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**CONFIDENCE INTELLIGENCE HOLDINGS LIMITED**  
**信懇智能控股有限公司**  
*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 1967)**

**ANNOUNCEMENT OF ANNUAL RESULTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

The board (the “**Board**”) of directors (“**Directors**”) of Confidence Intelligence Holdings Limited (the “**Company**”) is pleased to announce the consolidated annual results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2023 (the “**Reporting Period**”), together with the comparative figures for the year ended 31 December 2022.

	<b>2023</b>	2022
<b>Continuing Operation</b>		
Revenue ( <i>RMB'000</i> )	<b>264,457</b>	260,514
Gross profit ( <i>RMB'000</i> )	<b>16,744</b>	28,125
Gross profit margin (%)	<b>6.3</b>	10.8
Loss for the year from continuing operation ( <i>RMB'000</i> )	<b>(19,249)</b>	(9,254)
<b>Discontinued Operation</b>		
(Loss) Profit for the year from discontinued operation ( <i>RMB'000</i> )	<b>(12,250)</b>	2,177
<b>Continuing Operation and Discontinued Operation</b>		
Loss for the year ( <i>RMB'000</i> )	<b>(31,499)</b>	(7,077)
<b>Losses per share attributable to owners of the Company</b>		
From continuing and discontinued operations		
– Basic and diluted (RMB cents)	<b>(9.54)</b>	(3.63)
From continuing operation		
– Basic and diluted (RMB cents)	<b>(8.67)</b>	(4.49)

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**YEAR ENDED 31 DECEMBER 2023**

	<i>Note</i>	<b>2023</b> <b>RMB'000</b>	2022 RMB'000 (Restated)
<b>Continuing Operation</b>			
Revenue	4	<b>264,457</b>	260,514
Cost of sales		<b>(247,713)</b>	(232,389)
<b>Gross profit</b>		<b>16,744</b>	28,125
Other income	5	<b>8,506</b>	6,983
Other losses, net	6	<b>(1,872)</b>	(2,028)
Selling and distribution expenses		<b>(2,363)</b>	(2,974)
Administrative and other operating expenses		<b>(31,714)</b>	(37,292)
Impairment losses on financial assets and contract assets	7	<b>(7,535)</b>	(290)
Finance costs	7	<b>(772)</b>	(1,203)
<b>Loss before tax from continuing operation</b>		<b>(19,006)</b>	(8,679)
Income tax expenses	8	<b>(243)</b>	(575)
<b>Loss for the year from continuing operation</b>		<b>(19,249)</b>	(9,254)
<b>Discontinued Operation</b>			
(Loss) Profit for the year from discontinued operation	10	<b>(12,250)</b>	2,177
<b>Loss for the year</b>		<b>(31,499)</b>	(7,077)
<b>(Loss) Profit for the year/period attributable to:</b>			
From continuing and discontinued operations			
– Owners of the Company		<b>(23,840)</b>	(9,079)
– Non-controlling interests		<b>(7,659)</b>	2,002
		<b>(31,499)</b>	(7,007)
From continuing operation			
– Owners of the company		<b>(21,683)</b>	(11,239)
– Non-controlling interests		<b>2,434</b>	1,985
		<b>(19,249)</b>	(9,254)
		<i>RMB cents</i>	<i>RMB cents</i>
<b>Losses per share attributable to owners of the Company</b>			
From continuing and discontinued operations			
– Basic and diluted	9	<b>(9.54)</b>	(3.63)
From continuing operation			
– Basic and diluted	9	<b>(8.67)</b>	(4.49)

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**  
*YEAR ENDED 31 DECEMBER 2023*

	<i>Note</i>	<b>2023</b> <b>RMB'000</b>	2022 <i>RMB'000</i>
<b>Continuing and Discontinued Operation</b>			
<b>Loss for the year</b>		<u><b>(31,499)</b></u>	<u>(7,077)</u>
<b>Other comprehensive (loss) income:</b>			
<i>Items that will not be reclassified to profit or loss:</i>			
Exchange differences on translation of the Company's financial statements to presentation currency		728	4,752
Financial assets at fair value through other comprehensive income ("FVOCI")	13		
– Changes in fair value taken to reserves		<b>(1,317)</b>	673
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		<u><b>(1,053)</b></u>	<u>3,952</u>
<b>Total other comprehensive (loss) income for the year</b>		<u><b>(1,642)</b></u>	<u>9,377</u>
<b>Total comprehensive (loss) income for the year</b>		<u><b>(33,141)</b></u>	<u>2,300</u>
<b>Total comprehensive (loss) income for the year attributable to:</b>			
– Owners of the Company		<b>(25,482)</b>	298
– Non-controlling interests		<u><b>(7,659)</b></u>	<u>2,002</u>
		<u><b>(33,141)</b></u>	<u>2,300</u>

	<i>Note</i>	<b>2023</b> <b>RMB'000</b>	2022 <b>RMB'000</b>
<b>Continuing Operation</b>			
<b>Loss for the year</b>		<u>(19,249)</u>	<u>(9,254)</u>
<b>Other comprehensive (loss) income:</b>			
<i>Items that will not be reclassified to profit or loss:</i>			
Exchange differences on translation of the Company's financial statements to presentation currency		<b>728</b>	4,752
Financial assets at FVOCI			
– Changes in fair value taken to reserves	13	<b>(1,317)</b>	673
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		<u>(1,053)</u>	<u>3,952</u>
<b>Total other comprehensive (loss) income for the year</b>		<u>(1,642)</u>	<u>9,377</u>
<b>Total comprehensive (loss) income for the year</b>		<u><b>(20,891)</b></u>	<u><b>123</b></u>
<b>Total comprehensive (loss) income for the year attributable to:</b>			
– Owners of the Company		<b>(23,325)</b>	(1,862)
– Non-controlling interests		<u><b>2,434</b></u>	<u>1,985</u>
		<u><b>(20,891)</b></u>	<u><b>123</b></u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2023

	<i>Note</i>	<b>2023</b> <i>RMB'000</i>	2022 <i>RMB'000</i>
<b>Non-current assets</b>			
Property, plant and equipment	12	<b>129,102</b>	145,741
Intangible assets		<b>951</b>	17,097
Investment in an associate		–	–
Prepayments, deposits and other receivables	14	<b>5,872</b>	2,785
Deferred tax assets		<b>2,923</b>	7,972
Financial assets at FVOCI	13	<b>8,658</b>	9,840
		<b>147,506</b>	183,435
<b>Current assets</b>			
Inventories	15	<b>17,987</b>	17,843
Contract assets	16	<b>44,763</b>	39,318
Trade and bills receivables	16	<b>48,020</b>	36,694
Prepayments, deposits and other receivables	14	<b>4,627</b>	3,658
Financial assets at amortised cost	17	<b>17,215</b>	17,274
Pledged bank deposits		–	1,696
Cash and cash equivalents		<b>60,696</b>	111,502
		<b>193,308</b>	227,985
<b>Current liabilities</b>			
Trade payables	18	<b>14,876</b>	23,821
Contract liabilities	19	<b>1,175</b>	4,180
Other payables and accruals	19	<b>21,662</b>	35,475
Bank borrowings		<b>3,750</b>	8,022
Lease liabilities	20	<b>6,122</b>	4,391
Income tax payable		<b>763</b>	3,754
Deferred government grants		<b>5,016</b>	4,088
		<b>53,364</b>	83,731
<b>Net current assets</b>		<b>139,944</b>	144,254
<b>Total assets less current liabilities</b>		<b>287,450</b>	327,689

	<i>Note</i>	<b>2023</b> <b>RMB'000</b>	2022 <i>RMB'000</i>
<b>Non-current liabilities</b>			
Lease liabilities	20	<b>2,131</b>	5,286
Deferred government grants		<b>11,479</b>	14,917
Deferred tax liabilities		<b>345</b>	1,215
		<u><b>13,955</b></u>	<u>21,418</u>
<b>NET ASSETS</b>		<u><b>273,495</b></u>	<u>306,271</u>
<b>Capital and reserves</b>			
Share capital		<b>2,250</b>	2,250
Share premium		<b>98,676</b>	98,676
Retained earnings		<b>31,240</b>	55,891
Other reserves		<b>130,375</b>	131,206
Equity attributable to owners of the Company		<b>262,541</b>	288,023
Non-controlling interests		<b>10,954</b>	18,248
<b>TOTAL EQUITY</b>		<u><b>273,495</b></u>	<u>306,271</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. GENERAL INFORMATION

Confidence Intelligence Holdings Limited (the “**Company**”, together with its subsidiaries are collectively referred to as the “**Group**”) was incorporated as an exempted company with limited liability in the Cayman Islands on 7 December 2018. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 18 October 2019. The registered office of the Company is situated at Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands. The Company’s principal place of business is situated at Unit 702, 7th Floor, Greenfield Tower, Concordia Plaza, 1 Science Museum Road, Tsim Sha Tsui East, Kowloon, Hong Kong and the Group’s headquarter is situated at No. 7 Building, New Development Zone, Baisixia, Fuyong Street, Bao’an District, Shenzhen, the People’s Republic of China (the “**PRC**”).

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of (i) electronic manufacturing service (“**EMS**”) and (ii) financial-related application platform (“**Financial Application Platform**”) and related maintenance services (“**Platform Maintenance Services**”) (discontinued from the Disposal Date as defined in Note 10).

The immediate and ultimate holding company of the Company is Skyflying Company Limited (“**Skyflying**”), which is incorporated in the British Virgin Islands (the “**BVI**”). In the opinion of the directors of the Company, the ultimate controlling party of the Group is Mr. Li Hao (the “**Ultimate Controlling Party**”).

