad room for growth.

As a leading AI big data and marketing technology enterprise in China, the Group's main business is to provide customers with localized alternative products and solutions for big data, AI and digital marketing. Under the general trend of national policy support and industry development, the Group has ushered in the era wave and policy dividend period of AI big data industry development. The development of industries such as digital economy, data elements, digital assets including in financial reports, big data, AI, AI large model, localization of IT application innovation, software and hardware information technology construction, which are highly relevant to the business, has created a broad development space and growth potential for the Group.

II. Review of performance in the first half of 2024

During the Reporting Period, the Group continued to consolidate its core competitiveness in the fields of data intelligence and marketing technology, deepen existing customer bases such as banking, securities, insurance, funds and manufacturing, continue to expand new strategic business tracks, innovate new business models, and actively explore new fields such as inclusion of data asset in financial statements, financial AI large model, information technology localization, and software and hardware information technology construction. The Group commits to transform to an intelligent comprehensive service providers.

Management Discussion and Analysis

1. Consolidate the existing business, expand the strategic new track, and enable the development of new quality productivity

(1) Consolidate existing business

During the Reporting Period, the Group continued in-depth cooperation with a major state-owned bank's headquarter to expand the bank's new business in various fields, such as warehouse application development project, implementation of new regulations on financial asset impairment, Examination and Analysis System Technology (EAST) product and domestic upgrading project, construction project of new generation credit card core system, general ledger system, centralized acquisition system and fraud detection system project and business clients management system integration and migration project, etc. It reflects the Group's market influence and comprehensive competitive advantage in data application fields such as data governance, data standardization, data services, data analysis applications, data maintenance and data security, and also shows that customers highly recognize the comprehensive strength of the Group's products, technical solutions and professional delivery capabilities.

At the same time, the Group also successfully renewed the implementation project of one warehouse and four markets (marketing market) in a provincial joint-stock city in Southwest China, giving full play to the technical advantages of the Group in data intelligence and marketing technology, and deeply empowering customers from multiple business scenarios such as customer analysis insight, customer base refinement management and smart marketing system construction.

In addition, during the Reporting Period, the Group successfully won the bid for a data application model research and development service project of an agricultural commercial bank in the Northeast region, further expanding the Group's influence in the national financial institutions market.

(2) Expand strategic new track

While consolidating and maintaining long-term cooperation with financial institution customers represented by the banking industry, the Group continues to explore new businesses, new scenarios, new models and new tracks. The Group gave full play to its technological and resource advantages in the field of digital intelligence, and during the Reporting Period, Advantage Financial Holdings (Shanghai) Asset Management Co., Ltd.* (優勢金控(上海)資產管理有限公司), as the general partner, Quanzhou Big Data Operation Service Co., Ltd.* (泉州大數據運營服務有限公司) ("**Quanzhou Big Data**"), Quanzhou Licheng Culture & Tourism Investment Group Co., Ltd.* (泉州鯉城文旅投資集團有限公司), Beijing eGOVA Co., Ltd.* (北京數字政通科技股份有限公司) and Shenzhen Suoxinda Data Technology Co., Ltd.* (深圳索信達數據技術有限公司), a subsidiary of the Company, as limited partners, entered into a partnership agreement to jointly invest RMB100 million to establish a new partnership. The purpose of the partnership is to actively explore the innovative application of data assets, expand the application business model of more industry data elements, improve the application and promotion of big data in government and enterprises, financial institutions and internet systems, and promote the construction of domestic IT, smart cities and the development of information and innovation industries. During the Reporting Period, the Group also signed a number of strategic cooperation agreements with Quanzhou Licheng District People's Government and Quanzhou Big Data, a company under the Quanzhou SASAC, and established the Ruihe Data South China Intelligence Center to jointly promote the integration of Quanzhou's digital economy industry, accelerate the potential release of data element resources, and accelerate the high-quality development of new quality productivity.

Management Discussion and Analysis

2. Strengthen independent innovation, master the independent intellectual property rights of core technologies, and drive sustainable competitiveness

Adhering to the concept of independent innovation, the Group continues to make innovative breakthroughs in the field of products and technologies, and continues to refine and upgrade its flagship products and technology solutions such as smart marketing, label portrait, regulatory compliance and big data application. From the data platform, data analysis, data application to data operation, the end-to-end technology and service system has been established, and the software and hardware product development and technical solution service capabilities have been strengthened. The Group has self-developed distributed database, data governance suite, data asset management platform, data management and integrated development suite and other data platform products with independent intellectual property rights, combined with intelligent marketing, regulatory reporting and other data application software and AI innovative products, to help customers connect the front, middle and background full link data.

As at 30 June 2024, the Group has applied for a total of 244 national intellectual property rights certificates, of which 47 national invention patent authorization certificates and 140 computing software copyright certificates have been obtained. During the Reporting Period, the Group's "Lingxi Integrated Intelligent Marketing Platform" completed the mutual certification of joint solutions with 17 ecological partners such as Alibaba Cloud; At the same time, the "Full Data Asset Visualization Project" jointly declared by the Group and a joint-stock commercial bank won the "2024 China Data Asset Management Best Practice Case".

3. Build a new ecosystem of open and integrated strategic cooperation and create a new situation for cooperation in the digital industry

During the Reporting Period, the Group attached great importance to cooperation with strategic ecological partners, actively participated in the layout of new ecological cooperation, cooperated with a number of domestic head internet institutions, government and enterprises, and jointly provided customers with full-stack localization of AI big data implementation and deployment schemes.

In January 2024, the Group and 13 leading technology enterprises such as Alibaba Cloud jointly released 17 joint solutions, covering cloud native decentralized transformation of core systems in the field of banking, securities and insurance, data asset reconstruction of financial institutions and AI application scenario exploration.

In April 2024, the Group participated in the Second Regional Bank Digital Intelligence Integration Innovation Summit hosted by Huawei to discuss and share cutting-edge technologies in the field of big data and AI big model. At present, the White Paper on the Construction of Regional Bank Data Capability System jointly prepared by the Group and Huawei and other strategic partners has been released. With the technical strength and rich experience of leading domestic data intelligence and marketing technology leaders, the Group shares its own technical achievements and practical experience in smart marketing and AI big data solutions. The Group went deep into various characteristic business scenarios of regional banks, and promoted the digital transformation and development of regional banks with innovative solutions.

Management Discussion and Analysis

During the Reporting Period, the Group participated in the Seventh Digital China Construction Summit held in Fuzhou, and cooperated with Quanzhou Big Data to sign contracts on projects in the fields of digital infrastructure, AI, computing services, data factor services, etc., to jointly promote the digital transformation of state-owned enterprises in Quanzhou. At the same time, the Group also plans to participate in the case studies of new quality productivity in Nanshan District, Shenzhen, and build an industry-university-research, investment and education practice base with the Southern University of Science and Technology. Through various modes such as government-enterprise linkage and school-enterprise cooperation, the Group aims to achieve the deep integration of AI big data industry and constantly promote the high-quality development of new quality productivity and digital economy.

In summary, in the first half of 2024, on the basis of consolidating the original business, the Group made progress in its transformation into an integrated service provider of industrial digital intelligence. The Group is committed to providing customers with high-quality software and hardware products, technical solutions and services. By further expanding the ecological cooperation network, the Group will strengthen its competitive advantage in the field of digital intelligence.

III. Future Prospects

In the second half of 2024, as the government vigorously promotes the development of new quality productivity and the construction of digital China, we expect a new round of growth will be ushered in the fields of data elements, data asset entry, AI, AI large model and financial information and creation technology, and the transformation and upgrading of digital intelligence, inclusion of digital asset in financial statements and data element market development will maintain strong demand. It provides a solid market foundation for the high-quality development of the industry.

