



CHINA DIGITAL VIDEO HOLDINGS LIMITED

中國數字視頻控股有限公司

(incorporated in the Cayman Islands with limited liability)

Stock code : 8280



2024

INTERIM REPORT

ALWAYS BE
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LOOKING**

CHARACTERISTICS OF THE GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate small and mid- sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This report, for which the directors (the "**Directors**") of China Digital Video Holdings Limited (the "**Company**") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "**GEM Listing Rules**") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.



CONTENTS

CORPORATE INFORMATION	2
FINANCIAL HIGHLIGHTS	3
MANAGEMENT DISCUSSION AND ANALYSIS	4
REPORT OF THE DIRECTORS	10
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	18
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	19
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	21
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	22
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION	23

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. ZHENG Fushuang (*Chairman and Chief Executive Officer*)

Mr. PANG Gang (*President*)

Mr. LIU Baodong

Ms. CAO Lingyi (*appointed on 1 June 2024*)

Independent Non-executive Directors

Dr. LI Wanshou

Mr. LI Youliang

Mr. JIAN Nianqiang (*appointed on 1 June 2024*)

COMPANY SECRETARY

Mr. AU Wai Keung

AUTHORISED REPRESENTATIVES

Mr. ZHENG Fushuang

Mr. AU Wai Keung

COMPLIANCE OFFICER

Mr. LIU Baodong

AUDIT COMMITTEE

Mr. LI Youliang (*Chairman*)

Dr. LI Wanshou

Mr. JIAN Nianqiang (*appointed on 1 June 2024*)

REMUNERATION COMMITTEE

Mr. JIAN Nianqiang (*Chairman*) (*appointed on 1 June 2024*)

Mr. LIU Baodong

Dr. LI Wanshou

NOMINATION COMMITTEE

Mr. ZHENG Fushuang (*Chairman*)

Dr. LI Wanshou

Mr. LI Youliang

REGISTERED OFFICE

P.O. Box 309

Ugland House

Grand Cayman, KY1-1104

Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room A5, 7/F

China United Plaza

1008 Tai Nan West Street

Cheung Sha Wan

Kowloon

Hong Kong

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN PRC

China Digital Video Technical Plaza

No. 131 West Fourth Ring Road N

Haidian District

Beijing

PRC

GEM STOCK CODE

8280

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

Maples Fund Services (Cayman) Limited

PO Box 1093, Boundary Hall

Cricket Square

Grand Cayman, KY1-1112

Cayman Islands

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited

Shops 1712-1716, 17th Floor

Hopewell Centre

183 Queen's Road East

Wanchai, Hong Kong

PRINCIPAL BANKERS

China Merchants Bank (West Sanhuan Branch)

China Merchants Bank (Shuangyushu Branch)

Beijing Bank (Hongxing Branch)

Bank of Ningbo (Beijing Branch)

AUDITOR

Prism Hong Kong Limited (formerly known as Prism Hong Kong and Shanghai Limited)

LEGAL ADVISORS

As to Hong Kong law

King & Wood Mallesons

As to Cayman Islands law

Maples and Calder

COMPANY'S WEBSITE

www.cdv.com (*information of this website does not form part of this interim report*)

FINANCIAL HIGHLIGHTS

Our revenue decreased by 14.5% to RMB67.3 million for the six months ended 30 September 2024 (the "**2024 Interim Period**") from RMB78.7 million for the six months ended 30 September 2023 (the "**2023 Interim Period**").

We recorded a loss of RMB43.6 million for the 2024 Interim Period as compared to RMB36.4 million for the 2023 Interim Period.

Our Directors did not recommend the payment of interim dividends for the 2024 Interim Period (2023 Interim Period: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

We are a leading digital video technology solution and service company in the TV broadcasting industry in China. We provide a full range of solutions, services and products to TV broadcasters and other digital video content providers, to effectively assist and enhance digital video technology content in the upgrade and management works on the post-production segment, a critical part of the People's Republic of China (the "PRC") TV broadcasting market. We have been at the forefront of digital video technology innovation in China. Our emphasis on developing a demand-driven and highly responsive R&D is particularly critical for us because of our focus on the solutions and services business, where the customers demand customized services. Our solutions, services and products businesses facilitate the processing, enhancement and management of digital video content at the post-production stage between the ingestion of raw content and the output of finished content.

We have established business relationships with most of the central- and provincial-level TV stations in China and with some of the provincial-level TV broadcasters in China for over 27 years. We have also served alternative broadcasting platforms, such as cable network operators, Internet media content providers and IPTV operators. In view of the sustained losses of the Group, while we will continue our existing principal business, we will conduct a review of our business activities for the purpose of formulating business plans and strategies for our future business development. We may explore other business opportunities and consider whether any asset disposal, asset acquisition, business rationalisation, business divestment, fund raising, restructuring of the existing business and/or business diversification will be appropriate in order to enhance our long-term growth potential.

Save as disclosed in this report, there have been no material changes to the future prospects of the Group for the current financial year since the publication of the Company's 2023 annual report.

FINANCIAL REVIEW

We recorded a total revenue of RMB67.3 million for the 2024 Interim Period, representing a decrease of 14.5% from RMB78.7 million for the 2023 Interim Period. We recorded a loss of RMB43.6 million for the 2024 Interim Period as compared to RMB36.4 million for the 2023 Interim Period, primarily due to the decrease in income.

Our cost of sales was RMB43.2 million for the 2024 Interim Period as compared to RMB51.3 million for the 2023 Interim Period. Our gross profit margin increased from 34.9% for the 2023 Interim Period to 35.9% for the 2024 Interim Period. Such increase was mainly due to the higher proportion of single items with high gross profit.

MANAGEMENT DISCUSSION AND ANALYSIS

ANALYSIS ON INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME ITEMS

Revenue

We derived revenue primarily from (i) sale of solutions; (ii) provision of services; and (iii) sale of products. Our revenue decreased by 14.5% to RMB67.3 million for the 2024 Interim Period from RMB78.7 million for the 2023 Interim Period. The decrease in revenue was mainly attributable to the intensified competition of traditional home appliances under the influence of internet media.

Cost of Sales

Our cost of sales was RMB43.2 million for the 2024 Interim Period as compared to RMB51.3 million for the 2023 Interim Period. The decrease was due to the decrease in income.

Gross Profit and Gross Profit Margin

Our gross profit represents revenue less cost of sales. Our gross profit decreased by 12.0% to RMB24.2 million for the 2024 Interim Period from RMB27.4 million for the 2023 Interim Period, primarily due to the decrease in income. Our gross profit margin increased to 35.9% for the 2024 Interim Period from 34.9% for the 2023 Interim Period.

Other Income

Our other income decreased by 89.4% to RMB1.0 million for the 2024 Interim Period from RMB9.8 million for the 2023 Interim Period as a result of the gain on contractual changes of lease liability in the 2023 Interim Period, as compared to Nil in the 2024 Interim Period.

Selling and Marketing Expenses

Our selling and marketing expenses decreased by 11.5% to RMB20.8 million for the 2024 Interim Period from RMB23.5 million for the 2023 Interim Period, primarily due to optimization of personnel and the decrease in costs of sales personnel.

Administrative Expenses

Our administrative expenses decreased by 4.0% to RMB26.4 million for the 2024 Interim Period from RMB27.5 million for the 2023 Interim Period due to the decrease in costs of personnel and the increase in lease service fees.

Research and Development Expenses

Our research and development expenses increased by 5.0% to RMB14.7 million for the 2024 Interim Period and remained relatively stable as compared to RMB14.0 million for the 2023 Interim Period.

MANAGEMENT DISCUSSION AND ANALYSIS

Finance Costs

Our finance costs increased by 10.4% to RMB5.3 million for the 2024 Interim Period from RMB4.8 million for the 2023 Interim Period, primarily due to the increase in bank borrowings.

Net Impairment Loss on Trade and Other Receivables and Contract Assets

No impairment loss on trade and other receivables and contract assets was recognised for the 2024 Interim Period as compared to impairment loss on trade and other receivables and contract assets of RMB0.2 million for the 2023 Interim Period as a result of the absence of provision for bad debts during the 2024 Interim Period.

Loss before Income Tax

As a result of the foregoing factors, we recorded a loss before income tax of RMB43.6 million for the 2024 Interim Period as compared to RMB36.4 million for the 2023 Interim Period.

Income Tax

Due to operating losses, we are not subject to any income tax expenses.

Loss for the 2024 Interim Period

As a result of the foregoing factors, we recorded a loss of RMB43.6 million for the 2024 Interim Period as compared to RMB36.4 million for the 2023 Interim Period.

Other Comprehensive (Loss)/Income

We recorded other comprehensive loss of RMB0.8 million for the 2024 Interim Period as compared to other comprehensive income of RMB6.8 million for the 2023 Interim Period, primarily due to the settlement of profit or loss on foreign exchange .