### 2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”), accounting principles generally accepted in Hong Kong and disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

The consolidated financial statements are presented in Renminbi (“**RMB**”) and all amounts have been rounded to the nearest thousand (“**RMB’000**”), unless otherwise indicated.

The consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2022 consolidated financial statements except for the adoption of the following new/revised HKFRSs that are relevant to the Group and effective from the current period.

#### Adoption of new/revised HKFRSs

The Group has applied, for the first time, the following new/revised HKFRSs that are relevant to the Group:

Amendments to HKAS 1	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

## Future changes in HKFRSs

At the date of authorisation of these consolidated financial statements, the HKICPA has issued the following new/revised HKFRSs that are not yet effective for the current period, which the Group has not early adopted.

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current <sup>(1)</sup>
Amendments to HKAS 1	Non-current Liabilities with Covenants <sup>(1)</sup>
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements <sup>(1)</sup>
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback <sup>(1)</sup>
Amendments to HKAS 21	Lack of Exchangeability <sup>(2)</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>(3)</sup>

(1) Effective for annual periods beginning on or after 1 January 2024

(2) Effective for annual periods beginning on or after 1 January 2025

(3) The effective date to be determined

The directors of the Company does not anticipate that the adoption of the new/revised HKFRSs in future periods will have any material impact on the Group's consolidated financial statements.

### 3. SEGMENT INFORMATION

The executive directors of the Company who make strategic decisions have been identified as the CODM to evaluate the performance of operating segments and to allocate resources to those segments. Based on risks and returns and the Group's internal financial reporting, the CODM considers that the operating segments of the Group comprise:

- (1) Provision of EMS
- (2) Provision of Financial Application Platform and Platform Maintenance Services which activity is discontinued from the Disposal Date as defined in Note 10

Segment results represent results before tax reported by each segment without allocation of certain other income and other gains/losses, net, certain selling and distribution expenses, certain administrative and other operating expenses incurred by the corporate office, certain impairment losses on financial assets and contract assets, gain on disposal of subsidiaries and, gain on bargain purchase arising from the acquisition of subsidiaries which are considered as unallocable income and expenses. This is the measure reported to the CODM of the Company for the purposes of resource allocation and performance assessment.

All assets are allocated to reportable segments other than financial assets at FVOCI, certain prepayments, deposits and other receivables, financial assets at amortised cost, certain pledged bank deposits and certain cash and cash equivalents. All liabilities are allocated to reportable segments other than certain other payables and accruals.



In determining the Group's geographical segments, revenue is attributable to the segments based on the location of customers; assets and capital expenditure are attributable to the segments based on the locations of the assets.

**(A) By Business Segments**

	<b>Continuing Operation Provision of EMS RMB'000</b>	<b>Discontinued Operation Provision of Financial Application Platform Maintenance Services RMB'000</b>	<b>Consolidated RMB'000</b>
<b>Year ended 31 December 2023</b>			
<b>Segment revenue</b>	<b>264,457</b>	<b>1,116</b>	<b>265,573</b>
<b>Segment results</b>	<b>(8,034)</b>	<b>(21,084)</b>	<b>(29,118)</b>
<i>From continuing and discontinued operations:</i>			
Unallocated other income			18
Unallocated other gains, net			2,074
Unallocated selling and distribution expenses			(279)
Unallocated administrative and other operating expenses			(5,250)
Impairment losses on financial assets and contract assets			(7,535)
Gain on disposal of subsidiaries			13,016
<b>Loss before tax</b>			<b>(27,074)</b>
Income tax expenses			(4,425)
<b>Loss for the year</b>			<b>(31,499)</b>

	Continuing Operation Provision of EMS RMB'000	Discontinued Operation Provision of Financial Application Platform Maintenance Services RMB'000	Consolidated RMB'000
Year ended 31 December 2022			
Segment revenue	<u>260,514</u>	<u>2,734</u>	<u>263,248</u>
Segment results	<u>(2,622)</u>	<u>(1,020)</u>	(3,642)
<i>From continuing and discontinued operations:</i>			
Unallocated other income			16
Unallocated other gains, net			1,793
Unallocated selling and distribution expenses			(345)
Unallocated administrative and other operating expenses			(7,233)
Impairment losses on financial assets and contract assets			(288)
Gain on bargain purchase arising from the acquisition of subsidiary			<u>2,133</u>
Loss before tax			(7,566)
Income tax credits			<u>489</u>
Loss for the year			<u>(7,077)</u>

A major customer is a customer (including a group of entities under common control) with whom revenue from transactions amounted to 10% or more of the Group's total revenue in the respective reporting period.

Revenue from customers (including a group of entities under common control) individually contributed over 10% of the total revenue of the Group is as follows:

	<b>2023</b> <b>RMB'000</b>	2022 RMB'000
Continuing Operation – Provision of EMS		
Customer A	<b>55,586</b>	72,179
Customer B	<b>30,312</b>	63,240
Customer C	N/A	30,067
Customer D	<b>51,755</b>	30,775
Customer E	<b>60,040</b>	N/A

Revenue from Customer C and E were less than 10% of the total revenue for the year ended 31 December 2023 and 2022 respectively.

The five largest customers accounted for approximately 84% of the Group's total revenue for the year ended 31 December 2023 (2022: approximately 82%).

An analysis of the Group's assets and liabilities by operating segments is set out below:

	Continuing Operation			Discontinued Operation			Consolidated RMB'000
	Provision of EMS RMB'000	Unallocated RMB'000	Total RMB'000	Provision of Financial Application Platform Maintenance Services RMB'000	Unallocated RMB'000	Total RMB'000	
<b>At 31 December 2023</b>							
Segment assets	<u>298,806</u>	<u>42,008</u>	<u>340,814</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>340,814</u>
Segment liabilities	<u>(64,608)</u>	<u>(2,711)</u>	<u>(67,319)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(67,319)</u>
<b>Year ended 31 December 2023</b>							
<i>Other segment information:</i>							
Amortisation	860	-	860	887	-	887	1,747
Depreciation	34,529	-	34,529	37	-	37	34,566
Gain on disposal of property, plant and equipment, net	6	-	6	-	-	-	6
Written off of property, plant and equipment	2,578	-	2,578	-	-	-	2,578
Exchange loss, net	1,371	3	1,374	-	-	-	1,374
Bank interest income	1,078	18	1,096	-	-	-	1,096
Finance costs	772	-	772	-	-	-	772
Reversal of write-down of inventories	3,069	-	3,069	-	-	-	3,069
Impairment loss on financial assets and contract assets	-	7,535	7,535	-	-	-	7,535
Impairment losses on intangible assets	-	-	-	14,671	-	14,671	14,671
Additions to property, plant and equipment (including right-of-use assets)	21,118	-	21,118	20	-	20	21,138
Additions to intangible assets	<u>272</u>	<u>-</u>	<u>272</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>272</u>

An analysis of the Group's assets and liabilities by operating segments is set out below:

	Continuing Operation			Discontinued Operation			Consolidated RMB'000
	Provision of EMS RMB'000	Unallocated RMB'000 (Restated)	Total RMB'000	Provision of Financial Application Platform Maintenance Services RMB'000	Unallocated RMB'000 (Restated)	Total RMB'000	
At 31 December 2022							
Segment assets	<u>354,409</u>	<u>33,664</u>	<u>388,073</u>	<u>23,347</u>	<u>-</u>	<u>23,347</u>	<u>411,420</u>
Segment liabilities	<u>(94,521)</u>	<u>(2,598)</u>	<u>(97,119)</u>	<u>(8,028)</u>	<u>(2)</u>	<u>(8,030)</u>	<u>(105,149)</u>
Year ended 31 December 2022							
<i>Other segment information:</i>							
Amortisation	818	-	818	296	-	296	1,114
Depreciation	39,609	-	39,609	9	-	9	39,618
(Loss) Gain on disposal of property, plant and equipment, net	(474)	-	(474)	7	-	7	(467)
Exchange (loss) gain, net	(3,350)	20	(3,330)	-	-	-	(3,330)
Bank interest income	1,143	16	1,159	-	-	-	1,159
Finance costs	1,203	-	1,203	-	-	-	1,203
Provision for write-down of inventories, net	1,007	-	1,007	-	-	-	1,007
Impairment loss on financial assets and contract assets	2	288	290	-	-	-	290
Additions to property, plant and equipment (including right-of-use assets)	7,962	-	7,962	20	-	20	7,982
Additions to intangible assets	<u>1,079</u>	<u>-</u>	<u>1,079</u>	<u>3,207</u>	<u>-</u>	<u>3,207</u>	<u>4,286</u>

(i) *Revenue from external customers*

The Group's operation is principally domiciled in the PRC. The Group's revenue by geographical location, which is determined by the location of customers, is as follows:

	<b>Continuing Operation Provision of EMS RMB'000</b>	<b>Discontinued Operation Provision of Financial Application Platform and Platform Maintenance Services RMB'000</b>	<b>Consolidated RMB'000</b>
<b>Year ended 31 December 2023</b>			
The PRC	<b>264,299</b>	<b>1,116</b>	<b>265,415</b>
The United States of America (the "USA")	<b>158</b>	<b>–</b>	<b>158</b>
	<b><u>264,457</u></b>	<b><u>1,116</u></b>	<b><u>265,573</u></b>
	<b>Continuing Operation Provision of EMS RMB'000</b>	<b>Discontinued Operation Provision of Financial Application Platform and Platform Maintenance Services RMB'000</b>	<b>Consolidated RMB'000</b>
<b>Year ended 31 December 2022</b>			
The PRC	260,443	2,734	263,177
The United States of America (the "USA")	71	–	71
	<b><u>260,514</u></b>	<b><u>2,734</u></b>	<b><u>263,248</u></b>

(ii) *Non-current assets by geographical location*

At 31 December 2023 and 2022, majority of the Group's non-current assets were located in the PRC.