Next, the Group will continue to consolidate and strengthen the basic business of financial institutions, maintain the first-mover advantage in the field of data intelligence and marketing technology, adhere to the data-based, wisdom as the body, innovation as the wing, quality as the foundation, and continue to focus on core business areas. At the same time, the Group will continue to expand the strategic new track, and actively explore emerging fields such as the prospect of inclusion of data asset in financial statements, the innovative application of data factor market, the localization of information and innovation, and the construction and application of software and hardware information technology to achieve interconnected development; We will strengthen internal and external cooperation and complementarity in ecological resources.

Management Discussion and Analysis

Specifically, the Group will implement the new development strategy from the following aspects, continue to build core competitiveness, forge new development engines, and achieve steady development:

1. In terms of product innovation and research and development, we take AI big data, AI and large model product research and development as the core competitiveness of the Company. At the same time, the Group has deeply explored and optimized existing technologies, actively explored emerging technologies in the industry, enhanced the application of generative AI and AI large model technology, and continued to upgrade core products by repeated calculation and constantly improve the level of product intelligence. Through the continuous collection of user feedback, analysis of market trends and research of industry dynamics, accurately grasp the market demand, continuous optimization and improvement of products, to provide users with more convenient, efficient and accurate services. Through technological innovation and product optimization, the Group will build barriers to technological competition, consolidate its dominant position in the market, and lay a solid foundation for the Group's long-term development.
2. In terms of strategic business track development, the Group relies on AI big data and AI technology with competitive advantages to expand strategic new track, based on the advantages of financial industry customers, expand potential customers in other industries, deepen the market universality of software and hardware products and solutions, keep up with the national digital economy and new quality productivity development dividends, seize the market opportunities of innovative application of data elements, inclusion of data asset in financial statements, localization replacement of information creation and transformation of data intelligence, and provide customers with software and hardware products and integrated solutions.
3. In terms of customer delivery services, the Group has established and improved cross-departmental and cross-regional resource coordination and sharing mechanisms, and strengthened the quality of project management by enhancing the efficiency of team collaboration and communication, so as to ensure the fluency and efficiency of services. While doing a good job in customer service for large financial institutions, we will continue to expand small and medium-sized financial institutions and customers in new areas to meet diversified customer needs. At the same time, we focus on close cooperation with government, enterprises, universities, institutions, associations, business schools and other resources, make full use of all resources, inject new vitality into the development of the Group, and promote the steady development of the Group.
4. In terms of ecological partnership cooperation, the Group is committed to building a diversified ecological cooperation system. The Group actively deepens strategic partnerships with Internet giants such as Huawei Cloud, Alibaba Cloud, Baidu Cloud and Baidu to build a new ecosystem of digital finance and industrial technology; At the same time, strengthen strategic cooperation with Baode Computer System Co., LTD. (寶德計算機系統股份有限公司) ("**Baode Computing**") and Quanzhou Big Data, continuously improve the ecosystem of upstream and downstream partners through technology ecological sharing and resource complementary advantages, form a close industrial chain collaboration, and jointly promote the deep integration of AI big data and industrial economy.

Management Discussion and Analysis

In the current digital era, big data and AI have become an important engine for the development of new quality productivity and digital economy. The Group has been focusing on the field of big data and AI for 20 years, relying on its profound accumulation, following the direction of national strategy, giving full play to its technological advantages in the field of big data and AI, constantly innovating and improving, and continuously improving customer satisfaction by providing excellent products and solutions. At the same time, The Group will accelerate its expansion in the fields of data elements, inclusion of data asset in financial statements, AI, AI large model and financial information and innovation technology, and strive to become a leading integrated service provider of data intelligence.

FINANCIAL REVIEW

1 Revenue

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Revenue		
Data solutions	68,491	88,885
Sales of hardware and software and related services as an integrated service	46,968	21,771
Information technology maintenance and support services	3,832	10,470
Trading of commodities	61,720	–
	181,011	121,126

Revenue of the Group for the Reporting Period was approximately RMB181,011,000, marking an increase of approximately 49.4% or approximately RMB59,885,000 as compared to the first half of 2023. The change was mainly due to the strategic reorientation of the Group's business and the expansion of new track during the Reporting Period, committed to the innovative application of data elements, inclusion of data asset in the financial statements and the localization of the alternative IT innovation, the followings were main changes in the composition of revenue during the Reporting Period: (1) The Group expanded its sales of software, hardware and related services, resulting in an increase in revenue of approximately 115.7% or approximately RMB25,197,000 during the Reporting Period; (2) The Group expanded its new business model and added the commodity trading business during the Reporting Period, resulting in revenue of approximately RMB61,720,000 (1H2023: RMB Nil). (3) Revenue from the Group's data solutions business decreased by approximately 22.9% or approximately RMB20,394,000 compared to the first half of 2023 as IT and marketing budgets tightened due to the impact of the macro economy and the increasing maturity of information systems of large financial institutions; and (4) Revenue from information technology maintenance and support services decreased by approximately 63.4% or approximately RMB6,638,000 compared to the first half of 2023.

Management Discussion and Analysis

2 Gross profit and gross profit margin

Gross profit for the Reporting Period was approximately RMB14,577,000, reflecting a decrease of approximately 42.4% or approximately RMB10,725,000 compared to the first half of 2023. Gross margin was approximately 8.1% (1H2023: approximately 20.9%).

The decrease in gross profit and gross profit margin was mainly due to the adjustment of the revenue structure in the first half of 2024, and the increase in the proportion of trading of commodities, sales of hardware and software and related services as an integrated services. The characteristics of the above business determine that their gross profit margin are significantly different from the gross profit margin of data solutions business which the Group has been involving. The adjustment of the composition of revenue is mainly to pave the way for the future development of related businesses.

3 Selling expenses

For the Reporting Period, our selling expenses were approximately RMB5,528,000, marking a decrease of approximately 51.2% or approximately RMB5,805,000 as compared to that of the first half of 2023, which is equivalent to approximately 3.1% of the Group's revenue for the Reporting Period (1H 2023: approximately 9.4%). The decrease in selling expenses was mainly attributable to: (1) The related manpower costs were reduced by approximately 47.6% or approximately RMB3,866,000 as compared to the first half of 2023 through the Group's restructuring of its organisational structure and the optimisation of its remuneration incentive mechanism; (2) Promotion expenses decreased by approximately 91.6% or approximately RMB999,000 as compared to the first half of 2023; and (3) office expenses decreased by approximately 91.3% or approximately RMB870,000 compared to the first half of 2023.

4 Research and development expenses

For the Reporting Period, our research and development expenses were approximately RMB19,449,000, representing a decrease of approximately 15.2% or approximately RMB3,485,000 as compared to that of the first half of 2023, equivalent to approximately 10.7% of the Group's revenue for the Reporting Period (1H 2023: approximately 18.9%). The decrease in research and development expenses was mainly due to the increasing maturity of the products previously developed by the Group and the current focus on the promotion and application of the products, resulting in a decrease of approximately 17.4% or approximately RMB2,590,000 in the employee expenses of the research and development team as compared to the first half of 2023.

5 Administrative expenses

During the Reporting Period, our administrative expenses were approximately RMB24,053,000, representing an increase of approximately 1.6% or approximately RMB375,000 compared to the first half of 2023. The main reasons for the adjustment in the composition of administrative expenses are: (1) The related employee expenses decreased by about 8% or about RMB1,132,000 as compared with the first half of 2023 as a result of the optimization of the administrative management team; (2) Legal and professional services decreased by approximately 45.1% or RMB1,115,000 during the Reporting Period compared to the first half of 2023; (3) Depreciation, amortization of intangible assets and depreciation of office property leased-use rights assets decreased by approximately 9.5% or approximately RMB718,000; and (4) Share-based payment expenses arising from share options and award shares previously granted were approximately RMB39,000, (first half of 2023: reversal of share-based payment expenses of approximately RMB2,898,000).