Total Comprehensive Loss for the 2024 Interim Period

We recorded an increase of total comprehensive loss by RMB14.9 million to RMB44.4 million for the 2024 Interim Period from RMB29.5 million for the 2023 Interim Period, primarily due to the decrease in gross profit and other revenues.

Loss Attributable to Equity Holders of the Company

We recorded a loss attributable to equity holders of the Company of RMB43.1 million for the 2024 Interim Period as compared to RMB36.7 million for the 2023 Interim Period.

MANAGEMENT DISCUSSION AND ANALYSIS

ANALYSIS ON CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION ITEMS

Non-current Assets

As at 30 September 2024, our non-current assets amounted to RMB30.4 million (as compared to RMB34.6 million as at 31 March 2024), primarily consisting of intangible assets of RMB6.7 million (as compared to RMB9.3 million as at 31 March 2024), financial assets at fair value through profit or loss of RMB11.9 million (as compared to RMB11.9 million as at 31 March 2024) and interests in associates of RMB11.8 million (as compared to RMB13.4 million as at 31 March 2024). Our intangible assets mainly represent our intellectual properties, patents, trademarks and licenses related to our products and all direct costs incurred in the development of software products. Our interests in associates represent our interests in associates, namely, Beijing Yue Ying Technology Co., Ltd. (北京悦影科技有限公司), Beijing Meicam Network Technology Co, Ltd. (北京美攝網絡科技有限公司), Beijing Xin'aote Smart Sport Innovation Development Co., Ltd. (北京新奧特智慧體育創新發展有限公司), Tuteng Shijie (Guangzhou) Digital Technology Limited Company (圖騰視界(廣州)數字科技有限公司), Xin'aote Fujian Culture Technology Co., Ltd. (新奧特(福建)文化科技有限公司), Beijing Jinsong Chuanyi Technology Co., Ltd. (北京錦頌創逸技術科技有限公司) and Beijing Xin'aote Sports Media Co., Ltd. (北京新奧特體育傳媒有限公司).

Current Assets

As at 30 September 2024, our current assets amounted to RMB447.6 million (as compared to RMB487.9 million as at 31 March 2024), primarily consisting of trade and other receivables of RMB241.6 million (as compared to RMB289.6 million as at 31 March 2024), cash and cash equivalents of RMB151.9 million (as compared to RMB151.1 million as at 31 March 2024) and contract assets of RMB11.8 million (as compared to RMB11.8 million as at 31 March 2024).

Current Liabilities

As at 30 September 2024, our current liabilities amounted to RMB529.1 million (as compared to RMB528.7 million as at 31 March 2024), primarily consisting of trade and other payables of RMB289.9 million (as compared to RMB313.7 million as at 31 March 2024), contract liabilities of RMB25.1 million (as compared to RMB18.3 million as at 31 March 2024) and interest-bearing borrowings of RMB211.8 million (as compared to RMB193.2 million as at 31 March 2024).

Non-current Liabilities

No non-current liabilities as at 30 September 2024 (as compared to RMB0.6 million of lease liability as at 31 March 2024).

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

During the 2024 Interim Period, we financed our operations primarily through cash generated from our operating activities. We had net cash generated from operating activities in the amount of RMB12.5 million during the 2024 Interim Period as compared to net cash used in operating activities in the amount of RMB38.8 million during the 2023 Interim Period. As at 30 September 2024, we had (i) cash and cash equivalents of RMB151.9 million (as compared to RMB151.1 million as at 31 March 2024); and (ii) interest-bearing borrowings of RMB211.8 million (as compared to RMB193.2 million as at 31 March 2024), which were denominated in Renminbi bearing fixed and floating interest rates.

Our gearing ratio (calculated as total borrowings divided by total equity) was not applicable as at 30 September 2024 (31 March 2024: Not applicable).

During the 2024 Interim Period, we did not employ any financial instrument for hedging purposes.

COMMITMENTS

As at 30 September 2024, we had short-term lease commitments in respect of a rented office and various residential properties of RMB4.2 million (as at 31 March 2024: RMB2.0 million).

SIGNIFICANT INVESTMENT IN AND MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND A JOINT VENTURE

We did not make any significant investment in or material acquisition or disposal of subsidiaries, associates and a joint venture during the 2024 Interim Period.

FUTURE PLANS FOR MATERIAL INVESTMENT IN OR ACQUISITION OF CAPITAL ASSETS

During the 2024 Interim Period, we did not have any plans for material investment in or acquisition of capital assets in the coming year.

FOREIGN CURRENCY RISK

Our subsidiaries mainly operate in the PRC and the majority of our transactions are settled in Renminbi, except for certain bank balances and bank borrowings which are denominated in U.S. dollars. Foreign currency risk arises when commercial transactions and recognized assets and liabilities are denominated in a currency that is not the functional currency of the Company or its subsidiaries (collectively referred to as the "Group"). As at 30 September 2024, we did not have any significant foreign currency risk from our operations. During the 2024 Interim Period, we did not enter into any arrangements to hedge against any fluctuation in foreign currency.

MANAGEMENT DISCUSSION AND ANALYSIS

CHARGE ON ASSETS

As at 30 September 2024, we had restricted bank deposits of RMB0.4 million (as at 31 March 2024: RMB1.6 million) held in banks for the purpose of contract-related deposits or payments, guarantees issued for trade finance facilities and security of bank borrowings.

HUMAN RESOURCES

As at 30 September 2024, we had 261 full-time employees and 11 dispatched workers (30 September 2023: 283 full-time employees and 57 dispatched workers). The remuneration package of our employees includes salary, sales commission, bonus and other cash subsidies. The remuneration expense, excluding share-based compensation expense, for the 2024 Interim Period and the 2023 Interim Period was approximately RMB26.9 million and RMB30.0 million, respectively. In general, our employees' salaries are determined based on individual performance, qualification, position and seniority. We place strong emphasis on recruiting skilled personnel. We typically recruit talents from universities and technical schools and conduct annual reviews to assess our employees' performance and determine their salary, bonus and promotion. We also place a strong emphasis on providing training to our employees in order to enhance their technical and product knowledge as well as comprehension of industry quality standards.

We have adopted a share option scheme (the "**Share Option Scheme**") and a share award scheme (the "**Share Award Scheme**"). The purposes of the Share Option Scheme and the Share Award Scheme are to attract, retain and motivate the directors, senior management and employees of the Group and other participants.

CONTINGENT LIABILITIES

As at 30 September 2024, we did not have any material contingent liabilities (31 March 2024: Nil). We are not currently involved in any material legal proceedings, nor are we aware of any proceedings or potential material legal proceedings.

REPORT OF THE DIRECTORS

The board (the "**Board**") of the Directors is pleased to submit the interim report together with the unaudited condensed consolidated interim financial information of the Group for the 2024 Interim Period.

DIVIDEND DISTRIBUTION

The Board did not recommend the payment of interim dividends for the 2024 Interim Period (2023 Interim Period: Nil).

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY OR ANY OF ITS SUBSIDIARIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the 2024 Interim Period.

EVENT AFTER THE REPORTING PERIOD

There was no significant event since 30 September 2024 and up to the date of this report.

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

As at 30 September 2024, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) (the "**SFO**") which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors to be notified to the Company and the Stock Exchange, were as follows:

REPORT OF THE DIRECTORS

Long position in the shares, underlying shares and debentures of the Company

Name of Director	Capacity	Number of shares or underlying shares	Approximate percentage of interest in the Company
Mr. ZHENG Fushuang	Founder of a discretionary trust and beneficial owner ¹	223,706,278	35.49%
Mr. LIU Baodong	Beneficial owner ²	17,118,669	2.72%
Mr. PANG Gang	Beneficial owner ³	405,000	0.06%
Mr. LI Youliang	Beneficial owner ³	388,000	0.06%
Ms. CAO Lingyi	Beneficial owner ³	635,000	0.10%

Notes:

- Mr. ZHENG Fushuang is the settlor and a beneficiary of Future Success Trust. Future Success Trust holds the entire issued share capital of ZFS Holdings Limited, which in turn holds the entire issued share capital of Wing Success Holdings Limited, a controlling shareholder of the Company. Therefore, Mr. ZHENG Fushuang is deemed to be interested in the shares held by Wing Success Holdings Limited.
- Mr. LIU Baodong held 14,118,669 shares and the remaining interest is the options representing 3,000,000 underlying shares upon fully exercise of such options.
- Interests in options granted pursuant to the Share Option Scheme.

Save as disclosed above, as at 30 September 2024, none of the Directors and chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors to be notified to the Company and the Stock Exchange.