#### 4. REVENUE

	2023	2022 (Restated)
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Revenue from contracts with customers within HKFRS 15</b>		
Continuing Operation		
<i>Overtime</i>		
– Provision of EMS	264,457	260,514
Discontinued Operation		
<i>Overtime</i>		
– Provision of Platform Maintenance Services	154	942
<i>Point in time</i>		
– Provision of Financial Application Platform	962	1,792
	<u>265,573</u>	<u>263,248</u>

The amounts of revenue recognised for the year ended 31 December 2023 that were included in the contract liabilities at the beginning of the reporting period was approximately RMB3,989,000 (2022: RMB1,503,000) (Note 19).

During the years ended 31 December 2023 and 2022, all brought-forward contract liabilities at the beginning of the financial year were fully recognised as revenue (Note 19).

#### 5. OTHER INCOME

	2023			2022 (Restated)		
	Continuing Operation <i>RMB'000</i>	Discontinued Operation <i>RMB'000</i>	Consolidated <i>RMB'000</i>	Continuing Operation <i>RMB'000</i>	Discontinued Operation <i>RMB'000</i>	Consolidated <i>RMB'000</i>
Bank interest income	1,096	–	1,096	1,159	–	1,159
Government subsidies ( <i>Note</i> )	7,367	47	7,414	5,726	39	5,765
Others	43	25	68	98	–	98
	<u>8,506</u>	<u>72</u>	<u>8,578</u>	<u>6,983</u>	<u>39</u>	<u>7,022</u>

*Note:* Government grants primarily represent subsidies from relevant local government authorities granted to the Group for purchase of certain qualified property, plant and equipment for its operation. During the year ended 31 December 2023, the assets related grants recognised to profit or loss were approximately RMB5,503,000 (2022: RMB4,381,000). There are no unfulfilled conditions or contingencies attached to the remaining government grants for the years ended 31 December 2023 and 2022.

## 6. OTHER GAIN (LOSSES), NET

	2023			2022 (Restated)		
	Continuing Operation RMB'000	Discontinued Operation RMB'000	Consolidated RMB'000	Continuing Operation RMB'000	Discontinued Operation RMB'000	Consolidated RMB'000
Interest income from unlisted corporate bonds	1,808	-	1,808	1,571	-	1,571
Interest income from amount due from an independent third party	80	-	80	-	-	-
Dividend income	186	-	186	205	-	205
Gain (Loss) on disposal of property, plant and equipment, net	6	-	6	(474)	7	(467)
Written off of property, plant and equipment	(2,578)	-	(2,578)	-	-	-
Exchange loss, net	(1,374)	-	(1,374)	(3,330)	-	(3,330)
Others	-	(22)	(22)	-	-	-
	<u>(1,872)</u>	<u>(22)</u>	<u>(1,894)</u>	<u>(2,028)</u>	<u>7</u>	<u>(2,021)</u>

## 7. LOSS BEFORE TAX

This is stated after charging:

	2023			2022 (Restated)		
	Continuing Operation RMB'000	Discontinued Operation RMB'000	Consolidated RMB'000	Continuing Operation RMB'000	Discontinued Operation RMB'000	Consolidated RMB'000
<b>Finance costs</b>						
Interest on bank borrowings	263	-	263	516	-	516
Interest on lease liabilities	509	-	509	687	-	687
	<u>772</u>	<u>-</u>	<u>772</u>	<u>1,203</u>	<u>-</u>	<u>1,203</u>
<b>Staff costs (including directors' emoluments)</b>						
Salaries, discretionary bonus, allowances and other benefits in kind	76,498	3,359	79,857	69,971	1,292	71,263
Contributions to defined contribution plans (Note i)	3,828	2,057	5,885	2,726	883	3,609
	<u>80,326</u>	<u>5,416</u>	<u>85,742</u>	<u>72,697</u>	<u>2,175</u>	<u>74,872</u>
Manpower service expenses (Note ii)	4,616	-	4,616	5,667	-	5,667
	<u>84,942</u>	<u>5,416</u>	<u>90,358</u>	<u>78,364</u>	<u>2,175</u>	<u>80,539</u>

	2023			2022 (Restated)		
	Continuing Operation	Discontinued Operation	Consolidated	Continuing Operation	Discontinued Operation	Consolidated
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Other expenses by nature</b>						
Cost of raw materials and consumables used	103,461	–	103,461	91,901	–	91,901
Subcontracting charges	14,683	–	14,683	15,643	–	15,643
Expenses recognised under short-term leases						
– Machineries	17,684	–	17,684	17,397	–	17,397
– Offices, warehouses, production plant and staff quarters	3,723	28	3,751	4,279	204	4,483
Utilities	8,657	–	8,657	6,660	–	6,660
Depreciation (charged to “cost of sales” and “administrative and other operating expenses”, as appropriate (Note iii))	34,529	37	34,566	39,609	9	39,618
Amortisation (charged to “cost of sales” and “administrative and other operating expenses”, as appropriate) (Note iv)	860	887	1,747	818	296	1,114
Auditor’s remuneration	1,757	–	1,757	1,695	–	1,695
Professional fees	3,478	321	3,799	5,708	136	5,844
(Reversal of) Provision for write-down of inventories, net	(3,069)	–	(3,069)	1,007	–	1,007
Impairment losses on financial assets and contract assets	7,535	–	7,535	290	–	290
Impairment losses on intangible assets	–	14,671	14,671	–	–	–
Other tax and surcharges	1,664	–	1,664	2,692	6	2,698
Transportation	229	–	229	149	–	149
Travelling expenses	924	15	939	1,004	8	1,012
Others	8,268	875	9,143	5,729	966	6,695
	<b>204,383</b>	<b>16,834</b>	<b>221,217</b>	<b>194,581</b>	<b>1,625</b>	<b>196,206</b>
Total cost of sales, selling and distribution expenses, administrative and other operating expenses, impairment losses on financial assets and contract assets and impairment losses on intangible assets (Note v)	<b>289,325</b>	<b>22,250</b>	<b>311,575</b>	<b>272,945</b>	<b>3,800</b>	<b>276,745</b>

*Notes:*

- (i) As stipulated under the relevant rules and regulations in the PRC, subsidiaries operating in the PRC contribute to state-sponsored retirement plans for its employees. For the years ended 31 December 2023 and 2022, depending on the provinces of the employees’ registered residences and their current region of work, the subsidiaries contributed certain percentages of the basic salaries of its employees and had no further obligations for the actual payment of pensions or postretirement benefits beyond the contributions. The state-sponsored retirement plans are responsible for the entire pension obligations payable to the retired employees.



- (ii) During the years ended 31 December 2023 and 2022, the Group entered into certain manpower service arrangements with several external manpower service organisations in the PRC. Under these arrangements, certain of the Group's manpower requirements were fulfilled by these organisations at agreed service fees whereas the human resources provided were directly employed by the relevant service organisations. The individuals providing services to the Group did not have any employment relationship with the Group.
- (iii) During the years ended 31 December 2023 and 2022, depreciation expenses have been charged in costs of sales and administrative and other operating expenses, as appropriate, as below:

	2023			2022 (Restated)		
	Continuing Operation RMB'000	Discontinued Operation RMB'000	Consolidated RMB'000	Continuing Operation RMB'000	Discontinued Operation RMB'000	Consolidated RMB'000
Costs of sales	31,698	-	31,698	33,529	-	33,529
Administrative and other operating expenses	2,831	37	2,868	6,080	9	6,089
	<u>34,529</u>	<u>37</u>	<u>34,566</u>	<u>39,609</u>	<u>9</u>	<u>39,618</u>

- (iv) During the years ended 31 December 2023 and 2022, amortisation expenses have been charged in costs of sales and administrative and other operating expenses, as appropriate, as below:

	2023			2022 (Restated)		
	Continuing Operation RMB'000	Discontinued Operation RMB'000	Consolidated RMB'000	Continuing Operation RMB'000	Discontinued Operation RMB'000	Consolidated RMB'000
Costs of sales	327	887	1,214	271	296	567
Administrative and other operating expenses	533	-	533	547	-	547
	<u>860</u>	<u>887</u>	<u>1,747</u>	<u>818</u>	<u>296</u>	<u>1,114</u>

- (v) Included in these expenses, there were staff costs, material costs and other miscellaneous expenses incurred for research and development purposes, which in aggregate, amounted to approximately RMB16,006,000 (2022: RMB15,054,000) for the year ended 31 December 2023.

## 8. TAXATION

	2023			2022 (Restated)		
	Continuing Operation RMB'000	Discontinued Operation RMB'000	Consolidated RMB'000	Continuing Operation RMB'000	Discontinued Operation RMB'000	Consolidated RMB'000
<b>Current tax</b>						
PRC enterprise income tax (“PRC EIT”)	246	-	246	2,854	-	2,854
<b>Deferred taxation</b>						
Changes in temporary differences	(3)	4,182	4,179	(2,279)	(1,064)	(3,343)
<b>Total income tax expenses (credits)</b>	<b>243</b>	<b>4,182</b>	<b>4,425</b>	<b>575</b>	<b>(1,064)</b>	<b>(489)</b>

The group entities established in the Cayman Islands and the BVI are exempted from corporate income tax during the years ended 31 December 2023 and 2022.

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in or derived from Hong Kong during the years ended 31 December 2023 and 2022.

