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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 UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

The board (the “**Board**”) of directors (“**Directors**”) of Confidence Intelligence Holdings Limited (the “**Company**”) announce the unaudited interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2023 (the “**Interim Period**”), together with the comparative figures for the six months ended 30 June 2022.

FINANCIAL HIGHLIGHTS	Unaudited	
	six months ended 30 June	
	2023	2022
Revenue (<i>RMB'000</i>)	138,247	127,083
Gross profit (<i>RMB'000</i>)	13,007	14,035
Gross profit margin (%)	9.4	11.0
Loss for the period attributable to equity holders of the Company (<i>RMB'000</i>)	(14,002)	(3,885)
<i>Loss per share attributable to equity holders of the Company</i>		
– Basic and diluted (<i>RMB cents</i>)	(5.60)	(1.55)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

		Unaudited	
		six months ended 30 June	
		2023	2022
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	5	138,247	127,083
Cost of sales	8	(125,240)	(113,048)
Gross profit		13,007	14,035
Other income	6	5,740	3,805
Other (losses) gain, net	7	(567)	80
Selling and distribution expenses	8	(1,301)	(1,343)
Administrative and other operating expenses	8	(19,347)	(17,606)
Impairment losses on an intangible asset	13	(14,671)	–
Impairment losses on financial assets	8	–	(24)
Finance costs	8	(410)	(585)
Loss before tax		(17,549)	(1,638)
Income tax expenses	9	(5,091)	(1,235)
Loss for the period		(22,640)	(2,873)
(Loss) Profit for the period attributable to:			
Owners of the Company		(14,002)	(3,885)
Non-controlling interests		(8,638)	1,012
		(22,640)	(2,873)
Losses per share for the loss for the period attributable to owners of the Company			
Basic and diluted (<i>RMB cents</i>)	10	(5.60)	(1.55)

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**
FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Unaudited	
	six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Loss for the period	(22,640)	(2,873)
Other comprehensive income (loss):		
<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	1,564	2,413
Financial assets at fair value through other comprehensive income ("FVOCI")		
– Changes in fair value taken to reserves	(698)	(402)
 <i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of foreign operations	(2,144)	(384)
 Total other comprehensive (loss) income for the period	(1,278)	1,627
 Total comprehensive loss for the period	(23,918)	(1,246)
 Total comprehensive (loss) income for the period attributable to:		
Owners of the Company	(15,280)	(2,258)
Non-controlling interests	(8,638)	1,012
	(23,918)	(1,246)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2023

		Unaudited 30 June 2023 RMB'000	Audited 31 December 2022 RMB'000
	<i>Note</i>		
Non-current assets			
Property, plant and equipment	12	136,217	145,741
Intangible assets	13	1,096	17,097
Investment in an associate		–	–
Prepayments and deposits	14	5,095	2,785
Deferred tax assets		3,487	7,972
Financial assets at FVOCI		9,432	9,840
		155,327	183,435
Current assets			
Inventories		22,862	17,843
Contract assets	15	39,154	39,318
Trade and bills receivables	15	55,006	36,694
Prepayments, deposits and other receivables	14	3,817	3,658
Financial asset at amortised cost		17,829	17,274
Pledged bank deposits		1,696	1,696
Cash and cash equivalents		73,946	111,502
		214,310	227,985
Current liabilities			
Trade payables	16	22,156	23,821
Contract liabilities	17	2,848	4,180
Other payables and accruals	17	25,124	35,475
Bank borrowings		5,320	8,022
Lease liabilities		7,041	4,391
Income tax payable		5,762	3,754
Deferred government grants		3,487	4,088
		71,738	83,731
Net current assets		142,572	144,254
Total assets less current liabilities		297,899	327,689

	Unaudited	Audited
	30 June	31 December
	2023	2022
	RMB'000	RMB'000
Non-current liabilities		
Lease liabilities	4,562	5,286
Deferred government grants	14,568	14,917
Deferred tax liabilities	16	1,215
	<u>19,146</u>	<u>21,418</u>
NET ASSETS	<u>278,753</u>	<u>306,271</u>
Capital and reserves		
Share capital	2,250	2,250
Share premium	98,676	98,676
Retained earnings	41,527	55,891
Other reserves	130,290	131,206
	<u>272,743</u>	<u>288,023</u>
Equity attributable to owners of the Company	272,743	288,023
Non-controlling interests	6,010	18,248
	<u>278,753</u>	<u>306,271</u>
TOTAL EQUITY	<u>278,753</u>	<u>306,271</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. GENERAL INFORMATION