REPORT OF THE DIRECTORS

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

As at 30 September 2024, so far as was known to the Directors, the following persons (other than the Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

Long positions in the shares of the Company

Name of shareholder	Capacity	Number of shares held	Approximate percentage of interest in the Company
Mr. ZHENG Fushuang	Founder of a discretionary trust and beneficial owner ¹	223,706,278	35.49%
Wickhams Cay Trust Company Limited	Trustee and interest of controlled corporation ²	214,278,278	33.99%
ZFS Holdings Limited	Interest of controlled corporation ²	214,278,278	33.99%
Wing Success Holdings Limited	Beneficial owner ²	214,278,278	33.99%
Power Side Limited	Interest of controlled corporation ³	98,098,000	15.56%
Mr. LI Peng	Interest of controlled corporation ³	98,098,000	15.56%
Carvillo Success Limited	Beneficial owner ³	98,098,000	15.56%
Mr. GUO Langhua	Beneficial owner	39,034,053	6.19%

Notes:

1. Mr. ZHENG Fushuang is the settlor and a beneficiary of Future Success Trust. Future Success Trust holds the entire issued share capital of ZFS Holdings Limited, which in turn holds the entire issued share capital of Wing Success Holdings Limited. Therefore, Mr. ZHENG Fushuang is deemed to be interested in the shares held by Wing Success Holdings Limited.
2. Wickhams Cay Trust Company Limited is the trustee of Future Success Trust and holds the entire issued share capital of ZFS Holdings Limited which in turn holds the entire issued share capital of Wing Success Holdings Limited. Therefore, Wickhams Cay Trust Company Limited and ZFS Holdings Limited are each deemed under the SFO to be interested in the shares held by Wing Success Holdings Limited.
3. Mr. LI Peng is the controlling shareholder of Power Side Limited, who holds 100% interest in Carvillo Success Limited. Therefore, Mr. LI Peng and Power Side Limited are deemed to be interested in the Shares held by Carvillo Success Limited.

Save as disclosed above, as at 30 September 2024, the Directors were not aware of any other person (other than the Directors and chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

REPORT OF THE DIRECTORS

SHARE OPTION SCHEME

On 18 May 2017, the Company adopted the Share Option Scheme which is subject to the provisions under Chapter 23 of the GEM Listing Rules. The purpose of the Share Option Scheme is to attract, retain and motivate employees, Directors and other participants, and to provide a means of compensation through the grant of options for their contribution to the growth and profits of the Group, and to allow them to participate in the future growth and profitability of the Group. The participants of the Share Option Scheme are any executive, non-executive or independent non-executive Directors or any employees (whether full-time or part-time) of the Company, or any of its subsidiaries or associated companies or any other person whom the Board considers, in its sole discretion, has contributed or will contribute to the Group. The basis of eligibility of any of the class of the participants to the grant of any options under the Share Option Scheme shall be determined by the Board from time to time on the basis of their contribution to the development and growth of the Group and any invested entity. The Share Option Scheme will end on 17 May 2027.

The shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and other share option schemes of the Company (and to which the provisions of the GEM Listing Rules are applicable) shall not exceed 10% of the aggregate of the shares of the Company in issue on the listing date, being a total of 62,000,000 shares.

The total number of shares issued and to be issued upon exercise of the options granted to each eligible participant under the Share Option Scheme (including exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the shares in issue. Any further grant of options to an eligible participant under the Share Option Scheme which would result in the shares issued and to be issued upon exercise of all options granted and to be granted to such participant (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such further grant exceeding the aforesaid limit shall be subject to the shareholders' approval in general meeting with such participant and his associates (as defined under the GEM Listing Rules) abstaining from voting.

The amount of HK\$1.00 is payable as consideration for each grant of options under the Share Option Scheme, upon acceptance of such grant. The subscription price in respect of shares upon exercise of options under the Share Option Scheme shall be such price as determined by the Board in its absolute discretion at the time of the grant of the relevant option (and shall be stated in the letter containing the offer of the grant of the option), but in any case the subscription price shall not be less than the higher of (a) the closing price of the shares as stated in the daily quotation sheet of the Stock Exchange on the date of grant, which must be a business day; (b) the average closing price of the shares as stated in the daily quotation sheets of the Stock Exchange for the five business days immediately preceding the date of grant; and (c) the nominal value of a share.

An option granted under the Share Option Scheme may be exercised in accordance with the terms of the Share Option Scheme at any time during the period to be determined by our Board at its absolute discretion and notified by our Board to each grantee as being the period during which an option may be exercised and in any event, such period shall not be longer than 10 years from the date upon which any particular option is granted in accordance with the Share Option Scheme.

The number of options available for grant at the beginning of the 2024 Interim Period was 517,300. The number of options available for grant at the end of the 2024 Interim Period was 517,300.

REPORT OF THE DIRECTORS

The following details the options granted pursuant to the Share Option Scheme but not yet exercised as at 30 September 2024. No options were granted, cancelled, lapsed or exercised during the 2024 Interim Period.

Grantee	Date of grant	Number of share options outstanding as at 1 April 2024	Closing price per Share immediately prior to the date of grant	Exercise price per Share	Exercise Period	Number of options granted during the six months ended 30 September 2024	Number of options exercised during the six months ended 30 September 2024	Number of options lapsed during the six months ended 30 September 2024	Number of options cancelled during the six months ended 30 September 2024	Number of options outstanding as at 30 September 2024	Approximate percentage of shareholding upon fully exercise of share options
Executive Directors											
Mr. LIU Baodong	24 May 2017	3,000,000	HK\$1.31	HK\$1.33	24 May 2017 to 17 May 2027	–	–	–	–	3,000,000	0.48%
Mr. PANG Gang	24 May 2017	405,000	HK\$1.31	HK\$1.33	24 May 2017 to 17 May 2027	–	–	–	–	405,000	0.06%
Ms. CAO Lingyi	24 May 2017	635,000	HK\$1.31	HK\$1.33	24 May 2017 to 17 May 2027	–	–	–	–	635,000	0.10%
Independent non-executive Directors											
Mr. Li Youliang	24 May 2017	388,000	HK\$1.31	HK\$1.33	24 May 2017 to 17 May 2027	–	–	–	–	388,000	0.06%
Other participants of the Share Option Scheme	24 May 2017	57,054,700	HK\$1.31	HK\$1.33	24 May 2017 to 17 May 2027	–	–	–	–	57,054,700	9.05%
Total		<u>61,482,700</u>								<u>61,482,700</u>	<u>9.75%</u>

Notes:

1. The options were granted on 24 May 2017. For full details of the Share Option Scheme, please refer to the circular of the Company dated 11 April 2017 regarding, among others, the adoption of the Share Option Scheme.

2. The options under the Share Option Scheme were vested as follows:

On the date of grant: 40% vested

On the first anniversary of the date of grant (i.e. 24 May 2018): 30% vested

On the second anniversary of the date of grant (i.e. 24 May 2019): 30% vested

REPORT OF THE DIRECTORS

SHARE AWARD SCHEME

On 20 March 2017, the Company adopted the Share Award Scheme to recognize and reward the contribution of certain selected participants to the growth and development of the Group. The Share Award Scheme does not constitute a share option scheme or an arrangement analogous to a share option scheme for the purpose of Chapter 23 of the GEM Listing Rules. The shares under the Share Award Scheme will be acquired by a trustee by way of subscription of new shares (whether pursuant to general mandate or specific mandate granted by the shareholders or otherwise) and/or purchase of shares from the market out of cash contributed by the Group and be held on trust for the participants until such awarded shares are vested in the relevant selected participants in accordance with the provisions of the Share Award Scheme. The administrator of the Share Award Scheme, may from time to time, at its absolute discretion, select any participant for participation in the Share Award Scheme as a selected participant.

The Company has appointed The Core Trust Company Limited as the trustee (the "Trustee"). The Trustee is an independent third party of the Company and is acting for a wide scope of participants under the Share Award Scheme.

Unless early terminated by the Board, the Share Award Scheme shall be valid and effective for a term of 10 years commencing on the adoption date of the Share Award Scheme, provided that no contribution to the trust fund will be made by the Company on or after the 10th anniversary date of the adoption date of the Share Award Scheme.

The maximum number of shares which may be allocated and awarded to a selected participant under the Share Award Scheme in any 12-month period shall not exceed 1% of the issued share capital of the Company immediately preceding such allocation and award.

Vesting of the shares will be conditional on the selected participant remaining a participant at all times from after the relevant dates of the fulfillment of the performance targets (if any) specified by the Board and on the vesting date until and on each of the relevant vesting dates and his/her execution of the relevant documents to effect the transfer from the Trustee, unless otherwise determined by the Board.

On 30 August 2017, 12,000,000 shares were issued by the Company to the Trustee under the Share Award Scheme. The 12,000,000 shares shall vest in the grantees subject to the vesting scale under the grant letter.

During the 2024 Interim Period, the Company neither issued new shares nor arranged any funds to be paid to the Trustee for purchasing of shares of the Company from the market.

The number of shares available for grant at the beginning of the 2024 Interim Period was 18,600,000. The number of shares available for grant at the end of the 2024 Interim Period was 18,600,000.

The total number of shares available for issue under the Share Award Scheme was 18,600,000 shares, representing 2.95% of the total number of issued shares (excluding treasury shares) as at the date of the Interim Report.

The number of shares that may be issued in respect of all share option scheme and share award scheme of the Company during the 2024 Interim Period divided by the weighted average number of shares of the relevant class in issue for the period is 3.03%.