The Group’s entities established in the PRC are subject to the PRC EIT at a statutory rate of 25% except for Shenzhen Confidence Intelligence Electronic Co. Limited\* (“**Shenzhen Confidence Intelligence**”) (深圳信懋智能電子有限公司), Regan Financial Information Service Co., Ltd.\* (“**Regan Financial Information**”) (上海雷根金融信息服務有限公司) and Chongqing Xinken Technology Company Limited\* (“**Chongqing Xinken Technology**”) (重慶信懋科技有限公司) (“重慶信懋科技”) which were recognised as High and New Technology Enterprise and is entitled to a preferential tax rate of 15% during the year ended 31 December 2023 (2022: Shenzhen Confidence Intelligence and Regan Financial Information were recognised as High and New Technology Enterprise). The entitlement of this tax benefit is subject to renewal by respective tax bureau in the PRC every three years.

## Reconciliation of income tax expenses

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i> (Restated)
<b>Continuing Operation</b>		
Loss before tax	<u>(19,006)</u>	<u>(8,679)</u>
Income tax at statutory tax rate applicable in respective tax jurisdictions	(3,581)	(515)
Tax exempt revenue	(619)	(454)
Non-deductible expenses	3,458	1,777
Utilisation of previously unrecognised tax losses	–	(6)
Unrecognised tax losses	2,557	996
Super deductions on research and development expenses ( <i>Note i</i> )	<u>(1,572)</u>	<u>(1,223)</u>
<b>Total income tax expenses</b>	<u>243</u>	<u>575</u>

### *Note:*

- (i) According to the relevant laws and regulations promulgated by the State Administration of Taxation of the PRC, enterprises engaging in research and development activities are entitled to claim 150% to 175% of their research and development expenses incurred as tax deductible expenses when determining their assessable profits for that year.

Deferred tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefit through the future taxation profits is probable. At 31 December 2023, no deferred tax assets arising from tax losses has been recognised (2022: the Group recognised deferred tax assets arising from tax losses of approximately RMB3,118,000 through acquisition of subsidiaries).

At 31 December 2023, the Group has unrecognised tax losses of approximately RMB482,000 (2022: RMB403,000) and RMB16,780,000 (2022: RMB3,855,000), respectively, arising in Hong Kong and the PRC which are available for offsetting against future taxable profits of the entities in which the losses arose. Deferred tax assets have not been recognised in respect of these tax losses due to the uncertainty of future taxable profits against which the tax losses can be utilised. The tax losses arising in Hong Kong and the PRC can be carried forward against future taxable profits. Under the current tax legislation, the tax losses arising in Hong Kong can be carried forward indefinitely and the tax losses arising in the PRC can be carried forward for a maximum of 10 years from the year in which the tax loss was incurred as the entity which arose the tax loss is recognised as High and New Technology Enterprise in the PRC.

The Group has no unrecognised tax losses arising from the discontinued operation.

## 9. LOSSES PER SHARE

The calculation of basic and diluted losses per share attributable to owners of the Company is based on the following information:

	<b>2023</b> <i>RMB'000</i>	2022 <i>RMB'000</i>
<b>From continuing and discontinued operations</b>		
<i>Loss</i>		
Loss for the year attributable to owners of the Company, used in basic and diluted losses per share calculation	<u><b>(23,840)</b></u>	<u>(9,079)</u>
	<i>'000</i>	<i>'000</i>
<i>Number of shares</i>		
Weighted average number of ordinary shares for basic and diluted losses share calculation	<u><b>250,000</b></u>	<u>250,000</u>
	<i>RMB cents</i>	<i>RMB cents</i>
<i>Losses per share</i>		
Basic and diluted losses per share	<u><b>(9.54)</b></u>	<u>(3.63)</u>
	<b>2023</b> <i>RMB'000</i>	2022 <i>RMB'000</i>
<b>From continuing operation</b>		
<i>Loss</i>		
Loss for the year attributable to owners of the Company, used in basic and diluted losses per share calculation	<u><b>(21,683)</b></u>	<u>(11,239)</u>
	<i>'000</i>	<i>'000</i>
<i>Number of shares</i>		
Weighted average number of ordinary shares for basic and diluted losses share calculation	<u><b>250,000</b></u>	<u>250,000</u>
	<i>RMB cents</i>	<i>RMB cents</i>
<i>Losses per share</i>		
Basic and diluted losses per share	<u><b>(8.67)</b></u>	<u>(4.49)</u>

The basic losses per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the years ended 31 December 2023 and 2022.

Diluted losses per share are same as the basic losses per share as there are no potential dilutive ordinary shares in existence for the years ended 31 December 2023 and 2022.

## 10. DISCONTINUED OPERATION

On 21 August 2023, Wanhai Big Data Technology (Shanghai) Limited\* (萬海大數據科技 (上海) 有限公司) (the “**Disposal Vendor**”), being the Group’s wholly owned subsidiary, has entered into a sale and purchase agreement with (i) Regan Shiye Group Co., Ltd.\* (雷根實業集團有限公司) (the “**Disposal Purchaser**”), being the holding company of the non-controlling shareholder of Regan Financial Information, and (ii) Shanghai Wanhai Jinyuan Business Management Limited\* (上海萬海金源企業管理有限公司), being the wholly-owned subsidiary of the Group immediately before the Disposal and holding 60% equity interests of Regan Financial Information pursuant to which the Disposal Vendor has agreed to sell, and the Disposal Purchaser has agreed to acquire the entire equity interest of Wanhai Jinyuan, at a consideration of RMB1.0 (the “**Disposal**”). That transaction was completed on 21 August 2023 (the “**Disposal Date**”).

The Financial Application Platform and Platform Maintenance Services segment was ceased to carry on upon the completion of the Disposal. Accordingly, the Group’s Financial Application Platform and Platform Maintenance Services segment was classified as a discontinued operation (the “**Discontinued Operation**”).

The results of the Discontinued Operation have been presented separately in the consolidated statement of profit or loss.

Comparative information of the consolidated profit or loss and consolidated statement of cash flows has been restated to achieve a consistent presentation.

The results of the Discontinued Operation for the reporting period was analysed as follows:

	<b>2023</b>	2022
	<b>RMB’000</b>	RMB’000
Revenue	<b>1,116</b>	2,734
Cost of sales	<b>(3,639)</b>	(1,476)
Gross (loss) profit	<b>(2,523)</b>	1,258
Other income	<b>72</b>	39
Other (losses) gains, net	<b>(22)</b>	7
Selling and distribution expenses	<b>(65)</b>	(22)
Administrative and other operating expenses	<b>(3,875)</b>	(2,302)
Impairment losses on intangible assets	<b>(14,671)</b>	–
Gain on disposal of subsidiaries	<b>13,016</b>	–
Gain on bargain purchase arising from acquisition of subsidiaries	<b>–</b>	2,133
(Loss) Profit before tax	<b>(8,068)</b>	1,113
Income tax (expense) credits	<b>(4,182)</b>	1,064
(Loss) Profit for the year	<b>(12,250)</b>	2,177
(Loss) Profit for the year attributable to:		
– Owners of the Company	<b>(2,157)</b>	2,160
– Non-controlling interests	<b>(10,093)</b>	17
	<b>(12,250)</b>	2,177
Net cash (used in) from operating activities	<b>(1,807)</b>	5,978
Net cash used in investing activities	<b>(9)</b>	(9,497)
Net cash from financing activities	<b>–</b>	7,032

The calculation of basic and diluted (losses) earnings per share attributable to owners of the Company of the Discontinued Operation is based on the following information:

**From discontinued operation**

	<b>2023</b> <i>RMB cents</i>	2022 RMB cents
<b>(Loss) profit for the period attributable to owners of the Company</b>		
– Basic and diluted	<b>(0.87)</b>	0.86

The basic and diluted (losses) earnings per share attributable to owners of the Company for the Discontinued Operation are calculated by dividing the (loss) profit for the year attributable to the owners of the Company from the Discontinued Operation for the year by the weighted average number of ordinary shares in issue during the years ended 31 December 2023 and 2022. The denominators used are the same as those detailed in Note 9 to this result announcement.

**11. DIVIDENDS**

The directors did not recommend a payment of any dividend for the year ended 31 December 2023 (2022: Nil).