Confidence Intelligence Holdings Limited (the “**Company**”, together with its subsidiaries are collectively referred to as the “**Group**”) was incorporated in the Cayman Islands as an exempted company with limited liability in the Cayman Islands on 7 December 2018. The shares of the Company were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 18 October 2019. The address of the Company’s registered office is situated at Windward 3, Regatta Office Park, P.O. 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, Baishixia, Fuyong Street, Bao’an District, Shenzhen, 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**”). The immediate and ultimate holding company of the Company is Skyflying Company Limited, which is incorporated in the British Virgin Islands. In the opinion of the directors of the Company, the ultimate controlling party of the Group is Mr. Li Hao.

2. BASIS OF PRESENTATION

The condensed consolidated financial information of the Group for the six months ended 30 June 2023 (the “**Interim Financial Information**”) have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “*Interim Financial Reporting*” (“**HKAS 34**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange.

The preparation of the Interim Financial Information in conformity with HKAS 34 requires the Group’s management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a period to date basis. Actual results may differ from these estimates.

The Interim Financial Information is unaudited but have been reviewed by the audit committee of the Company.

The Interim Financial Information includes an explanation of events and transactions that are significant to an understanding of the changes in financial position and financial performance of the Group since 31 December 2022, and therefore, do not include all of the information required for full set of financial statements prepared in accordance with the Hong Kong Financial Reporting Standards (“**HKFRSs**”) the collective term of which includes all applicable individual HKFRSs, HKASs and Interpretations issued by the HKICPA and accounting principles generally accepted in Hong Kong. They shall be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2022 (the “**2022 Annual Report**”).

The Interim Financial Information has been prepared on historical costs basis, except for financial assets at FVOCI which are measured at fair value. The Interim Financial Information is presented in Renminbi (“**RMB**”) and all amounts have been rounded to the nearest thousands (“**RMB’000**”), unless otherwise indicated.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies, methods of computation, significant judgements made by the Group's management in applying the Group's accounting policies and the key sources of estimation uncertainty applied in the preparation of the Interim Financial Information is consistent with those applied in preparing the 2022 Annual Report except for the adoption of the new/revised HKFRSs further described in the "Adoption of new/revised HKFRSs" section which are relevant to the Group and effective for the Group's financial period beginning on 1 January 2023.

Adoption of new/revised HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 January 2023 for the preparation of the Interim Financial Information:

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
HKFRS 17	Insurance Contracts
Amendment to HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information

The adoption of the new/revised HKFRSs in the current period has no material impact on the Group's financial position and performance for the current and prior periods and/or on the disclosures set out in the Interim Financial Information.

Future changes in HKFRSs

At the date of authorisation of the Interim Financial Information, 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 ¹
Amendments to HKAS 1	Non-current Liabilities with Covenants ¹
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ¹
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²

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

² The effective date to be determined

The Group will adopt the above new or amended standards and interpretation as and when they become effective. The Group is in the process of assessing the impact of adopting these new or amended standards and interpretation on its current or future reporting periods and on foreseeable future transactions.

4. SEGMENT INFORMATION

The Group has commenced the business of provision of Financial Application Platform and Platform Maintenance Services in last quarter of financial year ended 31 December 2022. The executive directors of the Company who make strategic decisions have been identified as the Group's chief operating decision maker ("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

Segment results represent results before tax reported by each segment without allocation of certain other income and other gains, net, certain selling and distribution expenses, certain administrative and other operating expenses incurred by the corporate office, and finance costs 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 asset 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.

The Group completed the acquisition of a new business segment – provision of Financial Application Platform and Platform Maintenance Services through a newly acquired subsidiary, Shanghai Regan Financial Information Service Co., Ltd.* ("**Regan Financial Information**") (上海雷根金融信息服務有限公司) on 3 November 2022. Before that, the Group has determined that it only has one reportable operating segment which is the provision of EMS. As this is the only operating segment of the Group prior to the acquisition of Regan Financial Information, no further analysis for segment revenue and results is presented for the six months ended 30 June 2022.