Management Discussion and Analysis

6 Income tax credit

During the Reporting Period, we had income tax credits of approximately RMB473,000 (first half of 2023: Income tax credits of approximately RMB1,452,000). The change was mainly due to lower pre-tax losses during the Reporting Period.

7 Loss for the period

Net loss for the Reporting Period decreased by 38.8% or approximately RMB24,541,000 from the same period last year to approximately RMB38,635,000 (first half of 2023: Net loss of RMB63,176,000). The main reasons for the decrease in loss during the Reporting Period were listed out as below.

- (1) For the Reporting Period, due to the optimization of the Group's project management model and the improvement of accounts receivable management, the provision for impairment of the Group's financial and contract assets decreased by approximately RMB8,523,000 or approximately RMB1,400,000 compared to the corresponding period of the previous year;
- (2) During the Reporting Period, the Group reduced its selling expenses by approximately RMB5,805,000 to RMB5,528,000 as compared to the corresponding period of the previous year by adjusting its organizational structure and optimizing its compensation incentive system;
- (3) The products previously developed by the Group have reached a higher level of maturity and the current focus has shifted to the promotion and application of the products, resulting in a decrease in research and development expenses of approximately RMB3,485,000 to approximately RMB19,449,000 during the Reporting Period;
- (4) During the Reporting Period, there were no impairment losses recorded on intangible assets (1H 2023: approximately RMB12,000,000).

8 Loss for the Reporting Period attributable to owners of the Company

During the Reporting Period, the loss attributable to owners of the Company for the period was approximately RMB36,040,000 (first half of 2023: Loss attributable to owners of the Company was approximately RMB62,141,000). The change was mainly due to the decrease in net loss during the Reporting Period.

9 Loss per share

For the Reporting Period, the Company's basic and diluted loss per share decreased by 55.8% to RMB5.48 cents and its basic and diluted loss per share for the first half of 2023 was approximately RMB12.4 cents.

Management Discussion and Analysis

10. Liquidity and financial resources

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Net cash inflow/(outflow) from operating activities	(32,104)	(51,588)
Net cash inflow/(outflow) from investing activities	(5,308)	(698)
Net cash inflow/(outflow) from financing activities	(7,228)	106,448

A Operating activities

The Group's net cash outflow from operating activities for the Reporting Period was approximately RMB32,104,000, marking a decrease of approximately RMB19,484,000 compared to the net cash outflow from operating activities for the first half of 2023, mainly due to the decrease in project procurement, compensation expenses and other miscellaneous expenses during the Reporting Period.

B Investing activities

The Group's net cash outflow from investing activities for the Reporting Period was approximately RMB5,308,000, reflecting an increase of approximately RMB4,610,000 compared to the net cash outflow from investment activities for the first half of 2023. The main reason was the cash outflow of RMB1,950,000 generated by the Group's investment Quanzhou Advantage Industrial Investment (Quanzhou) Partnership (Limited Partnership) during the Reporting Period.

C Financing activities

The Group's net cash outflow from financing activities for the Reporting Period was approximately RMB7,228,000 and net cash inflow from financing activities for the first half of 2023 was approximately RMB106,448,000. The main reason was that no shares were issued during the Reporting Period, while the net proceeds from the issuance of shares in the first half of 2023 were approximately RMB127,394,000.

11 Capital structure

A Bank and other borrowings

As at 30 June 2024, our short-term bank borrowings were approximately RMB66,744,000 and other borrowings were approximately RMB95,000,000. Long-term bank borrowings were approximately RMB10,000,000.

B Debt securities

As at 30 June 2024, the Group did not have any debt securities.

Management Discussion and Analysis

C *Contingent liabilities*

As at 30 June 2024, the Group does not have any material contingent liabilities or guarantees.

D *Treasury policy*

The Group adopts a prudent approach to financial management in relation to treasury policy. The Board of directors closely monitors its liquidity position to ensure that its assets, liabilities and other commitments are structured to meet the Group's funding requirements at all times.

E *Gearing ratio*

As at 30 June 2024, the Group's gearing ratio was approximately 216.4% (31 December 2023: approximately 150.2%). The increase in gearing ratio was mainly due to a decrease in total equity of approximately RMB36,826,000 during the Reporting Period compared to the beginning of the Reporting Period.

Gearing ratio was calculated by dividing the sum of our bank and other borrowings, convertible bond borrowings and borrowings payable to Directors at the end of the Reporting Period by our total equity.

12 Pledge of assets

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

- (i) corporate guarantee from independent third parties of approximately RMB Nil (31 December 2023: RMB5,000,000);
- (ii) pledged bank deposits of approximately RMB889,000 held at bank (31 December 2023: approximately RMB1,005,000);
- (iii) trade receivables outstanding from specific customers of the Group of approximately RMB14,421,000 (31 December 2023: approximately RMB12,795,000);
- (iv) assets owned by a Director; and
- (v) personal guarantees from Mr. Xue Shouguang, Mr. Chen Zhenping and legal representatives of two subsidiaries.

B As at 30 June 2024, other borrowings of the Group were collateralized and/or secured by certain shares of the Company held by a Director and personal guarantee from a precedent director.

Management Discussion and Analysis

13 Significant investments held

During the Reporting Period, the Group did not hold significant investments that had a material impact on the Group's overall operations.

14 Capital commitments

As at 30 June 2024, the Group did not have any capital commitments.

15 Significant investments, acquisitions and dispositions of subsidiaries, associates and joint ventures

There were no significant investments or significant acquisitions and dispositions of subsidiaries, associates and joint ventures during the Reporting Period.

16 Foreign exchange risk

As the majority of the Group's business transactions, assets and liabilities were denominated primarily in the functional currencies of the Group entities, the Group is exposed to certain foreign currency risks. The Group implemented an effective management policy to closely monitor movements in foreign exchange rates and regularly review foreign exchange risks. The Group will consider hedging significant foreign currency risks when necessary.

17 Future plans for significant investments or capital assets

The Group does not currently have any other plans for significant investments or capital assets now.

* The English names of the companies referred represent the best effort made by management of the Company to directly translate the Chinese names as they have not registered any official English names.

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 2024, 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 C3 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. Xue Shouguang	Interest in controlled corporation ⁽¹⁾	104,000,000	15.74	Long position
Mr. Chen Zhenping	Beneficial owner	60,980,000	9.23	Long position
Mr. Wu Xiaohua	Interest in controlled corporation ⁽²⁾	29,490,000	4.46	Long position
Ms. Zhao Yiqing	Beneficial owner	23,740,000	3.59	Long position
Dr. Wu Fu-shea	Beneficial owner	11,450,000	1.73	Long position

Notes:

1. Mr. Xue Shouguang held approximately 83.3% equity interest in Treasure Tree Asia Holdings Co. LTD. Accordingly, under Part XV of the SFO, Mr. Xue Shouguang was deemed to be interested in the 104,000,000 share capital of the Company held by Treasure Tree Asia Holdings Co. LTD.
2. 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.

Save as disclosed above, as at 30 June 2024, 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.

Corporate Governance and Other Information

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

As at 30 June 2024, 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
Treasure Tree Asia Holdings Co. LTD ⁽¹⁾	Beneficial owner	104,000,000	15.74	Long position
Ms. 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
Mindas 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

Corporate Governance and Other Information

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.
- (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. According to the disclosure of interests as set out on the website of the Stock Exchange, on 6 July 2024, 深圳市高盛達旅遊汽車服務有限公司 (Shenzhen Gaoshengda Travelling and Car Services Company Limited) transferred all its shares in Mindas Touch Global Limited to Jiaying Management Co., Limited, which is wholly owned by Mr. Gu Yi. Accordingly, as at the date of this report, Mr. Gu Yi and Jiaying Management Co., Limited are deemed to be interested in these shares under 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 2024, 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 398 employees altogether in Mainland China and Hong Kong as at 30 June 2024. 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 and senior management is to enable the Group to retain and motivate them 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.