**12. PROPERTY, PLANT AND EQUIPMENT**

	Right-of-use assets (Note ii) RMB'000	Office equipment RMB'000	Plant and machinery RMB'000	Furniture and fixtures RMB'000	Motor vehicles RMB'000	Leasehold improvements RMB'000	Buildings RMB'000	Total RMB'000
Reconciliation of carrying amount – year ended 31 December 2022								
At the beginning of the reporting period	12,520	1,788	150,291	295	227	2,869	9,754	177,744
Additions	3,014	432	3,324	110	160	942	–	7,982
Disposals	–	–	(467)	–	–	–	–	(467)
Acquired through acquisition of subsidiaries	–	100	–	–	–	–	–	100
Depreciation	(6,276)	(1,148)	(28,608)	(170)	(67)	(2,876)	(473)	(39,618)
At the end of the reporting period	<u>9,258</u>	<u>1,172</u>	<u>124,540</u>	<u>235</u>	<u>320</u>	<u>935</u>	<u>9,281</u>	<u>145,741</u>
Reconciliation of carrying amount – year ended 31 December 2023								
At the beginning of the reporting period	9,258	1,172	124,540	235	320	935	9,281	145,741
Additions	4,671	9	13,210	146	161	2,941	–	21,138
Disposals	(137)	–	(409)	–	(4)	–	–	(550)
Written off	–	–	(2,578)	–	–	–	–	(2,578)
Depreciation	(6,086)	(661)	(26,226)	(134)	(127)	(859)	(473)	(34,566)
Disposal of subsidiaries	–	(83)	–	–	–	–	–	(83)
At the end of the reporting period	<u>7,706</u>	<u>437</u>	<u>108,537</u>	<u>247</u>	<u>350</u>	<u>3,017</u>	<u>8,808</u>	<u>129,102</u>

	Right-of-use assets (Note ii) RMB'000	Office equipment RMB'000	Plant and machinery RMB'000	Furniture and fixtures RMB'000	Motor vehicles RMB'000	Leasehold improvements RMB'000	Buildings RMB'000	Total RMB'000
At 31 December 2022								
Cost	14,383	5,625	241,045	1,408	2,074	11,057	9,951	285,543
Accumulated depreciation	(5,125)	(4,453)	(116,505)	(1,173)	(1,754)	(10,122)	(670)	(139,802)
Net carrying amount	<u>9,258</u>	<u>1,172</u>	<u>124,540</u>	<u>235</u>	<u>320</u>	<u>935</u>	<u>9,281</u>	<u>145,741</u>
At 31 December 2023								
Cost	18,816	5,453	243,046	1,554	2,147	13,998	9,951	294,965
Accumulated depreciation	(11,110)	(5,016)	(134,509)	(1,307)	(1,797)	(10,981)	(1,143)	(165,863)
Net carrying amount	<u>7,706</u>	<u>437</u>	<u>108,537</u>	<u>247</u>	<u>350</u>	<u>3,017</u>	<u>8,808</u>	<u>129,102</u>

*Notes:*

- (i) At 31 December 2023, the carrying amount of the Group's property, plant and equipment (excluding right-of-use assets) of approximately RMB10,129,000 (2022: RMB22,960,000) was pledged to secure banking facilities.
- (ii) Right-of-use assets

Extension and termination options

The lease contracts of leased properties contain extension or termination options. These options aim to provide flexibility to the Group in managing the leased assets. The extension option of the leased properties is normally exercised because the Group does not want to incur additional costs, such as leasehold improvements, while exercising the termination option is normally unusual unless the Group could replace the leased properties without significant cost or acquisition of a new property. The Group seldom exercises options that were not included in the lease liabilities. During the years ended 31 December 2023 and 2022, all of lease contracts for leased properties contains an extension or termination option, in which the total lease payment made amounted to approximately RMB5,958,000 and RMB5,238,000, respectively, representing the total cash outflows for lease during respective reporting periods.

Restriction or covenants

Most of the leases impose a restriction that, unless approval is obtained from the lessor, the right-of-use assets can only be used by the Group and the Group is prohibited from selling or pledging the underlying assets. The Group is also required to keep those leased assets in a good state of repair and return the leased assets in their original condition at the end of the lease.

Commitments under leases

At 31 December 2023, the Group was committed to short-term leases or low-value asset leases of approximately RMB1,300,000 (2022: RMB1,832,000).

### 13. FINANCIAL ASSETS AT FVOCI

The Group's financial assets at FVOCI comprise equity securities which are not held for trading and which the Group has irrevocably elected at initial recognition to recognise in this category.

	<b>2023</b>	2022
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
<b>Non-current assets</b>		
Listed trading securities		
– Baidu, Inc.	<b>652</b>	619
– Bilibili Inc.	<b>309</b>	607
– 3SBio Inc.	<b>6,338</b>	6,895
– Yuexiu Services Group Limited	<b>1,359</b>	1,719
	<u><b>8,658</b></u>	<u>9,840</u>

The movements of the financial assets at FVOCI are analysed as follows:

	<b>2023</b>	2022
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
At the beginning of the reporting period	<b>9,840</b>	8,369
Changes in fair values recognised in other comprehensive income	<b>(1,317)</b>	673
Exchange realignments	<b>135</b>	798
	<u><b>8,658</b></u>	<u>9,840</u>

All of the financial assets at FVOCI are denominated in HK\$.



#### 14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	<i>Notes</i>	<b>2023</b> <i>RMB'000</i>	2022 <i>RMB'000</i>
<b>Current portion</b>			
Prepayments to suppliers		<b>806</b>	535
Prepayment for a leased warehouse		–	897
Prepayment for consultancy services fee		<b>1,994</b>	–
Rental and other deposits	14(i)	<b>910</b>	1,107
Interest receivables from unlisted corporate bonds		<b>462</b>	110
Interest receivables from amount due from an independent third party		<b>80</b>	–
Value added tax (“VAT”) receivable		–	416
Other receivables	14(i)	<b>375</b>	593
Amount due from Wanhai Jinyuan	14(iii)	<b>7,032</b>	–
		<u><b>11,659</b></u>	<u>3,658</u>
Less: Loss allowances		<u><b>(7,032)</b></u>	–
		<u><b>4,627</b></u>	<u>3,658</u>
<b>Non-current portion</b>			
Prepayments of acquisition of property, plant and equipment		<b>194</b>	1,489
Amount due from an independent third party	14(ii)	<b>4,551</b>	–
Rental deposits	14(i)	<b>1,321</b>	1,296
		<u><b>6,066</b></u>	<u>2,785</u>
Less: Loss allowances		<u><b>(194)</b></u>	–
		<u><b>5,872</b></u>	<u>2,785</u>
		<u><b>10,499</b></u>	<u>6,443</u>

*Note:*

- (i) At 31 December 2023 and 2022, the carrying amounts of deposits and other receivables approximated their fair values. These balances were unsecured and interest free.
- (ii) Amount due from an independent third party

	<b>2023</b> <i>RMB'000</i>
Amount due from an independent third party	<b>4,551</b>
Loss allowances	<u><b>(194)</b></u>
	<u><b>4,357</b></u>

This principal amount of the amount due from an independent third party was HK\$5,000,000 (equivalent to approximately RMB4,531,000 at 31 December 2023). The amount due was unsecured, bearing interest of 10% per annum, and repayable in 2 years.

(iii) Amount due from Wanhai Jinyuan

	<b>2023</b> <b>RMB'000</b>
Amount due from Wanhai Jinyuan	7,032
Less: Loss allowances	<u>(7,032)</u>
	<u><u>–</u></u>

The amount due was unsecured, interest free and repayable on demand.

The carrying amounts of the Group's prepayments, deposits and other receivables were denominated in the following currencies:

	<b>2023</b> <b>RMB'000</b>	2022 <b>RMB'000</b>
RMB	3,472	6,194
HK\$	<u>7,027</u>	<u>249</u>
	<u><b>10,499</b></u>	<u><b>6,443</b></u>

## 15. INVENTORIES

	<b>2023</b> <b>RMB'000</b>	2022 <b>RMB'000</b>
Raw materials	18,649	21,574
Less: Write-down provision	<u>(662)</u>	<u>(3,731)</u>
	<u><b>17,987</b></u>	<u><b>17,843</b></u>

The cost of inventories recognised as expenses and included in “cost of sales” during the year ended 31 December 2023 was approximately RMB103,461,000 (2022: RMB91,901,000) (Note 7).

A reverse of write-down of inventories, net, amounting to approximately RMB3,069,000 was recognised in the consolidated profit or loss and included in “cost of sales” for the year ended 31 December 2023 (2022: provision for write-down of inventories, net, amounting to approximately RMB1,007,000) (Note 7). The reversal of write-down of inventories, net, for the year ended 31 December 2023 was primarily due to certain of the Group's inventories which was wrote-down in previous years were sold in current period.

## 16. CONTRACT ASSETS, TRADE AND BILLS RECEIVABLES

	<i>Note</i>	<b>2023</b> <i>RMB'000</i>	2022 <i>RMB'000</i>
Contract assets	16(a)	<u>44,763</u>	<u>39,318</u>
Trade receivables, from third parties		<b>35,419</b>	30,430
Less: Loss allowances for trade receivables		<u>(131)</u>	<u>(131)</u>
Trade receivables, net	16(b)	<u>35,288</u>	<u>30,299</u>
Bills receivables	16(c)	<u>12,732</u>	<u>6,395</u>
Contract assets, trade and bills receivables, net		<u><b>92,783</b></u>	<u>76,012</u>

### 16(a). Contract assets

Contract assets represent the Group's rights to consideration for work completed but unbilled for its services provided for EMS segment. The contract assets are transferred to trade receivables when the rights become unconditional, which generally takes one to four months (2022: one to four months).

Movements of contract assets are as follows:

	<b>2023</b> <i>RMB'000</i>	2022 <i>RMB'000</i>
At the beginning of the reporting period	<b>39,318</b>	55,052
Additions	<b>44,763</b>	39,318
Transferred to trade receivables	<b>(39,318)</b>	(55,158)
Written off	–	106
At the end of the reporting period	<u><b>44,763</b></u>	<u>39,318</u>

At 31 December 2023 and 2022, the contract assets are expected to be recovered within 12 months.

### 16(b). Trade receivables, from third parties

The Group's business with its trade debtors is mainly on credit basis and the credit period is ranging from 30 to 120 days (2022: 30 to 120 days). At the end of the reporting period, the ageing analysis of trade receivables, net of loss allowance, by invoice date was as follows:

	<b>2023</b> <i>RMB'000</i>	2022 <i>RMB'000</i>
Less than 1 month	<b>10,616</b>	18,139
1 to 2 months	<b>12,083</b>	5,086
2 to 3 months	<b>9,328</b>	4,113
Over 3 months	<u>3,261</u>	<u>2,961</u>
	<u><b>35,288</b></u>	<u>30,299</u>

At the end of the reporting period, the ageing analysis of trade receivables (net of loss allowance) by due date is as follows:

	<b>2023</b>	2022
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Not past due	<b>31,813</b>	29,560
Less than 1 month past due	<b>2,931</b>	373
1 to 2 months past due	<b>431</b>	120
2 to 3 months past due	<b>113</b>	246
	<u><b>35,288</b></u>	<u>30,299</u>

#### **16(c). Bills receivables**

At 31 December 2023 and 2022, all bill receivables are interest-free and guaranteed by banks in the PRC and have maturities of less than six months.