(A) By Business Segments

	Provision of EMS RMB'000	Provision of Financial Application Platform and Platform Maintenance Services RMB'000	Consolidated RMB'000
Six months ended 30 June 2023			
(Unaudited)			
Segment revenue	<u>136,903</u>	<u>1,344</u>	<u>138,247</u>
Segment results	<u>5,135</u>	<u>(20,163)</u>	<u>(15,028)</u>
Unallocated other income			7
Unallocated other gains, net			701
Unallocated selling and distribution expenses			(275)
Unallocated administrative and other operating expenses			<u>(2,954)</u>
Loss before tax			(17,549)
Income tax expenses			<u>(5,091)</u>
Loss for the period			<u>(22,640)</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) contributed over 10% of the total revenue of the Group is as follows:

	Unaudited six months ended 30 June	
	2023 RMB'000	2022 RMB'000
Customer A	24,340	38,064
Customer B	23,117	N/A
Customer C	22,357	31,327
Customer D	20,192	N/A
Customer E	16,751	N/A
Customer F	15,102	N/A
Customer G	N/A	29,740
	<u>121,859</u>	<u>99,131</u>

Revenue from Customer B, D, E, F and G were less than 10% of the total revenue during the respective reporting period.

The five largest customers accounted for approximately 77.2% of the Group's total revenue for the six months ended 30 June 2023 (six months ended 30 June 2022: approximately 91.2%).

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

	Provision of EMS RMB'000	Provision of Financial Application Platform and Platform Maintenance Services RMB'000	Unallocated RMB'000	Consolidated RMB'000
At 30 June 2023 (Unaudited)				
Segment assets	337,282	728	31,627	369,637
Segment liabilities	(78,375)	(9,719)	(2,790)	(90,884)
Six months ended 30 June 2023 (Unaudited)				
<i>Other segment information:</i>				
Amortisation	570	887	–	1,457
Depreciation	16,859	28	–	16,887
Loss on disposal of property, plant and equipment, net	40	–	–	40
Exchange loss, net	1,204	–	3	1,207
Bank interest income	608	–	7	615
Finance costs	410	–	–	410
Provision for write-down of inventories, net	704	–	–	704
Impairment losses on an intangible asset	–	14,671	–	14,671
Additions to property, plant and equipment (including right-of- use assets)	7,394	9	–	7,403
Additions to intangible assets	127	–	–	127

	Provision of EMS <i>RMB'000</i>	Provision of Financial Application Platform and Platform Maintenance Services <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Consolidated <i>RMB'000</i>
At 31 December 2022 (Audited)				
Segment assets	<u>354,409</u>	<u>23,347</u>	<u>33,664</u>	<u>411,420</u>
Segment liabilities	<u>(94,521)</u>	<u>(8,028)</u>	<u>(2,600)</u>	<u>(105,149)</u>
Year ended 31 December 2022 (Audited)				
<i>Other segment information:</i>				
Amortisation	819	295	–	1,114
Depreciation	39,609	9	–	39,618
(Loss) Gain on disposal of property, plant and equipment, net	(475)	8	–	(467)
Exchange (loss)gain, net	(3,350)	–	20	(3,330)
Bank interest income	1,143	–	16	1,159
Finance costs	1,203	–	–	1,203
Provision for write-down of inventories, net	1,007	–	–	1,007
Impairment loss on financial assets and contract assets, net	2	–	288	290
Additions to property, plant and equipment (including right-of- use assets)	7,962	20	–	7,982
Additions to intangible assets	<u>1,079</u>	<u>3,207</u>	<u>–</u>	<u>4,286</u>

(B) By Geographic Information

(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:

	Provision of EMS <i>RMB'000</i>	Provision of Financial Application Platform and Platform Maintenance Services <i>RMB'000</i>	Consolidated <i>RMB'000</i>
Six months ended 30 June 2023 (Unaudited)			
The PRC	136,807	1,344	138,151
The United States of America (the "USA")	96	–	96
	<u>136,903</u>	<u>1,344</u>	<u>138,247</u>
Six months ended 30 June 2022 (Unaudited)			
The PRC	127,070	–	127,070
USA	13	–	13
	<u>127,083</u>	<u>–</u>	<u>127,083</u>

(ii) Non-current assets by geographical location

At 30 June 2023 and 31 December 2022, majority of the Group's non-current assets were located in the PRC.