Corporate Governance and Other Information

EQUITY INCENTIVE PLAN

The share option scheme (the “**Share Option Scheme**”) and the share award scheme (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 2024 and 30 June 2024, the numbers of options available for grant under the scheme mandate were 38,948,495 and 39,094,587 respectively. There is no service provider sublimit under the Share Option Scheme.

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.

Further details of the Share Option Scheme are set out in the circular of the Company dated 28 April 2020 and the 2023 annual report of the Company.

Corporate Governance and Other Information

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	Exercise Price per Share Option (HK\$)	Outstanding as at 1 January 2024	Granted during the Reporting Period	Performance target of options granted during the Reporting Period	Closing price of the shares immediately before the date on which the options were granted (HK\$)	Fair value per share option at the date of grant (HK\$)	Exercised during the Reporting Period	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	Outstanding as at 30 June 2024
Director and senior management														
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 2024, 31 March 2024; and after 31 March 2025, respectively	Subject to the vesting dates, from 28 December 2021 to 7 June 2030	6.33 (Note1)	70,000	-	-	6.27	3.28	-	-	-	-	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 2024, 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	6.33 (Note1)	42,000	-	-	6.27	3.28	-	-	21,000	-	21,000
In aggregate	8 April 2022	25% of the share options granted shall vest on the first trading day after each of 31 March 2024, 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	5.38 (Note2)	793,413	-	-	5.21	2.84	-	-	32,616	-	760,797
Sub-total					905,413	-				-		53,616	-	851,797
Total					905,413	-				-		53,616	-	851,797

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.

Corporate Governance and Other Information

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 2024 and 30 June 2024, the number of Restricted Shares available for grant under the scheme mandate maintained at 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 Award 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.

Further details of the Share Award Scheme are set out in the circular of the Company dated 28 April 2020 and the 2023 annual report of the Company.

Corporate Governance and Other Information

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	Purchase price of share awards (HK\$)	Unvested as at 1 January 2024	Granted during the Reporting Period	Closing price per share immediately before the date of grant (HK\$)	Fair value per share of awards as at the date of grant (HK\$)	Performance target of share awards granted during the Reporting Period	Vested during the Reporting Period	Weighted average closing price of the shares immediately before the vesting date (HK\$)	Lapsed/forfeited during the Reporting Period	Cancelled during the Reporting Period	Unvested as at 30 June 2024
To be satisfied by new shares issued/to be issued													
Director and senior management													
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	-	400,740	-	6.27	6.33	-	186,864	1.69	34,924	-	178,952
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	-	9,000	-	6.27	6.33	-	-	-	9,000	-	-
In aggregate	28 December 2021	30% of the Restricted Share granted shall be vested on the first trading day after 31 March 2022	-	144,000	-	6.27	6.33	-	112,000	1.69	32,000	-	-
In aggregate	28 December 2021	30% of the Restricted Share granted shall be vested on the first trading day after 31 March 2023	-	-	-	6.27	6.33	-	-	-	-	-	-
In aggregate	28 December 2021	40% of the Restricted Share granted shall be vested on the first trading day after 31 March 2024	-	-	-	6.27	6.33	-	-	-	-	-	-
In aggregate	28 December 2021	30% of the Restricted Share granted would be vested as soon as practicable	-	-	-	6.27	6.33	-	-	-	-	-	-
In aggregate	28 December 2021	30% of the Restricted Share granted shall be vested on the first trading day after 31 March 2023	-	70,000	-	6.27	6.33	-	35,000	1.69	-	-	35,000
In aggregate	28 December 2021	40% of the Restricted Share granted shall be vested on the first trading day after 31 March 2024	-	-	-	6.27	6.33	-	-	-	-	-	-
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	-	-	-	-	-	-
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	-	317,326	-	5.21	5.38	-	98,600	1.69	34,823	-	183,903
In aggregate	8 April 2022	30% of the Restricted Share granted shall be vested on the first trading day after 30 June 2022	-	-	-	5.21	5.38	-	-	-	-	-	-
In aggregate	8 April 2022	30% of the Restricted Share granted shall be vested on the first trading day after 30 June 2023	-	-	-	5.21	5.38	-	-	-	-	-	-
In aggregate	8 April 2022	40% of the Restricted Share granted shall be vested on the first trading day after 30 June 2024	-	-	-	5.21	5.38	-	-	-	-	-	-
In aggregate	8 April 2022	60% of the Restricted Share granted would be vested as soon as practicable	-	-	-	5.21	5.38	-	-	-	-	-	-
In aggregate	8 April 2022	40% of the Restricted Share granted shall be vested on the first trading day after 31 March 2023	-	-	-	5.21	5.38	-	-	-	-	-	-
Sub-total				941,066	-				432,464		110,747	-	397,855
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	-	30,000	-	5.21	5.38	-	10,000	1.69	-	-	20,000
Total				971,066	-				442,464		110,747	-	417,855

BANK LOANS AND OTHER BORROWINGS

Details of the bank loans and borrowings of the Group as at 30 June 2024 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 (including sale of treasury shares) during the Reporting Period.

As at 30 June 2024, there were no treasury shares held by the Company.

Corporate Governance and Other Information

USE OF NET PROCEEDS FROM THE SHARE OFFER

The Shares of the Company 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 % of Net Proceeds	Allocation of the Net Proceeds (HK\$ million)	Utilised Net Proceeds as at 30 June 2024 (HK\$ million)	Unutilised Net Proceeds as at 30 June 2024 (HK\$ million)
Strengthening and expansion of our data solution offerings through continuously attracting and retaining high- quality personnel and offering attractive compensation packages to retain our employees	20%	20.8	20.8	–
Enhancement of our sales and marketing efforts including corporate branding activities (Note)	20%	20.8	20.8	–
Development of the financial AI laboratory, the display centre and office facilities of the Haina Property in Shenzhen (Note)	35%	36.4	36.4	–
Potential strategic acquisition to supplement our organic growth	6.35%	6.6	6.6	–
Working capital and other general corporate purposes	18.65%	19.4	19.4	–
Total	100%	104.0	104.0	–

Note: As disclosed in the announcements of the Company dated 2 December 2020 and 24 December 2021, the Company originally intended to apply approximately 35.0% of the Net Proceeds from the Share Offer, or approximately HK\$36.4 million for the development of the financial AI laboratory, the display centre and office facilities of the Haina Property (as defined in the 2019 Annual Report) in Shenzhen. However, as one of the conditions precedent for the completion of acquisition of the Haina Property (as defined in the 2019 Annual Report) could not be fulfilled, the Company terminated the acquisition of the Haina Property (as defined in the 2019 Annual Report) with the relevant seller on 2 December 2020. As a result, the Board intended to apply the unutilised Net Proceeds for such purpose to search for new locations for the development of the Group’s financial AI laboratory, display centre and office facilities. The Board has also subsequently resolved to extend the timetable for using all the unutilised Net Proceeds to on or before 31 December 2022 for the Group’s long term business development and better utilisation of the unutilised Net Proceeds. As additional time is needed for searching suitable locations, the Board has further resolved to extend the timetable for using the remaining proceeds of approximately HK\$3.5 million for development of the financial AI laboratory, the display centre and office facilities to by 31 August 2023, which was further extended to by 31 March 2024.

Corporate Governance and Other Information

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 C1 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 and the chief executive officer 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.