**16(d).** The carrying amounts of the Group's contract assets, trade and bills receivables were denominated in the following currencies:

	<b>2023</b>	2022
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
RMB	<b>92,766</b>	73,887
USD	<b>17</b>	2,125
	<u><b>92,783</b></u>	<u>76,012</u>

#### **17. FINANCIAL ASSET AT AMORTISED COST**

During the year ended 31 December 2022, the Group acquired an unlisted bond from an independent third party (the "**Bond Issuer**") with a principal amount of HK\$20,000,000, equivalent to approximately RMB17,865,000, for 1 year maturity starting from 29 September 2022 at a fixed interest rate of 8% per annum.

On 14 July 2023, the Group entered into a supplementary agreement with the Bond Issuer, pursuant to which, both parties agreed to extend the maturity date of the unlisted corporate bond for 1 year, from the original maturity date on 28 September 2023 to 28 September 2024. The principal amount remained at HK\$20,000,000 (equivalent to approximately RMB18,125,000) with a fixed interest rate of 8% per annum.

	<b>2023</b>	2022
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Unlisted corporate bond	<b>18,125</b>	17,865
Provision for impairment losses	<b>(910)</b>	(591)
	<u><b>17,215</b></u>	<u>17,274</u>

The movements of the financial asset at amortised cost are analysed as follows:

	<b>2023</b> <i>RMB'000</i>	2022 <i>RMB'000</i>
At the beginning of the reporting period	<b>17,274</b>	16,080
Additions	–	18,089
Redemption	–	(17,537)
Provision for impairment losses	<b>(309)</b>	(288)
Exchange realignments	<b>250</b>	930
	<hr/>	<hr/>
At the end of the reporting period	<b>17,215</b>	17,274
	<hr/> <hr/>	<hr/> <hr/>

The unlisted corporate bond at amortised cost is denominated in HK\$.

## 18. TRADE PAYABLES

The trade payables are unsecured, interest-free and with normal credit terms ranging from 30–90 days.

At the end of each reporting period, the ageing analysis of the trade payables based on invoice date is as follows:

	<b>2023</b> <i>RMB'000</i>	2022 <i>RMB'000</i>
Within 1 month	<b>8,886</b>	15,899
1 to 2 months	<b>4,676</b>	7,759
2 to 3 months	<b>1,166</b>	84
Over 3 months	<b>148</b>	79
	<hr/>	<hr/>
	<b>14,876</b>	23,821
	<hr/> <hr/>	<hr/> <hr/>

The carrying amounts of the Group's trade payables were denominated in the following currencies:

	<b>2023</b> <i>RMB'000</i>	2022 <i>RMB'000</i>
RMB	<b>12,608</b>	22,059
USD	<b>2,268</b>	1,762
	<hr/>	<hr/>
	<b>14,876</b>	23,821
	<hr/> <hr/>	<hr/> <hr/>

## 19. CONTRACT LIABILITIES, OTHER PAYABLES AND ACCRUALS

	<i>Note</i>	<b>2023</b> <b>RMB'000</b>	2022 <i>RMB'000</i>
<b>Contract liabilities</b>	19(a)	<u>1,175</u>	<u>4,180</u>
<b>Other payables and accruals</b>			
Payable for operating expenses		2,649	4,177
Payable for staff salaries and manpower service expenses		9,729	14,516
VAT and other tax payables		5,666	13,608
Other payables		584	297
Accruals		<u>3,034</u>	<u>2,877</u>
		<u>21,662</u>	<u>35,475</u>
		<u>22,837</u>	<u>39,655</u>

### 19(a). Contract liabilities

Contract liabilities represent advance payments received from the customers for services that have not been transferred to the customers. The contract liabilities fluctuated during the years ended 31 December 2023 and 2022 due to fluctuation in sales orders with advance payments.

The balance at the end of each reporting period is expected to be recognised as revenue in the next reporting period. The movements (excluding those arising from increase and decrease both occurred within the same reporting period) of contract liabilities within HKFRS 15 are as follows:

	<b>2023</b> <b>RMB'000</b>	2022 <i>RMB'000</i>
At the beginning of the reporting period	4,180	1,503
Additions	1,175	1,570
Revenue recognised	(3,989)	(1,503)
Acquired through acquisition of subsidiaries	–	2,610
Disposal of subsidiaries	<u>(191)</u>	<u>–</u>
At the end of the reporting period	<u>1,175</u>	<u>4,180</u>

The contract liabilities at 31 December 2023 and 2022 represented the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied as of the end of each reporting period. The Group expects the transaction price at 31 December 2023 and 2022 of approximately RMB1,175,000 and RMB4,180,000, respectively, allocated to the unsatisfied performance obligations will be recognised as revenue in one year or less when the obligations are performed.

**19(b).** The carrying amounts of the Group's contract liabilities, other payables and accruals were denominated in the following currencies:

	<b>2023</b>	2022
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
RMB	<b>20,093</b>	36,599
USD	<b>28</b>	1,019
HK\$	<b>2,716</b>	2,037
	<u><b>22,837</b></u>	<u>39,655</u>

## 20. LEASES LIABILITIES

**20(a).** The consolidated statement of financial position shows the following amounts relating to leases:

	<b>2023</b>	2022
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
<b>Right-of-use assets</b>		
Properties	<b>7,228</b>	9,258
Plant and machineries	<b>478</b>	–
	<u><b>7,706</b></u>	<u>9,258</u>
	<b>2023</b>	2022
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
<b>Lease liabilities</b>		
Current portion	<b>6,122</b>	4,391
Non-current portion	<b>2,131</b>	5,286
	<u><b>8,253</b></u>	<u>9,677</u>

At 31 December 2023, the weighted average effective interest rates of the lease liabilities of the Group were approximately 5.35% per annum (2022: 5.05% per annum).

At 31 December 2023 and 2022, the carrying amounts of the Group's lease liabilities were denominated in RMB.

**20(b).** The consolidated statement of profit or loss shows the following amounts relating to leases:

	<b>2023</b>	2022
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
<b>Depreciation charges of right-of use assets</b>		
Properties	<b>5,321</b>	6,168
Plant and machineries	<b>765</b>	108
	<u><b>6,086</b></u>	<u>6,276</u>
<b>Finance costs</b>	<u><b>509</b></u>	<u>687</u>

**20(c).** During the years ended 31 December 2023 and 2022, the total cash outflow for leases were analysed as below.

	<b>2023</b>	2022
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
<b>Cash flows used in operating activities</b>		
Expenses under short term leases in respect of ( <i>Note 7</i> ):		
– Machineries	<b>17,684</b>	17,397
– Offices, warehouses, production plant and staff quarters	<b>3,751</b>	4,483
<b>Cash flows used in financing activities</b>		
– Payment of principal element of lease liabilities	<b>5,958</b>	5,238
– Payment of interest element of lease liabilities	<b>509</b>	687
	<b>27,902</b>	27,805



## BUSINESS REVIEW

The Group is an EMS provider offering comprehensive assembling and production services of printed circuit board assembly (the “PCBAs”) in the PRC that integrate research and design, selection and procurement of raw materials, assembling of PCBAs, quality control, testing, logistics and aftersales services.

The Group tapped into the financial technology business with the cooperation of a third-party business partner (the “Regan Group”) since the second half year of 2022 by acquisition of the 60% registered capital of Regan Financial Information (the “Acquisition”), which is principally engaged in provision of Financial Application Platform and Platform Maintenance Services. However, being a new entrant to the fintech and insurance related market, the Group is facing keen competition from large insurance groups with their own online platforms in the PRC and find it difficult to expand the customer scale, and the development of the financial technology business was slower than expected. Regan Financial Information provided an impairment loss on its intangible assets of approximately RMB14.7 million for the Reporting Period.

Moreover, it has come to the Company’s attention that there are certain negative news and legal proceedings targeting the Regan Group in the market and Regan Group has been experiencing difficulty in running its business operation.

Taking into account the performance of the Financial Application Platform and Platform Maintenance Services business and the negative news targeting Regan Group, the Board has made a reassessment of the development potential of Regan Financial Information and decided that the Group should cut its losses by disposing of the business of Financial Application Platform and Platform Maintenance Services at a consideration of RMB1.0.

2023 was a tough year for the EMS industry. Economic recovery was slower than anticipated. Downturn macroeconomic environment impacted the demand for smartphones and other consumer electronic devices. The Group is facing a more intense competitive environment.

During the Reporting Period, the Group recorded a net loss of approximately RMB31.5 million for the Reporting Period as compared with the Group’s loss of approximately RMB7.1 million for the corresponding period in 2022.

## PROSPECTS

The economy environment in China and the world remains uncertain and challenging. The Group is taking proactive measures and making active responses in an effort to sustain the business and actively diversify or expand our customer base and product base to broaden the sources of revenue and diversify business risk. In view of the decreasing gross profit margin, the Group will also take actions to adjust the product mix to improve the profitability of the Group.

Also, the Group will continue to invest in our development of in-house capabilities and keep ourselves abreast of the development of latest technology advancement in our industries to secure more opportunities in the EMS business.