REPORT OF THE DIRECTORS

COMPETING BUSINESSES

For the 2024 Interim Period, none of the Directors or the controlling shareholders of the Company and their respective associates (as defined under the GEM Listing Rules) had any interest in a business that competes or might compete with the business of the Group, or had any other conflict of interest with the Group.

COMPLIANCE WITH CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions as set out in the Corporate Governance Code (the “**Corporate Governance Code**”) as contained in Appendix C1 of the GEM Listing Rules as its corporate governance practices.

Code provision C.2.1 of the Corporate Governance Code stipulates that the roles of the chairman of the board of directors and the chief executive officer of a Company should be separate and should not be performed by the same individual, and that the division of responsibilities between the chairman and the chief executive officer should be clearly stated.

Mr. ZHENG Fushuang was appointed as the chief executive officer of the Company (the “**CEO**”) with effect from 3 April 2018 and is currently serving as both the chairman of the Company (the “**Chairman**”) and the CEO. Such practice deviates from code provision C.2.1 of the Corporate Governance Code. The Board believes that vesting the roles of both the Chairman and the CEO in the same person can facilitate the execution of the Group’s business strategies and boost the effectiveness of its operation. The Board is comprised of four executive Directors and three independent non-executive Directors, which is appropriately structured to ensure that there is a balance of power to provide sufficient checks to protect the interests of the Company and its shareholders. Therefore, the Board considers that the deviation from the code provision C.2.1 of the Corporate Governance Code is appropriate in such circumstance.

Following the resignation of Mr. Frank CHRISTIAENS, an independent non-executive Director and a member of the audit committee, with effect from 3 January 2024, the number of independent non-executive Directors and the members of Remuneration Committee and Audit Committee falls below the minimum number required under Rules 5.05(1), 5.28, and 5.34 of the GEM Listing Rules. Pursuant to Rule 17.51(2) of the GEM Listing Rules, the Company shall appoint appropriate members to the audit committee to meet the requirements under Rule 5.28 of the GEM Listing Rules within 3 months after failing to meet such requirements. The Company was not able to identify suitable candidates by 3 April 2024. Accordingly, the Company applied to the Stock Exchange for a waiver from strict compliance with Rules 5.05(1), 5.28, and 5.34 of the GEM Listing Rules and an extension of time until 31 May 2024 for filling the vacancy. The Company appointed Mr. JIAN Nianqiang as an independent non-executive Director with effect from 1 June 2024 and the Company is now in compliance with the requirements under Rules 5.05(1), 5.28, and 5.34 of the GEM Listing Rules.

Saved as disclosed above, in the opinion of the Directors, the Company had complied with all the code provisions set out in the Corporate Governance Code from 1 April 2024 and up to the date of this report.

REPORT OF THE DIRECTORS

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. After making specific enquiries with all the Directors, the Company confirmed that all Directors have fully complied with the required standard of dealings and the code of conduct regarding Directors' securities transactions during the 2024 Interim Period and up to the date of this report. No incident of non-compliance was noted by the Company during this period.

AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS

The Company has established an audit committee with written terms of reference in compliance with the GEM Listing Rules on 23 May 2016. The primary duties of the audit committee are mainly to review the financial information and reporting process, internal control procedures and risk management system, effectiveness of the internal audit function, audit plan and relationship with external auditors and arrangements to enable employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

The audit committee comprises three independent non-executive Directors, namely, Mr. LI Youliang, Dr. LI Wanshou and Mr. JIAN Nianqiang, and is chaired by Mr. LI Youliang.

The audit committee has reviewed the unaudited interim financial information for the 2024 Interim Period and is of the opinion that (i) the unaudited interim financial information of the Group for the 2024 Interim Period comply with the applicable accounting standards and the GEM Listing Rules; and (ii) adequate disclosure has been made in such unaudited interim financial information.

COMPOSITION OF THE BOARD

The composition of the Board reflects the necessary balance of skills and experience desirable for effective leadership of the Company and independence in decision making. The Board currently comprises four executive Directors and three independent non-executive Directors. The Directors have no financial, business, family or other material/relevant relationships with one another.

By order of the Board
China Digital Video Holdings Limited
ZHENG Fushuang
Chairman

Hong Kong, 29 November 2024

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

	Notes	(Unaudited) Six months ended 30 September	
		2024 RMB'000	2023 RMB'000
Revenue	4	67,313	78,708
Cost of sales		(43,153)	(51,268)
Gross profit		24,160	27,440
Other income	5	1,031	9,756
Selling and marketing expenses		(20,839)	(23,457)
Administrative expenses		(26,355)	(27,500)
Research and development expenses		(14,669)	(14,030)
Finance costs	6	(5,281)	(4,835)
Net impairment loss on trade and other receivables and contract assets		–	(183)
Share of results of associates		(1,628)	(3,550)
Loss before income tax	7	(43,581)	(36,359)
Income tax	8	–	–
Loss for the period		(43,581)	(36,359)
Other comprehensive loss/(income)			
<i>Item that may be subsequently reclassified to profit or loss:</i>			
Exchange difference arising on the translation of foreign operation		(838)	6,837
Total comprehensive loss for the period		(44,419)	(29,522)
Loss for the period attributable to:			
Equity holders of the Company		(43,099)	(36,695)
Non-controlling interests		(482)	336
		(43,581)	(36,359)
Total comprehensive loss for the period attributable to:			
Equity holders of the Company		(43,937)	(29,858)
Non-controlling interests		(482)	336
		(44,419)	(29,522)
Loss per share (expressed in Renminbi ("RMB") cents per share)	9		
Basic		(6.97)	(5.93)
Diluted		(6.97)	(5.93)

The notes on pages 18 to 46 are an integral part of this interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2024

	Notes	(Unaudited) As at 30 September 2024 RMB'000	(Audited) As at 31 March 2024 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	11	67	–
Intangible assets	12	6,682	9,290
Goodwill		–	–
Interest in a joint venture		–	–
Interests in associates		11,788	13,416
Financial assets at fair value through profit or loss ("FVTPL")		11,888	11,888
		<u>30,425</u>	<u>34,594</u>
Current assets			
Inventories	13	41,797	33,825
Trade and other receivables	14	241,584	289,566
Contract assets	15	11,799	11,799
Restricted bank deposits	16	448	1,644
Cash and cash equivalents	16	151,923	151,070
		<u>447,551</u>	<u>487,904</u>
Current liabilities			
Trade and other payables	17	289,918	313,749
Contract liabilities		25,138	18,318
Interest-bearing borrowings	18	211,810	193,245
Lease liability		2,271	3,354
		<u>529,137</u>	<u>528,666</u>
Net current liabilities		<u>(81,586)</u>	<u>(40,762)</u>
Total assets less current liabilities		<u>(51,161)</u>	<u>(6,168)</u>
Non-current liability			
Lease liability		–	574
Net liabilities		<u>(51,161)</u>	<u>(6,742)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2024

	Notes	(Unaudited) As at 30 September 2024 RMB'000	(Audited) As at 31 March 2024 RMB'000
EQUITY			
Share capital	19	43	43
Reserves		(56,390)	(12,453)
Equity attributable to equity holders of the Company		(56,347)	(12,410)
Non-controlling interests		5,186	5,668
Total equity		(51,161)	(6,742)

The notes on pages 18 to 46 are an integral part of this interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

	Equity attributable to equity holders of the Company										
	Share capital	Treasury shares	Share premium	Statutory reserve	Translation reserve	Share option reserve	Other reserve	Accumulated losses	Sub-total	Non-controlling interests	Total equity
	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 April 2024 (Audited)	43	(1)	600,213	30,781	(530)	27,165	31,278	(701,359)	(12,410)	5,668	(6,742)
Comprehensive loss											
Loss for the period	-	-	-	-	-	-	-	(43,099)	(43,099)	(482)	(43,581)
Other comprehensive loss for the period											
Item that may be subsequently reclassified to profit or loss:											
Exchange difference arising on translation of a foreign operation	-	-	-	-	(838)	-	-	-	(838)	-	(838)
Total other comprehensive loss	-	-	-	-	(838)	-	-	-	(838)	-	(838)
Total comprehensive loss for the period	-	-	-	-	(838)	-	-	(43,099)	(43,937)	(482)	(44,419)
Balance at 30 September 2024 (Unaudited)	43	(1)	600,213	30,781	(1,368)	27,165	31,278	(744,458)	(56,347)	5,186	(51,161)