Following the re-designation of Mr. Fei Xiang from an independent non-executive Director to an executive Director on 8 January 2024, the Company did not meet the requirements of (i) having at least three independent non-executive Directors on the Board; (ii) having independent non-executive Directors representing at least one-third of the Board; and (iii) having at least three members in the audit committee of the Company (“**Audit Committee**”) under Rules 3.10(1), 3.10A, and 3.21 of the Listing Rules, respectively. On 14 March 2024, following the appointments of Dr. Jin Yong and Dr. Tian Yu as independent non-executive Directors and members of the Audit Committee, the Company has re-complied with the said Listing Rules requirements.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules 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. Fei Xiang, 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, Dr. Jin Yong and Dr. Tian Yu.

INTERIM DIVIDEND

The Board did not recommend the payment of an interim dividend for the Reporting Period (1H2023: Nil).

Corporate Governance and Other Information

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 publication 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 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

No information is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

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 2024

	Notes	Six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Revenue	6	181,011	121,126
Cost of sales		(166,434)	(95,824)
Gross profit		14,577	25,302
Selling expenses		(5,528)	(11,333)
Administrative expenses		(24,053)	(23,678)
Research and development expenses		(19,449)	(22,934)
Expected credit losses on financial and contract assets	8	(1,400)	(9,923)
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")	23	-	(1,601)
Other income	7	2,890	2,518
Other gains/(losses), net	7	643	(1,293)
Operating loss		(32,320)	(60,742)
Finance income	9	128	48
Finance costs	9	(6,929)	(3,459)
Finance costs, net	9	(6,801)	(3,411)
Share of profits/(losses) of associates		13	(475)
Loss before income tax	8	(39,108)	(64,628)
Income tax credit	10	473	1,452
Loss for the period		(38,635)	(63,176)
Attributable to:			
Owners of the Company		(36,040)	(62,141)
Non-controlling interests		(2,595)	(1,035)
		(38,635)	(63,176)
Loss for the period		(38,635)	(63,176)
Other comprehensive (loss)/income			
Items that may be reclassified to profit or loss:			
- Currency translation differences		1,623	(1,174)
Total comprehensive loss for the period, net of tax		(37,012)	(64,350)
Total comprehensive loss for the period attributable to			
Owners of the Company		(34,417)	(63,315)
Non-controlling interests		(2,595)	(1,035)
		(37,012)	(64,350)
Loss per share for loss attributable to owners of the Company:			
Basic loss per share (RMB cents)	11	(5.48)	(12.40)
Diluted loss per share (RMB cents)	11	(5.48)	(12.40)

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 2024

	Notes	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
ASSETS			
Non-current assets			
Property and equipment	12	16,272	19,255
Intangible assets	12	74,878	80,831
Right-of-use assets	12	9,989	14,354
Investment in associates		14,774	14,761
Deposit paid for acquisition of additional interests in a subsidiary		3,465	3,465
Financial assets at fair value through other comprehensive income ("FVTOCI")		1,950	–
Deferred tax assets		9,337	8,853
		130,665	141,519
Current assets			
Trade and bill receivables	13	91,136	104,285
Contract assets	14	70,490	71,702
Prepayments	15	12,310	5,561
Other receivables	15	7,219	6,819
Pledged bank deposits		889	1,005
Cash and cash equivalents		70,232	113,257
		252,276	302,629
Total assets		382,941	444,148
EQUITY			
Equity attributable to the owners of the Company			
Share capital	16	5,950	5,950
Other reserves		416,785	414,975
Accumulated losses		(361,127)	(325,086)
		61,608	95,839
Non-controlling interests		18,873	21,468
Total equity		80,481	117,307

Interim Condensed Consolidated Statement of Financial Position

As at 30 June 2024

	Notes	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
LIABILITIES			
Non-current liabilities			
Lease liabilities	20	3,186	6,149
Deferred tax liabilities		595	680
Bank and other borrowings	19	10,000	10,000
		<u>13,781</u>	<u>16,829</u>
Current liabilities			
Trade payables	17	78,230	91,594
Accruals and other payables	18	40,072	43,976
Contract liabilities	14	620	997
Amounts due to directors	21(b)	2,380	–
Current income tax liabilities		1,991	2,046
Lease liabilities	20	3,642	5,207
Bank and other borrowings	19	161,744	166,192
		<u>288,679</u>	<u>310,012</u>
Total liabilities		<u>302,460</u>	<u>326,841</u>
Total equity and liabilities		<u>382,941</u>	<u>444,148</u>
Net current liabilities		<u>(36,403)</u>	<u>(7,383)</u>
Total assets less current liabilities		<u>94,262</u>	<u>134,136</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 2024

	Attributable to owners of the Company										
	Share capital	Share premium	Capital reserve	Share-based	Other reserve	Exchange reserve	Statutory reserve	Accumulated losses	Subtotal	Non-controlling interests	Total
				payment reserve							
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2024 (Audited)	<u>5,950</u>	<u>306,834</u>	<u>67,373</u>	<u>23,606</u>	<u>(56)</u>	<u>(4,271)</u>	<u>21,489</u>	<u>(325,086)</u>	<u>95,839</u>	<u>21,468</u>	<u>117,307</u>
Comprehensive loss											
Loss for the period (unaudited)	-	-	-	-	-	-	-	(36,040)	(36,040)	(2,595)	(38,635)
Other comprehensive income											
Currency translation differences (unaudited)	-	-	-	-	-	1,623	-	-	1,623	-	1,623
Total comprehensive income/(loss) for the period (unaudited)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,623</u>	<u>-</u>	<u>(36,040)</u>	<u>(34,417)</u>	<u>(2,595)</u>	<u>(37,012)</u>
Transaction with owners in their capacity as owners											
Share-based payments (unaudited)	-	-	-	186	-	-	-	-	186	-	186
Transfer to statutory reserve (unaudited)	-	-	-	-	-	-	1	(1)	-	-	-
Balance at 30 June 2024 (Unaudited)	<u>5,950</u>	<u>306,834</u>	<u>67,373</u>	<u>23,792</u>	<u>(56)</u>	<u>(2,648)</u>	<u>21,490</u>	<u>(361,127)</u>	<u>61,608</u>	<u>18,873</u>	<u>80,481</u>
Balance at 1 January 2023 (Audited)	<u>4,153</u>	<u>181,237</u>	<u>67,373</u>	<u>26,308</u>	<u>(56)</u>	<u>(1,892)</u>	<u>20,893</u>	<u>(215,257)</u>	<u>82,759</u>	<u>20,754</u>	<u>103,513</u>
Comprehensive loss											
Loss for the period (unaudited)	-	-	-	-	-	-	-	(62,141)	(62,141)	(1,035)	(63,176)
Other comprehensive loss											
Currency translation differences (unaudited)	-	-	-	-	-	(1,174)	-	-	(1,174)	-	(1,174)
Total comprehensive loss for the period (unaudited)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,174)</u>	<u>-</u>	<u>(62,141)</u>	<u>(63,315)</u>	<u>(1,035)</u>	<u>(64,350)</u>
Transaction with owners in their capacity as owners											
Issuance of new shares (Note 16(a)) (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)	<u>5,950</u>	<u>306,834</u>	<u>67,373</u>	<u>23,411</u>	<u>(56)</u>	<u>(3,066)</u>	<u>21,466</u>	<u>(277,971)</u>	<u>143,941</u>	<u>19,719</u>	<u>163,660</u>