5. REVENUE

	Unaudited six months ended 30 June 2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Revenue from contracts with customers within HKFRS 15		
<i>Overtime</i>		
– Provision of EMS	136,903	127,083
– Provision of Platform Maintenance Services	133	–
<i>Point in time</i>		
– Provision of Financial Application Platform	1,211	–
	<u>138,247</u>	<u>127,083</u>

The amounts of revenue recognised for the six months ended 30 June 2023 that were included in the contract liabilities at the beginning of the reporting period was approximately RMB2,753,000 (six months ended 30 June 2022: RMB251,000).

6. OTHER INCOME

	Unaudited six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Bank interest income	615	426
Government subsidies (<i>Note</i>)	5,056	3,304
Others	69	75
	<u>5,740</u>	<u>3,805</u>

Note: Government subsidies 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 six months ended 30 June 2023, the assets related grants were approximately RMB2,890,000 (six months ended 30 June 2022: RMB2,139,000). There are no unfulfilled conditions or contingencies attached to the remaining government grants for the six months ended 30 June 2023 and 2022.

7. OTHER (LOSSES) GAIN, NET

	Unaudited six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Interest income from unlisted corporate bonds	701	988
Dividend income	–	49
Loss on disposal of property, plant and equipment, net	(40)	(254)
Exchange loss, net	(1,207)	(703)
Others	(21)	–
	<u>(567)</u>	<u>80</u>

8. LOSS BEFORE TAX

This is stated after charging:

	Unaudited	
	six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
<i>Finance costs</i>		
Interest on bank borrowings	163	286
Interest on lease liabilities	247	299
	<u>410</u>	<u>585</u>
<i>Staff costs (including directors' emoluments)</i>		
Salaries, discretionary bonus, allowances and other benefits in kind	42,474	33,743
Contributions to defined contribution plans (Note i)	2,321	2,292
	<u>44,795</u>	<u>36,035</u>
Manpower service expenses (Note ii)	1,833	1,915
	<u>46,628</u>	<u>37,950</u>

	Unaudited	
	six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Other expenses by nature		
Cost of raw materials and consumables used	46,073	44,865
Subcontracting charges	9,953	5,850
Expenses under short-term leases		
– Machineries	10,111	7,865
– Offices, warehouses, production plants and staff quarters	1,938	1,034
Utilities	4,266	4,017
Depreciation (charged to “cost of sales” and “administrative and other operating expenses”, as appropriate) (<i>Notes 12 & (iii)</i>)	16,887	18,842
Amortisation (charged to “cost of sales” and “administrative and other operating expenses”, as appropriate) (<i>Notes 13 & (iii)</i>)	1,457	395
Auditor’s remuneration		
– Non-audit services	400	453
Professional fees	2,840	2,449
Provision for write-down of inventories, net	704	3,063
Impairment losses on an intangible asset	14,671	–
Impairment losses on financial assets	–	24
Other tax and surcharges	1,005	1,352
Transportation	47	139
Travelling expenses	352	541
Others	3,227	3,182
	<hr/>	<hr/>
Total cost of sales, selling and distribution expenses, administrative and other operating expenses and impairment losses on an intangible asset and financial assets	160,559	132,021
	<hr/> <hr/>	<hr/> <hr/>

Notes:

- (i) As stipulated under the relevant rules and regulations in the PRC, the subsidiary operating in the PRC contributes to state-sponsored retirement plans for its employees. For the six months ended 30 June 2023 and 2022, depending on the provinces of the employees’ registered residences and their current region of work, the subsidiary 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 six months ended 30 June 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 six months ended 30 June 2023 and 2022, depreciation expenses have been charged in costs of sales and administrative and other operating expenses, as appropriate, as below:

	Unaudited	
	six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Cost of sales	15,275	16,309
Administrative and other operating expenses	<u>1,612</u>	<u>2,533</u>
	<u>16,887</u>	<u>18,842</u>

9. TAXATION

	Unaudited	
	six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Current tax		
PRC enterprise income tax (“PRC EIT”)	594	2,513
Under provision in prior year	<u>–</u>	<u>212</u>
	<u>594</u>	<u>2,725</u>
Deferred taxation		
Changes in temporary differences	<u>4,497</u>	<u>(1,490)</u>
Total income tax expenses	<u>5,091</u>	<u>1,235</u>

The group entities established in the Cayman Islands and the BVI are exempted from corporate income tax during the six months ended 30 June 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 six months ended 30 June 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) and Regan Financial Information which were recognised as High and New Technology Enterprise and is entitled to a preferential tax rate of 15% during the six months ended 30 June 2023 (six months ended 30 June 2022: Shenzhen Confidence Intelligence 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.

During the six months ended 30 June 2023, the changes in temporary differences primarily represented a reversal of deferred tax assets recognised in prior period in regard to the tax losses arising from a subsidiary.

10. LOSSES PER SHARE

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

	Unaudited	
	six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
<i>Loss:</i>		
Loss for the period attributable to owners of the Company, used in basic and diluted losses per share calculation	(14,002)	(3,885)
	'000	'000
<i>Number of shares:</i>		
Weighted average number of ordinary shares for basic and diluted losses per share calculation	250,000	250,000
	RMB cents	RMB cents
<i>Losses per share</i>		
Basic and diluted losses per share	(5.60)	(1.55)

The basic losses per share are calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the six months ended 30 June 2023 and 2022.

Diluted losses per share are the same as the basic losses per share as there are no potential dilutive ordinary shares in existence for the six months ended 30 June 2023 and 2022.

11. DIVIDENDS

No dividend has been paid or declared by the Company during the six months ended 30 June 2023 and 2022.

12. PROPERTY, PLANT AND EQUIPMENT (INCLUDING RIGHT-OF-USE ASSETS)

	Total <i>RMB'000</i>
Reconciliation of carrying amount – year ended 31 December 2022 (Audited)	
At the beginning of the reporting period	177,744
Additions	7,982
Disposals	(467)
Acquired through acquisition of a subsidiary	100
Depreciation	<u>(39,618)</u>
At the end of the reporting period	<u><u>145,741</u></u>
Reconciliation of carrying amount – six months ended 30 June 2023	
(Unaudited)	
At the beginning of the reporting period	145,741
Additions	7,403
Disposals	(40)
Depreciation	<u>(16,887)</u>
At the end of the reporting period	<u><u>136,217</u></u>
At 31 December 2022 (Audited)	
Cost	285,543
Accumulated depreciation	<u>(139,802)</u>
Net carrying amount	<u><u>145,741</u></u>
At 30 June 2023 (Unaudited)	
Cost	292,627
Accumulated depreciation	<u>(156,410)</u>
Net carrying amount	<u><u>136,217</u></u>

Note: At 30 June 2023, the carrying amount of the Group's property, plant and equipment (excluding right-of-use assets) of approximately RMB21,921,000 (31 December 2022: RMB22,960,000) was pledged to secure banking facilities.

13. INTANGIBLE ASSETS

	Total <i>RMB'000</i>
Reconciliation of carrying amount – year ended 31 December 2022 (Audited)	
At the beginning of the reporting period	1,278
Additions	4,286
Acquired through acquisition of a subsidiary	12,647
Amortisation	<u>(1,114)</u>
At the end of the reporting period	<u><u>17,097</u></u>
Reconciliation of carrying amount – six months ended 30 June 2023	
(Unaudited)	
At the beginning of the reporting period	17,097
Additions	127
Amortisation	(1,457)
Impairment losses (<i>Note</i>)	<u>(14,671)</u>
At the end of the reporting period	<u><u>1,096</u></u>
At 31 December 2022 (Audited)	
Cost	19,251
Accumulated amortisation	<u>(2,154)</u>
Net carrying amount	<u><u>17,097</u></u>
At 30 June 2023 (Unaudited)	
Cost	19,378
Accumulated amortisation	(3,611)
Accumulated impairment losses	<u>(14,671)</u>
Net carrying amount	<u><u>1,096</u></u>