	Equity attributable to equity holders of the Company										
	Share capital	Treasury shares	Share premium	Statutory reserve	Translation reserve	Share option reserve	Other reserve	Accumulated losses	Sub-total	Non-controlling interests	Total equity
	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 April 2023 (Audited)	43	(1)	600,213	30,781	(261)	27,165	31,278	(553,963)	135,255	6,948	142,203
Comprehensive loss											
Loss for the period	-	-	-	-	-	-	-	(36,695)	(36,695)	336	(36,359)
Other comprehensive loss for the period											
Item that may be subsequently reclassified to profit or loss:											
Exchange difference arising on translation of a foreign operation	-	-	-	-	6,837	-	-	-	6,837	-	6,837
Total other comprehensive loss	-	-	-	-	6,837	-	-	-	6,837	-	6,837
Total comprehensive loss for the period	-	-	-	-	6,837	-	-	(36,695)	(29,858)	336	(29,522)
Balance at 30 September 2023 (Unaudited)	43	(1)	600,213	30,781	6,576	27,165	31,278	(590,658)	105,397	7,284	112,681

The notes on pages 18 to 46 are an integral part of this interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

	(Unaudited)	
	Six months ended 30 September	
	2024	2023
	RMB'000	RMB'000
Cash flows from operating activities		
Net cash generated from/(used in) operating activities	12,474	(38,773)
Cash flows from investing activities		
Interest received	13	11
Purchase of property, plant and equipment	(76)	–
Placement of time deposits with original maturities exceeding three months	–	(150,000)
Addition in development costs through internal development	–	(1,613)
Increase in loan and interest receivables	–	(17)
Other investing activities	10,973	(7,298)
Net cash generated from/(used in) investing activities	10,910	(158,917)
Cash flows from financing activities		
Other financing activities	(22,531)	14,812
Net cash (used in)/generated from financing activities	(22,531)	14,812
Net increase/(decrease) in cash and cash equivalents	853	(182,878)
Cash and cash equivalents at the beginning of the period	151,070	185,169
Cash and cash equivalents at the end of the period	151,923	2,291
Analysis of balances of cash and cash equivalents:		
Cash at banks and on hand	151,923	152,291
Less: time deposits with original maturities exceeding three months	–	(150,000)
Cash and cash equivalents at the end of the period	151,923	2,291

The notes on pages 18 to 46 are an integral part of this interim financial information.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

1. GENERAL INFORMATION

China Digital Video Holdings Limited (the **"Company"**) was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law (as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is P.O. Box 309, Uglan House, Grand Cayman KY1-1104, Cayman Islands. The address of the Company's principal place of business in Hong Kong is Room A5, 7/F, China United Plaza, 1008 Tai Nan West Street, Cheung Sha Wan, Kowloon, Hong Kong. The Company's shares were listed on GEM of The Stock Exchange of Hong Kong Limited (the **"Stock Exchange"**) since 27 June 2016.

The Company is an investment holding company and its subsidiaries (together with the Company collectively referred to as the **"Group"**) are principally engaged in research, development and sales of video-related and broadcasting equipment and software and provision of related technical services in the People's Republic of China (the **"PRC"**).

In the opinion of the directors of the Company (the **"Directors"**), the immediate holding company and ultimate holding company of the Company is Wing Success Holdings Limited, a company incorporated in the British Virgin Islands, while the ultimate beneficial owner of the Company is Mr. Zheng Fushuang, the executive director of the Company.

These condensed consolidated interim financial information of the Group for the six months ended 30 September 2024 (the **"Interim Financial Information"**) are presented in RMB, unless otherwise stated.

The Interim Financial Information was authorised for issue by the Company's board of directors (the **"Board"**) on 29 November 2024.

2. BASIS OF PREPARATION

These Interim Financial Information has been prepared in accordance with International Accounting Standard (**"IAS"**) 34 **"Interim Financial Reporting"** issued by the International Accounting Standards Board (the **"IASB"**) and the applicable disclosure provisions of the Rules Governing the Listing of Securities on GEM of the Stock Exchange.

The Interim Financial Information has been prepared in accordance with the accounting policies adopted in the Group's annual consolidated financial statements for the year ended 31 March 2024, except for the adoption of the following new and amended International Financial Reporting Standards (**"IFRSs"**) issued by the IASB which are effective for the first time for the financial year beginning 1 April 2024.

Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

2. BASIS OF PREPARATION – *continued*

The adoption of these new and amended IFRSs had no material impact on how the consolidated results and consolidated financial position of the Group for the current and prior periods have been prepared and presented.

The Group has not early adopted any other new and amended IFRSs that has been issued but are not yet effective for the current accounting period. The Directors anticipate that all of the new and amended IFRSs will be adopted in the Group's accounting period beginning on or after the effective date of the pronouncement. The adoption of the new and amended IFRSs are not expected to have a material impact on the Interim Financial Information.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Interim 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 the Interim 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 March 2024.

4. REVENUE AND SEGMENT INFORMATION

The Group's operating activities are attributable to a single reportable and operating segment focusing primarily on the research, development and sales of video-related and broadcasting equipment and software and provision of related technical services in the PRC. This operating segment has been identified on the basis of internal management reports reviewed by the chief operating decision-makers (the "CODM"), being the executive directors of the Company. The CODM mainly reviews revenue derived from sale of products, solutions and services, which are measured in accordance with the Group's accounting policies. However, other than revenue information, no operating results and other discrete financial information is available for the assessment of performance of the respective type of revenue. The CODM reviews the overall results of the Group as a whole to make decisions about resources allocation. Accordingly, no segment information is presented.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

4. REVENUE AND SEGMENT INFORMATION – *continued*

An analysis of the Group's revenue is as follows:

	(Unaudited)	
	Six months ended 30 September	
	2024	2023
	RMB'000	RMB'000
Solutions	27,375	25,963
Services	19,301	36,830
Products	20,637	15,915
	<u>67,313</u>	<u>78,708</u>

An analysis of the Group's timing of revenue recognition is as follows:

	(Unaudited)	
	Six months ended 30 September	
	2024	2023
	RMB'000	RMB'000
At a point in time	48,012	41,878
Over time	19,301	36,830
	<u>67,313</u>	<u>78,708</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

5. OTHER INCOME

	(Unaudited)	
	Six months ended 30 September	
	2024	2023
	RMB'000	RMB'000
Other revenue		
Interest income	13	11
Value-added tax ("VAT") refunds (Note (a))	930	1,630
	943	1,641
Other net income		
Government grants (Note (b))	59	556
Gain on transfer of intangible assets	36	–
Net foreign exchange loss	(75)	–
Gain on lease modification	–	7,544
Gain on disposal of property, plant and equipment	4	–
Others	64	15
	88	8,115
	1,031	9,756

Notes:

- (a) Companies which develop their own software products and have the software products registered with the relevant authorities in the PRC are entitled to a refund of VAT equivalent to the excess over 3% of the sales invoice amount paid in the month when output VAT exceeds input VAT for the six months ended 30 September 2024 and 2023.
- (b) Government grants for the six months ended 30 September 2024 and 2023 mainly relate to cash subsidies in respect of operating and developing activities and such cash subsidies are received from the governments. The government grants are either unconditional grants or grants with conditions having been satisfied.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

6. FINANCE COSTS

	(Unaudited) Six months ended 30 September	
	2024 RMB'000	2023 RMB'000
Interest charges on:		
- interest-bearing borrowings	5,205	4,728
- lease liability	76	107
	<u>5,281</u>	<u>4,835</u>

7. LOSS BEFORE INCOME TAX

Loss before income tax has been arrived at after charging:

	(Unaudited) Six months ended 30 September	
	2024 RMB'000	2023 RMB'000
Employee benefit expenses		
Salaries, bonus and allowances	20,780	20,595
Retirement benefit scheme contributions	5,934	6,512
Severance payments	138	2,900
	<u>26,852</u>	<u>30,007</u>
Other items		
Depreciation of property, plant and equipment	9	422
Amortisation of intangible assets	2,608	13,669
Cost of inventories recognised as an expense	45,965	53,927
Lease charges for short-term leases	466	473

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

8. INCOME TAX

(a) Hong Kong Profits Tax

Hong Kong Profits Tax rate is calculated at 16.5% (2023: 16.5%) for the six months ended 30 September 2024. No provision for Hong Kong Profits Tax has been made since no assessable profits has been generated by the Group.

(b) PRC Enterprise Income Tax

Under the Law of the PRC on EIT (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards, except for certain subsidiaries which obtained the "High and New Technology Enterprise" qualification with preferential tax rate of 15% (2023: 15%) for the six months ended 30 September 2024.

According to relevant laws and regulations in the PRC, enterprises engaging in research and development activities are entitled to claim 200% (2023: 175%) of the research and development expenses so incurred as tax deductible expenses when determining their assessable profits for that year (the "Super Deduction"). The Group has made its best estimate for the Super Deduction to be claimed in ascertaining their assessable profits for six months ended 30 September 2024 and 2023.

(c) PRC Withholding Tax

According to the relevant laws and regulations in the PRC, the Group is also liable to a 10% withholding tax on dividends to be distributed from the Group's foreign-owned enterprises in the PRC in respect of its profits generated from 1 January 2008.

Under the Arrangement between the Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income and its relevant regulations, dividends paid by a PRC resident enterprise to its direct holding company in Hong Kong will be subject to withholding tax at a reduced rate of 5% (if the Hong Kong investor is the "beneficial owner" and owns directly at least 25% of the equity interest of the PRC resident enterprise for the past twelve months before the dividends distribution).