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 2024

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Cash used in operations	(31,953)	(50,850)
Income tax paid	(151)	(738)
	<hr/>	<hr/>
Net cash used in operating activities	(32,104)	(51,588)
Cash flows from investing activities		
Purchase of intangible assets	(2,186)	(3,833)
Payment for property and equipment	(1,300)	(1,072)
Purchase of financial assets at FVTOCI	(1,950)	–
Proceed from disposal of property and equipment	–	140
Proceed from disposal of intangible assets	–	15
Repayment of advances to an associate	–	3,130
Net cash inflows arising on disposal of investment in an associate	–	2,448
Payment for acquisition of a subsidiary	–	(1,574)
Interests received	128	48
	<hr/>	<hr/>
Net cash used in investing activities	(5,308)	(698)
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	(4,037)	(3,285)
Decrease in pledged bank deposits and other deposits	1,116	(784)
Advances from directors	32,380	–
Repayment of advances from directors	(30,000)	(24,663)
Repayment of lease liabilities	(2,239)	(1,934)
Interest paid on financial liabilities at FVTPL	–	(3,200)
Proceeds from other borrowings	40,000	20,000
Repayment of other borrowings	(46,464)	(2,700)
Proceeds from bank borrowings	12,016	26,960
Repayment of bank borrowings	(10,000)	(31,340)
	<hr/>	<hr/>
Net cash (used in)/generated from financing activities	(7,228)	106,448
Net (decrease)/increase in cash and cash equivalents	(44,640)	54,162
Cash and cash equivalents at beginning of the period	113,257	15,111
Effect of currency translation differences	1,615	(1,194)
	<hr/>	<hr/>
Cash and cash equivalents at end of the period	70,232	68,079

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 2024

1 GENERAL INFORMATION

Ruihe Data Technology 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, information technology (“**IT**”) maintenance and support services and trading of commodities.

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 2024 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 2023, 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 2024. 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 2023.

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

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 2023.

There have been no changes in the risk management policies since year ended 31 December 2023.

5.2 Credit risk

The credit risk of the Group mainly arises from cash at bank, pledged bank deposits, trade and bill 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 and bill 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 are 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. Details of the loss allowance of other receivables are included in Note 15 of the interim condensed consolidated financial information.

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 asset.

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.

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

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 categories 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 30 June 2024:

Description	Fair value measurements using:			Total RMB'000
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	
As at 30 June 2024				
– Financial assets at FVTOCI (unaudited)	<u>-</u>	<u>-</u>	<u>1,950</u>	<u>1,950</u>

During the six months ended 30 June 2024, 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 2024

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

5.4 Fair value measurements (Continued)

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

	2024 RMB'000 (Unaudited)
Financial assets at FVTOCI	
At 1 January	-
Purchase	1,950
Total gains recognised in other comprehensive income	-
At 30 June	<u>1,950</u>

The total gains recognised in other comprehensive income are presented in fair value change of financial assets at FVTOCI 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 2024:

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 2024 RMB'000 (Unaudited)
Financial assets at FVTOCI	Asset approach	Net assets	Increase	<u>1,950</u>

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

6 REVENUE AND SEGMENT INFORMATION

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue from contracts with customers		
Integrated data technology services		
– Data solutions	68,491	88,885
– Sales of hardware and software and related services as an integrated service	46,968	21,771
– IT maintenance and support services	3,832	10,470
	119,291	121,126
Trading of commodities	61,720	–
	181,011	121,126
Timing of revenue recognition		
– At a point in time	108,688	21,771
– Over time	72,323	99,355
	181,011	121,126

The chief operating decision-maker (“**CODM**”) has been identified as the directors of the Group. The CODM regards the Group’s business units based on their products and services and has following reportable segments as follows:

- (a) Integrated data technology services – data solutions, sales of hardware and software and related services as an integrated service, and IT maintenance and support services; and
- (b) Trading of commodities.

The Group’s reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

Segment profits or losses do not include share of profits/(losses) of associates, finance income and corporate administrative expenses incurred by the Company.

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

6 REVENUE AND SEGMENT INFORMATION (CONTINUED)

(a) The information about reportable segment profit or loss provided to the CODM for the six months ended 30 June 2024 and 2023 are as follows:

	2024			2023		
	Integrated data		Total	Integrated data		Total
	technology services	Trading of commodities		technology services	Trading of commodities	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue						
- Data solutions	68,491	-	68,491	88,885	-	88,885
- Sales of hardware and software and related services as an integrated service	46,968	-	46,968	21,771	-	21,771
- IT maintenance and support service	3,832	-	3,832	10,470	-	10,470
- Trading of commodities	-	61,720	61,720	-	-	-
	<u>119,291</u>	<u>61,720</u>	<u>181,011</u>	<u>121,126</u>	<u>-</u>	<u>121,126</u>
Segment loss	(37,025)	(64)	(37,089)	(63,017)	-	(63,017)
Unallocated (loss)/profit			(1,559)			316
Share of profits/(losses) of associates			13			(475)
Loss for the period			<u>(38,635)</u>			<u>(63,176)</u>
Other segment information:						
Depreciation of property, plant and equipment	3,349	21	3,370	4,132	-	4,132
Amortisation of intangible assets	8,142	-	8,142	8,329	-	8,329
Depreciation of right of use assets	2,631	-	2,631	3,396	-	3,396
Expected credit losses on financial and contract assets	1,400	-	1,400	9,923	-	9,923
Impairment loss on property and equipment	-	-	-	3,100	-	3,100
Impairment loss on intangible assets	-	-	-	12,000	-	12,000
Impairment loss on right-of-use assets	-	-	-	2,700	-	2,700
Finance income	121	7	128	48	-	48
Finance costs	(6,929)	-	(6,929)	(3,459)	-	(3,459)
Income tax (credit)/expense	(475)	2	(473)	(1,452)	-	(1,452)
Additions to non-current assets	<u>2,617</u>	<u>328</u>	<u>2,945</u>	<u>4,274</u>	<u>-</u>	<u>4,274</u>

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

6 REVENUE AND SEGMENT INFORMATION (CONTINUED)

- (b) 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	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Mainland China	181,011	121,126

All 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 price allocated to these unsatisfied contracts are not disclosed.

7 OTHER INCOME AND OTHER GAINS/(LOSSES), NET

An analysis of other income and other gains/(losses), net is as follows:

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Other income:		
Government grants (Note i)	2,890	2,518
Other gains/(losses), net:		
Loss on disposal of property and equipment, net	-	(840)
Loss on written off of property, plant and equipment	(18)	-
Loss on disposal of intangible assets	-	(759)
Gains on disposal of investment in an associate	-	701
Gains on leases termination	818	-
Others	(157)	(395)
	643	(1,293)

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.

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

8 LOSS BEFORE INCOME TAX

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

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Employee benefit expenses (including directors' emoluments)	56,944	100,663
Amortisation of intangible assets (Note 9)	8,142	8,329
Expenses related to short-term leases	316	197
Depreciation of right-of-use assets (Note 9)	2,631	3,396
Depreciation of property and equipment (Note 9)	3,370	4,132
Loss on written off of property, plant and equipment	18	–
Expected credit losses on trade and bill receivables (Note 10)	1,898	3,769
(Reversal of expected credit losses)/expected credit losses on contract assets (Note 11)	(498)	6,154
Impairment loss on property and equipment (Note 9)	–	3,100
Impairment loss on intangible assets (Note 9)	–	12,000
Impairment loss on right-of-use assets (Note 9)	–	2,700

9 FINANCE COSTS, NET

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Finance income		
– Interest income on bank deposits	128	48
Finance costs		
– Interest expense on bank and other borrowings	(6,236)	(2,513)
– Interest expense on amount due to directors	(430)	(772)
– Finance charges on lease liabilities	(263)	(174)
	(6,929)	(3,459)
Finance costs, net	(6,801)	(3,411)

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

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	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current income tax (expenses)/credit	(96)	1,564
Deferred income tax credit/(expenses)	569	(112)
Income tax credit	473	1,452

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 subjected to the PRC Enterprise Income Tax rate of 25% for the six months ended 30 June 2024 (30 June 2023: 25%), while the applicable enterprise income tax rate for Shenzhen Suoxinda Data Technology Co., Ltd. ("**Suoxinda Shenzhen**"), Ruihe Data (Beijing) Technology Co., Ltd. ("**Ruihe Beijing**") and Shenzhen Yinxing Intelligent Date Co., Ltd. ("**Shenzhen Yinxing**") were 15% for both of the six months ended 30 June 2024 and 2023 as these companies were recognised by relevant PRC authorities as National High and New Technological Enterprise ("**NHNT**") and were entitled to a preferential Enterprise Income Tax rate from 2023 to 2026, 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 2024 (30 June 2023: 16.5%).