Note: The Group's management reviews internal and external sources of information at the end of the reporting period to assess any impairment indication on the Group's intangible assets, in particular, for the newly acquired e-Financial Club App through the acquisition of Regan Financial Information. Being a new entrant to the fintech and insurance-related market, Regan Financial Information is facing keen competition from large insurance groups with their own online platforms in the PRC and finds it is difficult to expand the customer scale, and accordingly the market acceptance and subscription progress of the financial application platform has been slower than expected. Due to these reasons, the segment of provision of Financial Application Platform and Platform Maintenance Services recorded an operating loss for the six months ended 30 June 2023. In addition, it has come to the Group's attention that recently there are certain negative news and legal proceedings targeting the group of the non-controlling interests of Regan Financial Information which made the Group having concern in the market responses to the e-Financial Club App and its future profitability. Having considered, the Group's management considered that the e-Financial Club App might be impaired.

In view of this, the Group estimated the recoverable amount of the cash-generating unit (the “CGU”) in respect of the business of Financial Application Platform and Platform Maintenance Services as the higher of the fair value less costs of disposal and the value in use of the CGU based on the valuation report prepared by an independent professional valuer. The CGU consisted of the e-Financial Club App and certain equipment under the business of Financial Application Platform and Platform Maintenance Services with aggregate net carrying values of approximately RMB\$14,671,000.

The independent professional valuer estimated the recoverable amount of the CGU with reference to a value-in-use calculation using cash flow projections based on financial budgets approved by the Group’s management covering a 5.5-year period derived from the CGU at 30 June 2023. The significant inputs into this valuation approach are (i) the budgeted gross margin, which is determined based on the past performance and the expectations of the management of the Group for the market development business of Financial Application Platform and Platform Maintenance Services ; (ii) pre-tax discount rate to derive the present value of future cash flows of approximately 24.95%; and (iii) long-term growth rate of approximately 2.0% per annum.

Based on the assessment, the recoverable amount of the CGU based on the value-in-use calculation is lower than its carrying amount at 30 June 2023 and therefore impairment loss of approximately RMB\$14,671,000 against the intangible asset was recognised in profit or loss for the six months ended 30 June 2023.

14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Unaudited 30 June 2023 RMB’000	Audited 31 December 2022 RMB’000
Current portion		
Prepayments to suppliers	1,302	535
Prepayment for a leased warehouse	–	897
Rental and other deposits (<i>Note</i>)	527	1,107
Value-added tax (“VAT”) receivable	475	416
Interest receivables from unlisted corporate bonds	841	110
Other receivables (<i>Note</i>)	672	593
	3,817	3,658
Non-current portion		
Prepayments for the acquisition of property, plant and equipment	3,583	1,489
Rental deposits (<i>Note</i>)	1,512	1,296
	5,095	2,785
	8,912	6,443

Note: As at 30 June 2023 and 31 December 2022, the carrying amounts of deposits and other receivables approximated their fair values. These balances were unsecured and interest free.

15. CONTRACT ASSETS, TRADE AND BILLS RECEIVABLES

	Unaudited 30 June 2023 RMB'000	Audited 31 December 2022 RMB'000
Contract assets, net	39,154	39,318
Trade receivables, from third parties	51,060	30,430
Less: Loss allowance for trade receivables	(131)	(131)
Trade receivables, net	50,929	30,299
Bills receivables	4,077	6,395
Contract assets, trade and bills receivables, net	94,160	76,012

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.

At 30 June 2023 and 31 December 2022, the contract assets are expected to be recovered within 12 months.

The Group's business with its trade debtors is mainly on credit basis and the credit period is ranging from 30 to 120 days (31 December 2022: 30 to 120 days).