The Group is not subject to tax under other jurisdictions during the six months ended 30 September 2024 and 2023.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

9. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to equity holders of the Company is based on the following data:

	(Unaudited) Six months ended 30 September	
	2024 RMB'000	2023 RMB'000
Loss		
Loss for the purpose of basic and diluted loss per share (loss for the period attributable to equity holders of the Company)	<u>(43,099)</u>	<u>(36,695)</u>

	(Unaudited) Six months ended 30 September	
	2024	2023
Number of shares (in thousands)		
Weighted average number of ordinary shares outstanding for the purpose of basic and diluted loss per share	<u>618,332</u>	<u>618,332</u>

For the six months ended 30 September 2024 and 2023, the Company has one category of potential dilutive ordinary shares: the 2017 Share Option Scheme (as defined in Note 20). The diluted loss per share for the six months ended 30 September 2024 and 2023 was the same as the basic loss per share as all the potential ordinary shares are anti-dilutive.

10. DIVIDENDS

No dividend was paid or proposed during the six months ended 30 September 2024, nor has any dividend been proposed since the end of the reporting period (2023: Nil).

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2024, the Group acquired property, plant and equipment with a cost of RMB76,000 (2023: Nil).

12. INTANGIBLE ASSETS

During the six months ended 30 September 2024, no additions to intangible assets by capitalisation of development costs (2023: RMB1,613,000).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

13. INVENTORIES

As at 30 September 2024, the carrying amount of the Group's inventories were net of allowance for inventories of RMB18,138,000 (31 March 2024: RMB22,286,000). During the six months ended 30 September 2024, reversal of allowance for inventories of RMB4,148,000 (six months ended 30 September 2023: RMB3,974,000) has been recognised and included in cost of sales.

14. TRADE AND OTHER RECEIVABLES

	Notes	(Unaudited) As at 30 September 2024 RMB'000	(Audited) As at 31 March 2024 RMB'000
Trade receivables	(a)		
Third parties		108,852	114,585
Related parties		14,643	21,426
		<u>123,495</u>	<u>136,011</u>
Less: Expected credit losses ("ECL") allowance		(36,665)	(36,665)
		<u>86,830</u>	<u>99,346</u>
Other receivables	(b)		
Deposits, prepayments and other receivables		21,368	28,532
Deposit for guarantee certificate over tendering and performance		15,483	14,899
Loan and interest receivables		23,952	24,251
Advances to suppliers		110,050	128,776
Amounts due from related parties		18,517	27,505
Amounts due from joint venture		7,123	7,019
Amounts due from associates		6,103	6,996
Advances to employees		4,152	4,236
		<u>206,748</u>	<u>242,214</u>
Less: ECL allowance		(51,994)	(51,994)
		<u>154,754</u>	<u>190,220</u>
		<u>241,584</u>	<u>289,566</u>

The Directors considered that the fair values of trade and other receivables which are expected to be recovered within one year are not materially different from their carrying amounts because these amounts have short maturity periods on their inception.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

14. TRADE AND OTHER RECEIVABLES – *continued*

(a) Trade receivables

Invoices issued to customers are in accordance with the payment terms stipulated in the contracts and payable on issuance. Deposits are normally required upon signing of the contract. For customers with good credit history and selected large television stations in the PRC with sound financial standing, its settlement may be longer than 180 days (31 March 2024: 180 days) after issuance of invoices. Ageing analysis based on invoiced date of the trade receivables and net of ECL allowance at the end of the reporting period, is as follows:

	(Unaudited) As at 30 September 2024 RMB'000	(Audited) As at 31 March 2024 RMB'000
0 to 90 days	28,844	43,169
91 to 180 days	11,148	19,490
181 to 365 days	13,621	16,155
1 to 2 years	14,995	12,657
Over 2 years	18,222	7,875
	86,830	99,346

The Group applies the simplified approach for the calculation of the ECL allowance prescribed in IFRS 9, which permits the use of life-time ECL for all trade receivables. To measure the ECL allowance, trade receivables without significant outstanding balances have been grouped based on shared credit risk characteristics and the ageing.

The Group did not hold any collateral as security or other credit enhancements over the impaired trade receivables, whether determined on an individual or collective basis.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

14. TRADE AND OTHER RECEIVABLES – *continued*

(b) Other receivables

Deposit for guarantee certificate

Deposit for guarantee certificate over tendering and performance are placed with third parties for performing the contracts and the deposits are interest-free and will be returned when the contracts are completed.

Loan and interest receivables

As at 30 September 2024, the Group has gross amounts of loan and interest receivables of RMB23,952,000 (31 March 2024: RMB24,251,000), from independent third parties.

As at 30 September 2024, a credit-impaired loan receivable of RMB23,952,000 (31 March 2024: RMB24,251,000) is secured by a property, carrying fixed interest rate of 6% (31 March 2024: 6%) per annum and should be wholly repayable on 30 May 2020. The Group has taken legal action against the debtor to recover the loan receivable.

Amounts due from related parties, a joint venture and associates

The amounts due are unsecured, interest-free and repayable on demand.

Advances to employees

Advances to employees mainly advances for various expenses and deposits to be incurred in the ordinary course of business.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

15. CONTRACT ASSETS AND CONTRACT LIABILITIES

15.1 Contract assets

	(Unaudited) As at 30 September 2024 RMB'000	(Audited) As at 31 March 2024 RMB'000
Contract assets	39,514	39,514
Less: ECL allowance for contract assets	(27,715)	(27,715)
	<u>11,799</u>	<u>11,799</u>

The Group's contract assets mainly include retention receivables of solution sales contracts. Typical payment terms which impact on the amount of contract assets recognised are as follows:

The Group's solution sales contracts include payment schedules which generally require contract instalment over the contract period once certain specified milestones are reached. The Group also agrees to a one to two years (31 March 2024: one to two years) retention period for 5% to 10% (31 March 2024: 5% to 10%) of the solution sales contract value. This amount is included in contract assets until the end of retention period as the Group's entitlement to this final payment is conditional on the Group's satisfactory work.

The Group applies the simplified approach for the calculation of the ECL allowance prescribed in IFRS 9, which permits the use of life-time ECL for all contract assets. To measure the ECL allowance, contract assets have been grouped with trade receivables based on shared credit risk characteristics and the ageing. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the ECL rates for trade receivables are a reasonable approximation of the ECL rates for the contract assets.

15.2 Contract liabilities

Contract liabilities of the Group mainly arise from the advance payments made by customers while the underlying products or services are yet to be provided.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

16. RESTRICTED BANK DEPOSITS AND CASH AND CASH EQUIVALENTS

	(Unaudited) As at 30 September 2024 RMB'000	(Audited) As at 31 March 2024 RMB'000
Cash at banks and on hand	152,371	152,714
Restricted bank deposits	(448)	(1,644)
Cash and cash equivalents	<u>151,923</u>	<u>151,070</u>

17. TRADE AND OTHER PAYABLES

	Note	(Unaudited) As at 30 September 2024 RMB'000	(Audited) As at 31 March 2024 RMB'000
Trade payables	(a)		
Third parties		97,364	100,005
Related parties		5,542	7,663
		<u>102,906</u>	<u>107,668</u>
Other payables	(b)		
Other payables and accrued charges		42,171	31,588
Other tax liabilities		28,786	27,510
Staff costs and welfare accruals		58,716	57,265
Amounts due to related parties		15,166	14,031
Amounts due to associates		30,800	35,671
Amount due to joint venture		252	18
Amounts due to a director		11,121	39,998
		<u>187,012</u>	<u>206,081</u>
		<u>289,918</u>	<u>313,749</u>

All amounts are short-term and hence the carrying values of the Group's trade and other payables as at 30 September 2024 and 31 March 2024 were considered to be a reasonable approximation of its fair value.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

17. TRADE AND OTHER PAYABLES – continued

(a) Trade payables

The Group was granted by its suppliers credit periods ranging from 30 - 180 days (31 March 2024: 30 - 180 days). Based on the invoice dates, the ageing analysis of trade payables is as follows:

	(Unaudited) As at 30 September 2024 RMB'000	(Audited) As at 31 March 2024 RMB'000
0 to 90 days	10,124	22,584
91 to 180 days	7,393	38,432
181 to 365 days	45,583	6,065
1 to 2 years	1,908	3,610
2 to 3 years	6,517	9,641
Over 3 years	31,381	27,336
	<u>102,906</u>	<u>107,668</u>

(b) Other payables

Amounts due to related parties, associates, a joint venture and a director.