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

11 LOSS PER SHARE

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Loss attributable to owners of the Company for the purpose of calculating basic loss per share (RMB'000)	(36,040)	(62,141)
Adjustment of loss attributable to non-controlling interests of the subsidiary on conversion of convertible loans into subsidiary's capital (RMB'000)	—	—
Loss attributable to owners of the Company for the purpose of calculating diluted loss per share (RMB'000)	(36,040)	(62,141)
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share (Number of shares in thousand)	657,948	501,226
Basic loss per share (RMB cents)	(5.48)	(12.40)
Diluted loss per share (RMB cents)	(5.48)	(12.40)

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 and share options because (i) the exercise price of those share options are 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 has anti-dilutive effects on the basic loss per share amounts presented. (Six months ended 30 June 2023: 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 are 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 has 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 2024

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 2024			
Net book value			
Opening amount as at 1 January 2024 (Audited)	19,255	80,831	14,354
Additions (unaudited)	400	2,186	359
Termination of leases (unaudited)	–	–	(2,093)
Written off (unaudited)	(18)	–	–
Depreciation and amortisation (unaudited)	(3,370)	(8,142)	(2,631)
Exchange alignment (unaudited)	5	3	–
	<u>16,272</u>	<u>74,878</u>	<u>9,989</u>
Closing amount as at 30 June 2024 (Unaudited)	<u>16,272</u>	<u>74,878</u>	<u>9,989</u>
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)	(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>

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

13 TRADE AND BILL RECEIVABLES

Trade and bill receivables analysis is as follows:

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Trade receivables	153,152	165,018
Less: provision for trade receivables	(64,156)	(62,308)
Trade receivables, net	<u>88,996</u>	<u>102,710</u>
Bill receivables	2,193	1,578
Less: allowance for expected credit losses	(53)	(3)
Bill receivables, net	<u>2,140</u>	<u>1,575</u>
Total trade and bill receivables, net	<u>91,136</u>	<u>104,285</u>

Bill receivable represent the unconditional order in writing issued by a customer of the Group for completed sales which entitle the Group to collect a sum of money from the customer. The bill is non-interest bearing and has a maturity of six months.

As at 30 June 2024, trade receivables of the Group of approximately RMB14,421,000 have been pledged for certain bank borrowings of the Group (31 December 2023: approximately RMB12,795,000) (Note 13(a)).

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

13 TRADE AND BILL RECEIVABLES (CONTINUED)

Movements on the Group's allowance for expected credit losses of trade and bill receivables are as follows:

	30 June 2024 RMB'000 (Unaudited)	30 June 2023 RMB'000 (Unaudited)
At the beginning of the period	(62,311)	(47,660)
Increase in expected credit losses	(1,898)	(3,769)
At the end of the period	<u>(64,209)</u>	<u>(51,429)</u>

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

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Up to 3 months	65,198	95,467
3 to 6 months	1,464	2,082
6 months to 1 year	26,183	9,073
Over 1 year	62,500	59,974
	<u>155,345</u>	<u>166,596</u>

- (b) 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 and bill receivables. To measure the expected credit losses, trade and bill 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.

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

13 TRADE AND BILL RECEIVABLES (CONTINUED)

The allowance for expected credit losses on trade and bill receivables as of 31 December 2023 and 30 June 2024 are determined as follows:

	Current	Up to 3 months past due	3 to 6 months past due	6 to 12 months past due	Over 12 months past due	Total
30 June 2024 (unaudited):						
Weighted average expected loss rate	1%	8%	10%	12%	92%	
Gross carrying amount (in RMB'000)	19,773	44,605	19,460	9,342	62,165	155,345
Allowance for expected credit losses (in RMB'000)	250	3,430	2,031	1,096	57,402	64,209
31 December 2023 (audited):						
Weighted average expected loss rate	5%	2%	14%	10%	95%	
Gross carrying amount (in RMB'000)	80,852	15,010	5,244	6,208	59,282	166,596
Allowance for expected credit losses (in RMB'000)	4,296	345	713	608	56,349	62,311

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.

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

14 CONTRACT ASSETS/(LIABILITIES)

Contract assets/(liabilities) analysis is as follows:

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Contract assets	103,069	104,779
Less: allowance for expected credit losses	<u>(32,579)</u>	<u>(33,077)</u>
	<u>70,490</u>	<u>71,702</u>
Contract liabilities	<u>(620)</u>	<u>(997)</u>

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

	30 June 2024 RMB'000 (Unaudited)	30 June 2023 RMB'000 (Unaudited)
At the beginning of the period	(33,077)	(22,538)
Decrease/(increase) in expected credit losses	<u>498</u>	<u>(6,154)</u>
At the end of the period	<u>(32,579)</u>	<u>(28,692)</u>

The contract assets are primarily related to the Group's rights to consideration for work completed and not billed because the rights are conditional on the Group's future performance in achieving specified milestones at the reporting date. The contract assets are transferred to trade receivables when the rights become unconditional. The Group typically reclassifies contract assets to trade receivables on the date of acceptance reports issued by the customers when such right of collections becomes unconditional other than the passage of time.

The contract assets relate to unbilled work in progress. Except for an individual customer with contract asset amounted to approximately RMB32,095,000 (31 December 2023: approximately RMB32,095,000) has been fully provided in view of increase in credit risk, the remaining balances substantially have the same risk characteristics as the trade receivables. As at 30 June 2024, the Group has recognized impairment on contract assets of approximately RMB32,579,000 (30 June 2023: approximately RMB28,692,000).

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

15 PREPAYMENTS AND OTHER RECEIVABLES

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Prepayments		
Prepayment for purchases	7,171	1,260
Prepaid expenses	5,139	4,301
	<u>12,310</u>	<u>5,561</u>
Other receivables		
Utilities and other deposits (Note i)	3,092	3,965
Other receivables	4,127	2,854
Other receivables due from other investors of an associate (Note ii)	2,079	2,079
	<u>9,298</u>	<u>8,898</u>
Less: allowance for expected credit losses (Note ii)	<u>(2,079)</u>	<u>(2,079)</u>
	<u>7,219</u>	<u>6,819</u>

Notes:

- (i) Pledged deposit of approximately RMBNil (31 December 2023: RMB1,000,000) with an independent third party which are pledged for other borrowings of RMBNil (31 December 2023: RMB2,464,000) as at 30 June 2024 (Note 19(b)).
- (ii) As at 30 June 2024 and 31 December 2023, the Group assessed that those investors were in financial difficulties and did not have financial capability to repay the debts, expected credit losses are fully provided on amounts due from those investors.

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

16 SHARE CAPITAL

	Note	Number of ordinary shares	Nominal value of ordinary shares RMB'000
Issued and fully paid:			
As at 1 January 2023 (audited)		467,068,036	4,153
Issuance of new shares (unaudited)	(a)	<u>193,800,000</u>	<u>1,797</u>
As at 30 June 2023 (unaudited), 1 January 2024 (audited) and 30 June 2024 (unaudited)		<u>660,868,036</u>	<u>5,950</u>

Note:

- (a) 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 2024

17 TRADE PAYABLES

Trade payables analysis is as follows:

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Trade payables	78,230	91,594

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

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Up to 30 days	31,797	67,256
31 to 60 days	1,252	5,075
61 to 90 days	2,344	3,961
Over 90 days	42,837	15,302
	78,230	91,594

18 ACCRUALS AND OTHER PAYABLES

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Accrued salaries and wages	8,162	11,493
Other tax payables	17,932	17,252
Payables for purchase of equipment and intangible assets	–	900
Amount due to a precedent director	695	4,790
Interest payables on other borrowings	3,638	1,009
Others	9,645	8,532
	40,072	43,976

The carrying amounts of the accruals and other payables (excluding non-financial liabilities) approximate their fair values as at 30 June 2024 and 31 December 2023.