At the same time, the Group will keep more cautious on its spending and expansion to reduce finance risk. We will continue to strive a balance among the interests of shareholders, employees and customers, and pursue long-term and sustainable development for the Group.

## MANAGEMENT DISCUSSION AND ANALYSIS

### OPERATING RESULTS

#### Revenue by Customers' Geographical Location

The Group's revenue by customers' geographical location, which is determined by the location of customers, is as follows:

	Revenue for	
	the year ended 31 December	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
The PRC	265,415	263,177
The United States of America (the "USA")	158	71
Total	<u>265,573</u>	<u>263,248</u>

The Group derives its revenue from (i) manufacturing and sales of PCBAs and (ii) Financial Application Platform and Platform Maintenance Services. Based on the usage of the electronic products which incorporated with our PCBAs, our PCBAs can be broadly applied to electronic end products for three principal industries, namely, telecommunication devices, IoT products, and automotive related devices. The table below summarises the amount of revenue generated and as a percentage of total revenue from each product category for the Reporting Period and for the year ended 31 December 2022, respectively:

	Revenue for			% of total revenue for		
	the year ended 31 December			the year ended 31 December		
	2023	2022	Change	2023	2022	Change
	RMB'000	RMB'000	%			
PCBAs for						
Telecommunication devices	<b>140,704</b>	131,643	6.9	<b>53.1</b>	50.0	3.1
IoT products	<b>62,489</b>	89,421	(30.1)	<b>23.5</b>	34.0	(10.5)
Automotive related devices	<b>58,794</b>	31,430	87.1	<b>22.1</b>	12.0	10.1
Others	<b>2,470</b>	8,020	(69.2)	<b>0.9</b>	3.0	(2.1)
	<b><u>264,457</u></b>	<u>260,514</u>	1.5	<b><u>99.6</u></b>	<u>99.0</u>	0.6
Financial Application Platform and Platform Maintenance Services	<b>1,116</b>	2,734	(59.2)	<b>0.4</b>	1.0	(0.6)
Total	<b><u>265,573</u></b>	<u>263,248</u>	0.9	<b><u>100.0</u></b>	<u>100.0</u>	–

Our revenue generated from sales of PCBAs for telecommunication devices increased by approximately 6.9% from approximately RMB131.6 million for the year ended 31 December 2022 to approximately RMB140.7 million for the Reporting Period, primarily due to that the Group successfully achieved orders from new customers, which were partially offset against the reduced orders from existing major customers.

Our Group recorded a decrease in revenue derived from sales of PCBAs for IoT products from approximately RMB89.4 million for the year ended 31 December 2022 to approximately RMB62.5 million for the Reporting Period, which was mainly attributable to the decline market demand for the consumer electronic devices under the downturn macroeconomic environment.

Our revenue generated from sales of PCBAs for automotive related devices increased by approximately RMB27.4 million from approximately RMB31.4 million for the year ended 31 December 2022 to approximately RMB58.8 million for the Reporting Period, primarily due to the increased orders from the automotive related devices customers as a result of the increased demand for automotive devices.

Other revenue mainly include (i) PCBAs for industrial use devices and other electronic devices; and (ii) the revenue generated from the sale of auxiliary and other materials. Other revenue decreased from approximately RMB8.0 million for the year ended 31 December 2022 to approximately RMB2.5 million for the Reporting Period, which was mainly caused by the decreased orders from the industrial use devices customers due to the slowing down of the economy.

The revenue derived from Financial Application Platform and Platform Maintenance Services decreased from approximately RMB2.7 million for the year ended 31 December 2022 to approximately RMB1.1 million for the Reporting Period. As mentioned before, the Group is facing keen competition from large insurance groups with their own online platforms in the PRC and find it difficult to expand the customer scale, and the development of the financial technology business was slower than expected.

### Gross Profit and Gross Profit Margin

Gross profit of the Group for the Reporting Period was approximately RMB14.2 million, representing a decrease of approximately RM15.2 million or approximately 51.6% as compared with approximately RMB29.4 million for the year ended 31 December 2022. Overall gross profit margin decreased from approximately 11.2% for the year ended 31 December 2022 to approximately 5.4% for the Reporting Period.

	Gross profit for			Gross profit margin for		
	the year ended 31 December			the year ended 31 December		
	2023	2022	Change	2023	2022	Change
	RMB'000	RMB'000	(%)	(%)	(%)	(%)
PCBAs for						
Telecommunication devices	3,354	17,953	(81.3)	2.4	13.6	(11.2)
IoT products	2,958	4,294	(31.1)	4.7	4.8	(0.1)
Automotive related devices	10,380	5,444	90.7	17.7	17.3	0.4
Others	52	434	(88.0)	2.1	5.4	(3.3)
	<u>16,744</u>	<u>28,125</u>	(40.5)	<u>6.3</u>	<u>10.8</u>	(4.5)
Financial Application Platform and Platform Maintenance Services	<u>(2,523)</u>	<u>1,258</u>	(300.6)	<u>(226.1)</u>	<u>46.0</u>	(272.1)
Total	<u><u>14,221</u></u>	<u><u>29,383</u></u>	(51.6)	<u><u>5.4</u></u>	<u><u>11.2</u></u>	(5.8)

## ***PCBAs***

The gross profit for PCBAs for telecommunication devices decreased by approximately 81.3% to approximately RMB3.4 million for the Reporting Period (2022: approximately RMB18.0 million). The gross profit margin decreased to approximately 2.4% for the Reporting Period (2022: approximately 13.6%), which was primarily due to the lower selling price and decreased gross profit margin for the orders from new customers in order to expand the customer base of the Group.

The gross profit for PCBAs for IoT products decreased by approximately 31.1% to approximately RMB3.0 million for the Reporting Period (2022: approximately RMB4.3 million). The gross profit margin decreased to approximately 4.7% for the Reporting Period (2022: approximately 4.8%), which was primarily due to the decreased sales of IoT products.

The gross profit for PCBAs for automotive related devices increased by approximately 90.7% to approximately RMB10.4 million for the Reporting Period (2022: approximately RMB5.4 million). The gross profit margin increased to approximately 17.7% for the Reporting Period (2022: approximately 17.3%), which was mainly due to the increased sales orders from the automotive related devices.

The Group recorded gross loss for Financial Application Platform and Platform Maintenance Services for the Reporting Period, which was due to the decreased revenue as mentioned before.

## **Other Income**

Other income of the Group for the Reporting Period of approximately RMB8.6 million (2022: approximately RMB7.0 million) mainly represented government grants and bank interest income.

## **Other Losses, Net**

Other losses, net mainly represented (i) net gain or loss on disposal of property, plant and equipment; (ii) written off of property, plant and equipment; (iii) interest income from unlisted corporate bonds and loans; (iv) dividend income; and (v) exchange difference. For the Reporting Period, other losses decreased from approximately RMB2.0 million for the year ended 31 December 2022 to approximately RMB1.9 million for the Reporting Period, which was mainly due to the written off of property, plant and equipment of approximately RMB2.6 million, which offsetting the decrease of exchange difference.

## **Selling and Distribution Expenses**

Selling and distribution expenses mainly comprised (i) relevant employee benefit expenses; (ii) transportation costs; (iii) depreciation; (iv) entertainment expenses and other expenses. For the Reporting Period, selling and distribution expenses amounted to approximately RMB2.4 million (2022: approximately RMB3.0 million), representing a decrease of approximately 20.0% as compared to the year ended 31 December 2022. Selling and distribution expense ratio remained stable at approximately 1.0% against revenue for both the Reporting Period and the year ended 31 December 2022.

## **Administrative and Other Expenses**

Administrative and other expenses mainly represented (i) employment benefit expenses; (ii) depreciation; (iii) professional fee; (iv) rental expenses; (v) travelling expenses; (vi) utilities, (vii) telecommunication; (viii) office expenses and other expenses. For the Reporting Period, administrative expenses amounted to approximately RMB31.7 million and approximately RMB3.9 million from continuing and discontinued operation, respectively (2022: approximately RMB37.3 million and approximately RMB2.3 million, respectively), representing a decrease of approximately 10.1% as compared to the year ended 31 December 2022. The decrease in administrative and other expenses was mainly because of the decreased depreciation and professional fee incurred for the Reporting Period.

## **Impairment Losses on Financial Assets and Contract Assets**

For the Reporting Period, impairment losses of approximately RMB7.5 million (2022: approximately RMB0.3 million) was made against the financial asset at amortised cost, other receivables and the trade receivables for customers who probably have credit risk. The increase in amount by approximately RMB7.2 million was mainly due to the recognised of impairment loss on amount due from a disposed subsidiary, which was unlikely to be collected.

## **Impairment losses on Intangible Assets**

An impairment loss of approximately RMB14.7 million was provided for the intangible assets for Financial Application Platform and Platform Maintenance Services segment as the development of this segment was slower than expected and the recoverable amount for the intangible assets was lower than the carrying amount.

## **Finance Costs**

Our finance costs mainly comprised interest expenses on bank borrowings and leases liabilities. For the Reporting Period, the finance costs of the Group were approximately RMB0.8 million (2022: approximately RMB1.2 million). The decrease in finance costs was in line with the decreased average balance of bank borrowings and lease liabilities.

## **Income Tax Credit (Expense)**

The Group recorded Income tax expense of approximately RMB0.2 million and approximately RMB4.2 million from continuing and discontinued operation, respectively, for the Reporting Period (2022: income tax credit of approximately RMB0.5 million and approximately RMB0.1 million, respectively), which was primarily due to the reversal of deferred tax assets in regard to the tax losses arising from the Financial Application Platform and Platform Maintenance Services segment.