The amounts due are unsecured, interest-free and repayable on demand.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

18. INTEREST-BEARING BORROWINGS

	(Unaudited) As at 30 September 2024 RMB'000	(Audited) As at 31 March 2024 RMB'000
Current		
Bank borrowings, unsecured	<u>211,810</u>	<u>193,245</u>

As at 30 September 2024, the Group's bank and other borrowings were repayable as follows:

	(Unaudited) As at 30 September 2024 RMB'000	(Audited) As at 31 March 2024 RMB'000
Carrying amount repayable, based on the scheduled repayment dates as set out in the loan agreements:		
– within one year	<u>211,810</u>	<u>193,245</u>
Total carrying amount	<u>211,810</u>	193,245
Less:		
– amount due within one year	<u>(211,810)</u>	<u>(193,245)</u>
Carrying amount shown under non-current liabilities	<u>–</u>	<u>–</u>

The carrying amounts of interest bearing borrowings are considered to be a reasonable approximation of their fair values.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

19. SHARE CAPITAL

A summary of the Company's issued share capital and treasury shares are as follows:

	Number of shares	Nominal value of shares US\$
Authorised:		
Ordinary shares of the Company		
As at 1 January 2023, 31 March 2024 (audited), 1 April 2024 and 30 September 2024 (unaudited), at US\$0.00001 each	5,000,000,000	50,000
Issued and fully paid:		
Ordinary shares of the Company		
As at 1 January 2023, 31 March 2024 (audited), 1 April 2024 and 30 September 2024 (unaudited), at US\$0.00001 each	630,332,000	6,303
		43
Treasury shares of the Company:		
As at 1 January 2023, 31 March 2024 (audited), 1 April 2024 and 30 September 2024 (unaudited), at US\$0.00001 each	12,000,000	120
		1

	Number of shares	Share capital US\$	Equivalent to RMB'000
Issued and fully paid:			
Ordinary shares of the Company			
As at 1 January 2023, 31 March 2024 (audited), 1 April 2024 and 30 September 2024 (unaudited), at US\$0.00001 each	630,332,000	6,303	43
Treasury shares of the Company:			
As at 1 January 2023, 31 March 2024 (audited), 1 April 2024 and 30 September 2024 (unaudited), at US\$0.00001 each	12,000,000	120	1

20. SHARE-BASED COMPENSATION TRANSACTIONS

(a) The Share Option Scheme adopted by the Company in 2017

Pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 18 May 2017, the Company adopted a share option scheme to attract, retain and motivate employees, directors and other participants, and to provide a means of compensation through the grant of options for their contribution to the growth and profits of the Group, and to allow them to participate in the future growth and profitability of the Group (the "2017 Share Option Scheme"). The participants of the 2017 Share Option Scheme are any executive, non-executive or independent non-executive directors or any employees (whether full-time or part-time) of the Company, or any of its subsidiaries or associated companies or any other person whom the board considers, in its sole discretion, has contributed or will contribute to the Group. The 2017 Share Option Scheme will end on 17 May 2027.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

20. SHARE-BASED COMPENSATION TRANSACTIONS – *continued*

(a) The Share Option Scheme adopted by the Company in 2017 – *continued*

The maximum number of shares which may be issued upon exercise of all options to be granted at any time under the 2017 Share Option Scheme and any other share option schemes of the Company (and to which the provisions of GEM Listing Rules are applicable) shall not in aggregate exceed 10% of the relevant class of the shares in issue as at the date of adoption (the “**Mandate Limit of Option Scheme**”). Options lapsed in accordance with the terms of the 2017 Share Option Scheme will not be counted for the purpose of calculating the Mandate Limit of Option Scheme.

The Company may seek approval from its shareholders in general meeting for refreshing the Mandate Limit of Option Scheme under the 2017 Share Option Scheme. However, the total number of shares which may be issued upon exercise of all options to be granted under the 2017 Share Option Scheme and any other schemes of the Company under the limit as “refreshed” must not exceed 10% of the relevant class of the shares in issue as at the date of passing the relevant resolution to refresh such limit. Options previously granted under the 2017 Share Option Scheme and any other schemes (including those outstanding, cancelled, lapsed in accordance with the 2017 Share Option Scheme or any other schemes or exercised options) will not be counted for the purpose of calculating the Mandate Limit of Option Scheme as “refreshed”. The Company may seek separate approval from its shareholders in general meeting for granting options beyond the Mandate Limit of Option Scheme provided the options in excess of the Mandate Limit of Option Scheme are granted only to eligible participants of the option scheme specifically identified by the Company before such approval is sought.

Unless approved by the shareholders, the total number of shares issued and to be issued upon exercise of the options granted to each eligible participant of the 2017 Share Option Scheme (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the relevant class of the shares in issue.

The amount of HK\$1.00 is payable as consideration for each grant of options under the 2017 Share Option Scheme, upon acceptance of such grant. The subscription price in respect of shares upon exercise of options under the Share Option Scheme shall be such price as determined by the Board in its absolute discretion at the time of the grant of the relevant option (and shall be stated in the letter containing the offer of the grant of the option), but in any case the subscription price shall not be less than the higher of (a) closing price of the shares as stated in the daily quotation sheet of Stock Exchange on the date of grant, which must be a business day; (b) the average closing price of the shares as stated in the daily quotation sheets of the Stock Exchange for the five business days immediately preceding the date of grant; and (c) the nominal value of a share.

Unless otherwise specified by the Board, a grantee is not required to achieve any performance target or to hold an option for a minimum period from the date of grant before any option granted under the 2017 Share Option Scheme can be exercised.

An option granted under the Share Option Scheme may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined by our Board at its absolute discretion and notified by our Board to each grantee as being the period during which an option may be exercised and in any event, such period shall not be longer than 10 years from the date upon which any particular option is granted in accordance with the Share Option Scheme.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

20. SHARE-BASED COMPENSATION TRANSACTIONS – continued

(a) The Share Option Scheme adopted by the Company in 2017 – continued

62,000,000 options were granted under the 2017 Share Option Scheme on 24 May 2017 with estimated total fair values of RMB29,510,000.

The exercise price of the share options granted is HK\$1.33 per share. The share options are valid for a period of 10 years from 24 May 2017. Included in the 62,000,000 share options, 25,340,000 options, 18,330,000 options and 18,330,000 options will vest on the grant date, the first anniversary of the grant date and the second anniversary of the grant date respectively.

Movements in the number of the Company's share options under the 2017 Share Option Scheme during the six months ended 30 September 2024 and 2023 are as follows:

	(Unaudited) Six months ended 30 September 2024		(Unaudited) Six months ended 30 September 2023	
	Average exercise price in HK\$ per share option	Number of share options	Average exercise price in HK\$ per share option	Number of share options
Directors				
At the beginning of the period	1.33	3,793,000	1.33	4,093,000
Re-designated from employees	1.33	635,000	1.33	–
At the end of the period	1.33	4,428,000	1.33	4,093,000
Employees				
At the beginning of the period	1.33	57,689,700	1.33	57,389,700
Re-designated to directors	1.33	(635,000)	1.33	–
At the end of the period	1.33	57,054,700	1.33	57,389,700
Total				
At the beginning and end of the period	1.33	61,482,700	1.33	61,482,700
Exercisable at the end of the period	1.33	61,482,700	1.33	61,482,700

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

20. SHARE-BASED COMPENSATION TRANSACTIONS – *continued*

(a) The Share Option Scheme adopted by the Company in 2017 – *continued*

As at 30 September 2024, the Group had 61,482,700 (31 March 2024: 61,482,700) share options outstanding under the 2017 Share Option Scheme, which represented 9.75% (31 March 2024: 9.75%) of the issued ordinary shares of the Company as at 30 September 2024.

None of the above share options were exercised during the six months ended 30 September 2024 and 2023. The weighted average remaining contractual life of options outstanding at 30 September 2024 was 2.65 years (31 March 2024: 3.15 years).

No expenses were recognised in relation to the 2017 Share Option Scheme for the six months ended 30 September 2024 and 2023 as the share options had been fully vested.

(b) Share Award Scheme adopted by the Company in 2017

On 20 March 2017, the Company adopted the Share Award Scheme (the “**2017 Share Award Scheme**”) to recognise and reward the contribution of certain selected participants to the growth and development of the Group. The Share Award Scheme does not constitute a share option scheme or an arrangement analogous to share option scheme for the purpose of Chapter 23 of the GEM Listing Rules. The shares under the Share Award Scheme will be acquired by a trustee by way of subscription of new shares (whether pursuant to general mandate or specific mandate granted by the shareholders or otherwise) and/or purchase of shares from the market out of cash contributed by the Group and be held on trust for the participants until such awarded shares are vested in the relevant selected participants in accordance with the provisions of the 2017 Share Award Scheme. The administrator of the Share Award Scheme, may from time to time, at its absolute discretion, select any participant for participation in the Share Award Scheme as a selected participant.

The Company has appointed The Core Trust Company Limited as the trustee (the “Trustee”). The Trustee is an independent third party of the Company and is acting for a wide scope of participants under the 2017 Share Award Scheme.

Unless early terminated by the Board, the 2017 Share Award Scheme shall be valid and effective for a term of 10 years commencing on the adoption date of the 2017 Share Award Scheme provided that no contribution to the trust fund will be made by the Company on or after the 10th anniversary date of the adoption date of the 2017 Share Award Scheme.