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

19 BANK AND OTHER BORROWINGS

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Non-current		
Bank borrowings (Note (a))	<u>10,000</u>	<u>10,000</u>
Current		
Bank borrowings (Note (a))	<u>66,744</u>	64,728
Other borrowings (Note (b))	<u>95,000</u>	<u>101,464</u>
	<u>161,744</u>	<u>166,192</u>
Total	<u><u>171,744</u></u>	<u><u>176,192</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 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Within 1 year	<u>66,744</u>	64,728
In the second years	-	-
In the third to fifth years	<u>10,000</u>	<u>10,000</u>
	<u>76,744</u>	74,728
Less: Amount due for settlement within 12 months (shown under current liabilities)	<u>(66,744)</u>	<u>(64,728)</u>
Amount due for settlement after 12 months	<u><u>10,000</u></u>	<u><u>10,000</u></u>

The carrying amounts of the bank borrowings approximate their fair values and are denominated in RMB. The weighted average interest rate is 4.3% per annum for the six months ended 30 June 2024 (31 December 2023: 4.2%).

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

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 RMB Nil as at 30 June 2024 (31 December 2023: RMB5,000,000);
- (ii) pledged bank deposits of approximately RMB889,000 held at bank as at 30 June 2024 (31 December 2023: approximately RMB1,005,000);
- (iii) trade receivables outstanding from specific customers of the Group of approximately RMB14,421,000 as at 30 June 2024 (31 December 2023: approximately RMB12,795,000) (Note 13);
- (iv) property owned by a director of the Company; and
- (v) personal guarantees from Mr. Xue Shouguang (“**Mr. Xue**”), Mr. Chen Zhenping (“**Mr. Chen**”), and legal representatives of two subsidiaries.

(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 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
On demand	20,000	20,000
Within 1 year	75,000	81,464
	<u>95,000</u>	<u>101,464</u>
Less: Amount due for settlement within 12 months (shown under current liabilities)	<u>(95,000)</u>	<u>(101,464)</u>
Amount due for settlement after 12 months	<u>-</u>	<u>-</u>

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 bear interest at 9.2% per annum and is repayable in equal monthly installments by June 2024.

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

19 BANK AND OTHER BORROWINGS (CONTINUED)

(b) Other borrowings (Continued)

In August and October 2023, the Group entered into certain loans agreements with two independent third parties to obtain loans at principal amounts of RMB20,000,000 and RMB59,000,000 respectively. The loans are unsecured, bears interest at 6% per annum and repayable by February 2024. During the six months ended 30 June 2024, the Group repaid part of loans at principal amounts of RMB20,000,000 and RMB24,000,000 to each of the two independent third parties respectively. The remaining loan at principal amount of RMB35,000,000 is extended to be repayable by August 2024.

In February and March 2024, the Group entered into certain loans agreements with two independent third parties to obtain loans at principal amounts of RMB20,000,000 and RMB20,000,000 respectively. The loans are unsecured, bears interest at 6% per annum and repayable by August 2024.

At 31 December 2023, the convertible loans of Ruihe (Beijing), an indirect wholly owned subsidiary of the Company, were on demand for repayment as the investor decided not to exercise the conversion option and redeemed the outstanding loans at their principal amounts of RMB20,000,000. Therefore, the outstanding loans of RMB20,000,000 were reclassified from financial liabilities at FVTPL to other borrowings. Up to the date of approval for issuance of the interim condensed consolidated financial statements, the Group is still in the progress of negotiations with the investor for a possible resolution on repayment plan. The loans are secured by certain shares of the Company held by a precedent director and personal guarantee from a precedent director.

The carrying amounts of bank and other borrowings approximate their fair values as at 30 June 2024 and 31 December 2023.

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For the six months ended 30 June 2024

20 LEASE LIABILITIES

	30 June 2024	31 December 2023
	RMB'000 (Unaudited)	RMB'000 (Audited)
Within one year	3,941	5,719
One to two years	2,891	3,975
Two to five years	395	2,503
Over five years	34	–
Total lease payments	7,261	12,197
Less: future finance charges	(433)	(841)
Total lease liabilities	6,828	11,356
Less: portion classified as current liabilities	(3,642)	(5,207)
Portion classified as non-current liabilities	3,186	6,149

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 approximately RMB316,000 for the six months ended 30 June 2024 (30 June 2023: approximately RMB197,000) have been recognised in the interim condensed consolidated statement of comprehensive income.

The total cash outflows for leases including payments of lease liabilities and payments of interest expenses for the six months ended 30 June 2024 is approximately RMB2,555,000 (30 June 2023: approximately RMB2,131,000).

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

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. Xue Shouguang (“ Mr. Xue ”)	Executive Director, Chairman, shareholder and the Chief Executive Officer
Ms. Zhao Yiqing (“ Ms. Zhao ”)	Executive Director and shareholder
Mr. Fei Xiang (“ Mr. Fei ”)	Executive Director
Mr. Wu Fu-Shea	Non-executive Director and shareholder
Mr. Chen Zhenping (“ Mr. Chen ”)	Non-executive Director and shareholder
Mr. Wu Xiaohua (“ Mr. Wu ”)	Non-executive Director and shareholder
Mr. Jiang Jingxiang	Senior management
Mr. Chen Qiyu	Senior management
Mr. Gao Quan	Senior management
Mr. Liu Jinrong	Senior management
Ms. Wei Huijuan	Senior management
Mr. Qin Gang	Senior management
Ms. Zhang Fengwei	Senior management
Ms. Liu Qin	Senior management

(a) Key management compensation

The compensation paid or payable to key management for employee services during the six months ended 30 June 2024 and 2023 are shown below:

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Salaries, bonuses, fees and allowances	3,090	4,119
Retirement benefit contributions	125	345
Equity-settled share-based payments	185	741
	3,400	5,205

(b) Related party balances

As at 30 June 2024, the amounts due to directors are unsecured and repayment on demand, of which RMB2,000,000 bears interests at 12% per annum, while the remaining balances of approximately RMB380,000 are interest-free (31 December 2023: Nil).

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

22 DIVIDENDS

No dividends have been paid or declared by the Company during the six months ended 30 June 2024 (30 June 2023: Nil).

23 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

On 19 May 2022, Ruihe 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 Ruihe Beijing subjected to the conversion conditions. The conversion price shall be determined with reference to asset appraisal of Ruihe 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 Ruihe Beijing during the last round of financing conducted by Ruihe Beijing before the conversion and further the pre-money valuation of Ruihe 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 Ruihe 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 precedent director and personal guarantee from a precedent director.

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.

During the year ended 31 December 2023, the Company repaid certain convertible loans with a principal amount of RMB20,000,000.

At 31 December 2023, the convertible loans of Ruihe Beijing were on demand for repayment as the investor decided not to exercise the conversion option and redeemed the outstanding loans at their principal amounts of RMB20,000,000. Therefore, the outstanding loans of RMB20,000,000 were reclassified from financial liabilities at FVTPL to other borrowings (Note 19(b)). Up to the date of approval for issuance of the interim condensed consolidated financial statements, the Group is still in the progress of negotiations with the investor for a possible resolution on repayment plan.

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For the six months ended 30 June 2024

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 2024 and 2023 are as follows:

	For the six months ended	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
At the beginning of the period	-	41,981
Interest paid	-	(3,200)
Fair value change	-	1,601
	<hr/>	<hr/>
Fair value at the end of reporting period	-	40,382
	<hr/>	<hr/>