## **Loss for the Year**

As a result of the facts discussed above, the Group recorded a net loss of approximately RMB31.5 million for the Reporting Period as compared to net loss of approximately RMB7.1 million for the year ended 31 December 2022.

## **Loss for the Year Attributable to Non-controlling Interest**

Loss for the year attributable to non-controlling interest decreased to approximately RMB7.7 million for the Reporting Period (2022: profit of approximately RMB2.0 million), which was due to the share of loss from the Financial Application Platform and Platform Maintenance Services business for the Reporting Period.

## **Liquidity and Capital Resources**

### ***Net Current Assets***

The Group had net current assets of approximately RMB139.9 million as at 31 December 2023 (2022: approximately RMB144.3). The current ratio of the Group increased from approximately 2.7 as at 31 December 2022 to 3.6 as at 31 December 2023.

### ***Borrowing and the Pledge of Assets***

The bank borrowings of the Group amounted to approximately RMB3.8 million as at 31 December 2023 (2022: approximately RMB8.0 million). As at 31 December 2023, the above bank borrowings were secured by bank deposits of Nil (2022: RMB1.7 million); property, plant and equipment with carrying amounts approximately RMB10.1 million (2022: RMB23.0 million) and a corporate guarantee provided by the Company.

### ***Gearing Ratio***

Our gearing ratio, which is calculated by total borrowings and lease liabilities divided by total equity, was approximately 4.4% and 5.8% as at 31 December 2023 and 31 December 2022, respectively. During the Reporting Period, our bank borrowings and lease liabilities decreased by approximately RMB5.7 million. The gearing ratio remained low due to our low level of bank borrowings and lease liabilities.

## ***Capital Structure***

The Shares were listed on the Main Board of the Stock Exchange on 18 October 2019. There has been no change in the capital structure of the Company since then. As at 31 December 2023, the number of issued shares of the Company was 250,000,000 ordinary shares of HK\$0.01 each.

## **Foreign Exchange Exposure and Exchange Rate Risk**

The Group's assets, liabilities and transactions are mainly denominated in RMB, US\$ and HK\$. There are no significant assets and liabilities denominated in other currencies. Management considers that the Group is not exposed to any significant foreign exchange risk as at 31 December 2023 as there are no significant financial assets or liabilities of the Group denominated in the currencies other than the respective functional currencies of the Group's entities.

## **Capital Expenditure**

For the Reporting Period, the Group had capital expenditure of approximately RMB21.4 million (2022: approximately RMB12.3 million). The capital expenditure was mainly related to the additions of office equipment, plant and equipment and intangible assets.

## **Dividend**

The Board does not recommend payment of final dividend for the year ended 31 December 2023 (2022: nil).

## **Employees, Emoluments Policy and Training**

The key components of the Group's remuneration package include basic salary, and where appropriate, other allowances, bonuses and the Group's contribution to mandatory provident funds or state-managed retirement benefits scheme. Other benefits include share options to be granted under the Share Option Schemes. The Group provides comprehensive training and development opportunities to its employees on a regular basis. The trainings are arranged according to needs to employees, which are identified annually by individual departments.

As at 31 December 2023, the Group had 771 employees (2022: 754 employees) with a total remuneration of approximately RMB85.7 million during the Reporting Period (2022: approximately RMB74.9 million). The salaries of the employees were determined with reference to individual performance, work experience, qualification and current industry practices.



## **PENSION SCHEME**

Pursuant to the relevant labor laws and regulations of the PRC, the employees of the Group's subsidiaries established in the PRC are required to participate in a state-managed retirement benefit scheme (the “**Defined Contribution Scheme**”) operated by the PRC government. The Group is required to contribute a certain percentage of basic payroll costs to the Defined Contribution Scheme.

The Group's contributions to the Defined Contribution Scheme vest fully and immediately with the employees. Accordingly, (i) during the Reporting Period, there was no forfeiture of contributions under the Defined Contribution Scheme; and (ii) there were no forfeited contributions available for the Group to reduce its existing level of contributions to the Defined Contribution Scheme as at 31 December 2023. The contributions are charged to profit or loss as they become payable in accordance with the rules of the Defined Contribution Scheme.

## **CAPITAL COMMITMENT**

As at 31 December 2023, the Group's capital commitment amounted to approximately RMB1.3 million (2022: approximately RMB3.2 million). The capital commitment was mainly related to the acquisition of machinery and equipment to enhance our production efficiency.

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

On 21 August 2023, the Disposal Vendor, the Disposal Purchaser, and the Target Company entered into the Agreement, pursuant to which the Disposal Vendor has agreed to sell, and the Disposal Purchaser has agreed to acquire the entire equity interest of the Target Company, at the consideration of RMB1.0. The Target Company owns 60% of the registered capital of Regan Financial Information. Upon the completion of this transaction on 21 August 2023, (i) the Group ceased to hold any interest in the Target Company and Regan Financial Information; (ii) the Target Company and Regan Financial Information ceased to be subsidiaries of the Group; and (iii) the financial results of the Target Company and Regan Financial Information was no longer consolidated into the financial statements of the Group. Detailed information please refer to the announcement of the company dated 21 August 2023.

Saved as disclosed herein, the Group did not have any material acquisitions and disposals of subsidiaries, associates or joint ventures during the Reporting Period.

## **CONTINGENT LIABILITIES**

The Group did not have any material contingent liabilities as of 31 December 2023 (2022: nil).

## **EVENT AFTER REPORTING PERIOD**

The Group does not have any important events after the Reporting Period and up to the date of this announcement.

## **CORPORATE GOVERNANCE PRACTICES**

The Company recognises the value and importance of achieving high corporate governance standards to enhance corporate performance, transparency and accountability, earning the trust of shareholders and the public. The Board strives to adhere to the principles of corporate governance and adopt sound corporate governance codes to meet the legal and commercial standards by focusing on areas such as internal control, adequate disclosure and accountability to all shareholders.

The Company has adopted and complied with the code provisions set out in the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) during the Reporting Period except the following deviation:

CG Code provision C.2.1 stipulates that the roles of chairman of the Board and chief executive should be separate and should not be performed by the same individual. Mr. Li is the chairman of the Board and the chief executive officer of our Group, which was deviated from the CG Code. However, having considered the nature and extent of our Group’s operations, Mr. Li’s extensive experience in the industry, familiarity with the operations of our Group since its business operation, that all major decisions are made in consultation with members of our Board and relevant Board committees, and that there are three independent non-executive Directors on our Board offering independent perspectives, our Board is therefore of the view that there are adequate safeguards in place to ensure sufficient balance of powers and authorities between our Board and the management of our Company and that it is in the best interest of our Group to have Mr. Li taking up both roles. As such, the roles of the chairman and chief executive officer of our Group are not being separated pursuant to the requirement under code provision C.2.1 of the CG Code. The Board will also continue to review and monitor the practices of the Company for the purpose of complying with the CG Code and maintaining a high standard of corporate governance practices of the Company.

## **AUDIT COMMITTEE**

The Company established the Audit Committee on 20 September 2019 with terms of reference in compliance with the CG Code as set out in Appendix C1 to the Listing Rules for the purpose of to making recommendations to the Board on the appointment and removal of the external auditor, to review the financial statements and related materials and provide advice in respect of the financial reporting process, and to oversee the internal control procedures and risk management of our Group. The Audit Committee now comprises three members, all being independent non-executive Directors, namely, Mr. Wong Chun Sek Edmund (Chairman), Mr. Huang Jianfei and Ms. Mu Lingxia.

The Audit Committee had reviewed the audited annual results of the Group for the year ended 31 December 2023.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS (THE “MODEL CODE”)**

The Company has adopted the Model Code set out in Appendix C3 to the Listing Rules as its code of conduct regarding directors’ securities transactions. All Directors of the Company have confirmed that, following specific enquiry by the Company, they have complied with the required standard set out in the Model Code during the Reporting Period and to the date of the report.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

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

## **CLOSURE OF THE REGISTER OF MEMBERS**

For the purposes of determining the shareholders’ eligibility to attend and vote at the forthcoming annual general meeting to be held on 27 May 2024 (Monday), the register of members of the Company will be closed from 22 May 2024 (Wednesday) to 27 May 2024 (Monday), both days inclusive. The latest time to lodge transfer documents for registration will be at 4:30 p.m. on 21 May 2024 (Tuesday). During the above closure period, no transfer of shares will be registered. To be eligible to attend and vote at the forthcoming annual general meeting, all transfers accompanied by the relevant share certificates and transfer forms must be lodged with the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong before 4:30 p.m. on Tuesday, 21 May 2024.

## **SCOPE OF WORK OF MAZARS CPA LIMITED**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the Reporting Period as set out in this preliminary announcement have been agreed by the Group's auditor, Mazars CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the Reporting Period. The work performed by Mazars CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Mazars CPA Limited on this preliminary announcement.

## **PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT**

This annual results announcement will be published on the websites of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)) and the Company ([www.szxinken.com](http://www.szxinken.com)). The annual report of the Company for the year ended 31 December 2023 will be dispatched to shareholders of the Company and published on the websites of the Stock Exchange and the Company in due course.

By order of the Board  
**Confidence Intelligence Holdings Limited**  
**Li Hao**  
*Chairman & Executive Director*

Hong Kong, 27 March 2024

*As at the date of this announcement, the executive Directors are Mr. Li Hao, Mr. Zhang Bizhong, Mr. Xu Shizhen, Ms. Li Biqiong and Mr. Hao Xiangjun, and the independent non-executive Directors are Mr. Huang Jianfei, Mr. Wong Chun Sek Edmund and Ms. Mu Lingxia.*

\* *For identification purpose only*