The Board shall not make any further award of shares which will result in the number of shares awarded by the Board under the 2017 Share Award Scheme to be in excess of 8.5% of the issued share capital of the Company as at the adoption date of the 2017 Share Award Scheme unless otherwise determined by the resolution of the Board.

The maximum number of shares to be awarded under the 2017 Share Award Scheme in each financial year of the Company shall not exceed 3% of the issued share capital of the Company as at the adoption date of the 2017 Share Award Scheme.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

20. SHARE-BASED COMPENSATION TRANSACTIONS – *continued*

(b) Share Award Scheme adopted by the Company in 2017 – *continued*

The maximum number of shares which may be allocated and awarded to a selected participant under the 2017 Share Award Scheme in any 12-month period shall not exceed 1% of the issued share capital of the Company immediately preceding such allocation and award.

On each occasion when the Board instructs the Trustee to purchase shares from the market, it shall specify the maximum amount of funds to be used and the range of prices at which such shares are to be purchased. The Trustee may not incur more than the maximum amount of funds or purchase any shares at a price falling outside the range of prices so specified unless with the prior written consent of the Board.

Vesting of the shares will be conditional on the selected participant remaining a participant at all times after the relevant dates of the fulfilment of the performance targets (if any) specified by the Board and on the vesting date until and on each of the relevant vesting dates and his/her execution of the relevant documents to effect the transfer from the Trustee, unless otherwise determined by the Board.

The Trustee shall not exercise the voting rights in respect of any shares held under the trust (including but not limited to the awarded shares, the returned shares and further shares acquired out of the income derived therefrom).

Pursuant to the resolution passed at the annual general meeting of the Company held on 18 May 2017, 12,000,000 share awards were granted by the Company to the key employees of the Group under the 2017 Share Award Scheme with estimated fair value of RMB14,325,000. The fair value of the awarded shares was determined with reference to the market price of the Company's shares at the grant date. The 12,000,000 awarded shares are subject to a vesting scale in which 40%, 30% and 30% of the awarded shares shall vest on 18 May 2017, 20 March 2018 and 20 March 2019 respectively.

In 2017, the Company has issued 12,000,000 new shares to the Trustee for the 2017 Share Award Scheme and classified them as treasury shares of the Company. As at 30 September and 31 March 2024, the Group had 10,607,207 share awards vested under the 2017 Share Award Scheme, which represented 1.68% of the issued ordinary shares of the Company, while the remaining 1,392,793 shares awards related to the forfeited share awards before vested, and remained in the Trustee as at 30 September and 31 March 2024.

No shares were purchased or granted by the Company under the 2017 Share Award Scheme during the six months ended 30 September 2024 and 2023.

The Group has not recognised any expense in relation to the 2017 Share Award Scheme during the six months ended 30 September 2024 and 2023.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

21. COMMITMENTS

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

	(Unaudited) As at 30 September 2024 RMB'000	(Audited) As at 31 March 2024 RMB'000
Premises		
Within one year	4,203	1,966

22. SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to the transactions/information disclosed elsewhere in the Interim Financial Information, the Group had the following material transactions with related parties during the period:

Name of related parties	Relationship with the Group
Mr. Zheng Fushuang ("Mr. Zheng")	Ultimate beneficial owner of the Company and director of the Company
Beijing Sunshine Cloud Technology Co., Ltd. ("Beijing Cloud")	Company in which Mr. Zheng can exercise significant influence
Xinxin Holdings Limited ("Xinxin Holdings")	Company in which Mr. Zheng can exercise significant influence
Beijing Newauto Group Co., Ltd. ("Beijing Newauto")	Controlled by Mr. Zheng
Xin'aote Investment Group Co., Ltd ("CDV Investment")	Controlled by Mr. Zheng
Beijing Xin'aote Technology Group Co., Ltd. ("Xin'aote Technology")	Controlled by Mr. Zheng
Beijing Xin'aote Yunchuang Technology Co., Ltd. ("Xin'aote Yunchuang")	Controlled by Mr. Zheng
Beijing Xin'aote Digital Media Technology Enterprise Incubator Co., Ltd. ("Xin'aote Incubator")	Controlled by Mr. Zheng
Zehui (Beijing) Technology Co., Ltd. ("Zehui")	Controlled by Mr. Zheng
Beijing Xiaoshuju Media Technology Co., Ltd. ("Xiaoshuju Media")	Company in which Mr. Zheng can exercise significant influence
Xin'aote (Nanjing) Video Technology Co., Ltd. ("Xin'aote Nanjing")	Company in which Mr. Zheng can exercise significant influence
Beijing Rongshi Media Co., Ltd. ("Rongshi Media")	Company in which Mr. Zheng can exercise significant influence
Beijing Xinxin Shengtong Technology Development Co., Ltd ("Xinxin Shengtong")	Controlled by Mr. Zheng
Totem Vision (Beijing) Digital Technology Co., Ltd ("Tuteng Shijie (Beijing)")	Other related party

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

22. SIGNIFICANT RELATED PARTY TRANSACTIONS – continued

In addition to the transactions/information disclosed elsewhere in the Interim Financial Information, the Group had the following material transactions with related parties during the period: (Continued)

Name of related parties	Relationship with the Group
Beijing Haimi Culture Media Co., Ltd (“ Haimi Culture Media ”)	Other related party
Beijing Xin’aote Sports Technology Co., Ltd (“ Sports Technology ”)	Other related party
Beijing Meicam Network Technology Co., Ltd (“ Beijing Meicam ”)	Associate
Beijing Xin’aote Smart Sport Innovation Development Co., Ltd. (“ Smart Sport ”)	Associate
Beijing Yue Ying Technology Co., Ltd (“ Beijing Yueying ”)	Associate
Xin’aote (Fujian) Culture Technology Co., Ltd. (“ Xin’aote Fujian Culture ”)	Associate
Beijing Jingqi Chuangzhi Technology Co., Ltd (“ Beijing Jingqi ”)	Joint venture
Tuteng Shijie (Guangzhou) Digital Technology Limited Company (“ Tuteng Shijie ”)	Associate
Beijing Xin’aote Sports Media Co., Ltd. (“ Beijing Xin’aote Sports ”)	Associate
Beijing Jinsong Chuanyi Technology Co., Ltd. (“ Beijing Jinsong ”)	Associate

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

22. SIGNIFICANT RELATED PARTY TRANSACTIONS – continued

(a) Transactions with related parties

		(Unaudited) Six months ended 30 September	
		2024	2023
		RMB'000	RMB'000
CDV Investment	Rental expenses and property management fee*	–	2,329
Xinxin Shengtong	Rental expenses and property management fee*	2,323	–
Beijing Newauto	Sales of goods and provision of services*	300	5,348
Beijing Jingqi	Purchase of goods and services	3,889	–
Beijing Meicam	Provision of services	50	–
Tuteng Shijie	Sales of goods and provision of services	3,173	2,069
Tuteng Shijie	Purchase of goods and services	4,607	–
Xin'aote Nanjing	Provision of services	11	196
Xin'aote Nanjing	Purchase of services	621	–
Beijing Xin'aote Sports	Sales of goods	–	708

In the opinion of the Directors, all of the above transactions were entered into in the ordinary course of the Group's business.

* These related party transactions constitute continuing connected transactions as defined in Chapter 20 of the GEM Listing Rules.

(b) Key management personnel remuneration

Key management of the Group are members of the board of directors and senior management. Included in employee benefit expenses are key management personnel remuneration which includes the following expenses:

		(Unaudited) Six months ended 30 September	
		2024	2023
		RMB'000	RMB'000
Fee, salaries and allowances		1,672	1,840
Retirement benefit scheme contributions		347	167
		2,019	2,007

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

23. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

The following table presents financial instruments measured at fair value in the condensed consolidated statement of financial position in accordance with the fair value hierarchy. The hierarchy groups financial instruments into three levels based on the relative reliability of significant inputs used in measuring the fair value of these financial instruments. The fair value hierarchy has the following levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level in the fair value hierarchy within which the financial instrument is categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement.

The financial instruments measured at fair value in the condensed consolidated statement of financial position on a recurring basis are grouped into the fair value hierarchy as follows:

	(Unaudited) As at 30 September 2024	(Audited) As at 31 March 2024
Financial asset at fair value through profit or loss - Unlisted equity investments	<u>11,888</u>	<u>11,888</u>

For the six months ended 30 September 2024 and the year ended 31 March 2024, there were no transfers amongst level 1, level 2 and level 3 in the fair value hierarchy.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

23. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS – *continued*

The information about the fair value of unlisted equity investments categorised under Level 3 fair value hierarchy are described below:

	Valuation technique	Unobservable input	Range (median)	
			(Unaudited) As at 30 September 2024	(Audited) As at 31 March 2024
- Unlisted equity investments (Note)	Market approach and net assets approach	Discount of lack of marketability	<u>22.5%</u>	<u>22.5%</u>

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