At 30 June 2023 and 31 December 2022, the aging analysis of trade receivables, net of loss allowance, based on invoice date, was as follows:

	Unaudited 30 June 2023 RMB'000	Audited 31 December 2022 RMB'000
Less than 1 month	29,130	18,139
1 to 2 months	12,202	5,086
2 to 3 months	6,065	4,113
Over 3 months	3,532	2,961
	50,929	30,299

16. TRADE PAYABLES

The trade payables are unsecured, interest-free and with normal credit terms ranging from 30–90 days. At 30 June 2023 and 31 December 2022, the aging analysis of trade payables based on invoice date is as follows:

	Unaudited 30 June 2023 <i>RMB'000</i>	Audited 31 December 2022 <i>RMB'000</i>
Within 1 month	18,240	15,899
1 to 2 months	1,285	7,759
2 to 3 months	40	84
Over 3 months	2,591	79
	22,156	23,821

17. CONTRACT LIABILITIES, OTHER PAYABLES AND ACCRUALS

	Unaudited 30 June 2023 <i>RMB'000</i>	Audited 31 December 2022 <i>RMB'000</i>
Contract liabilities	2,848	4,180
Other payables and accruals		
Due to a related party (<i>Note</i>)	5,157	–
Payables for operating expenses	1,424	4,177
Payable for staff salaries and manpower service expenses	9,097	14,516
VAT and other tax payables	4,529	13,608
Other payables	2,127	297
Accruals	2,790	2,877
	25,124	35,475
	27,972	39,655

Note: The amount due to a related party represented the amount due to Regan Shiye Group Co., Ltd.* (“**Regan Shiye**”) (雷根實業集團有限公司) which is unsecured, interest free, and repayable on demand. At 30 June 2023, Regan Shiye is the immediate holding company of Shanghai Regan Enterprise Credit Reporting Co., Ltd.* (上海雷根企業信用征信有限公司) which is the non-controlling shareholder of Regan Financial Information with 40% equity interests.

18. EVENTS AFTER THE REPORTING PERIOD

On 21 August 2023, Wanhai Big Data Technology (Shanghai) Limited* (萬海大數據科技（上海）有限公司) (the “**Vendor**”), being the Group’s wholly-owned subsidiary, 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 “**Purchaser**”), being the holding company of the non-controlling shareholder of Regan Financial Information, and (ii) Shanghai Wanhai Jinyuan Enterprise Management Limited* (上海萬海金源企業管理有限公司) (the “**Target Company**”), being the wholly-owned subsidiary of the Group and holding 60% equity interests of Regan Financial Information prior to the disposal, pursuant to which the Vendor has agreed to sell, and the Purchaser has agreed to acquire the entire equity interest of the Target Company, at a consideration of RMB1.0. That transaction was completed on 21 August 2023.

For the details of the said disposal, please refer to the announcement of the Company dated 21 August 2023.

BUSINESS REVIEW AND PROSPECTS

The board of directors (the “**Board**”) of Confidence Intelligence Holdings Limited (the “**Company**”) announce the unaudited interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2023 (the “**Interim Period**”) to the shareholders of the Company.

BUSINESS REVIEW

The Group is an electronic manufacturing services (the “**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 after sales services.

The Group tapped into the financial technology business with the cooperation of third-party business partner since the second half year of 2022. 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.

During the first half of 2023, China’s economy gradually rebounded after the COVID-19 control restrictions were lifted. However, economic recovery was slower than expected as there were still a lot of uncertainties in the external environment, such as ongoing geopolitical tensions, trade conflicts and macroeconomic policies, etc. Consumers become more cautious on their spending as a result of the uncertain economic outlook.

During the Interim Period, the Group’s revenue increase by approximately 8.8% from approximately RMB127.1 million for the six months ended 30 June 2022 to approximately RMB138.2 million for the Interim Period. The Group’s net loss increased from RMB2.9 million for the six months ended 30 June 2022 to RMB22.6 million in the Interim Period which mainly arose from the financial technology business.

Reference is made to the announcement of the Company dated 21 August 2023. On 21 August 2023, Wanhai Big Data Technology (Shanghai) Limited* (萬海大數據科技(上海)有限公司), an indirect wholly-owned subsidiary of the Company (the “**Vendor**”), Regan Shiye Group Co., Ltd.* (雷根實業集團有限公司) (the “**Purchaser**”), and Shanghai Wanhai Jinyuan Enterprise Management Limited* (上海萬海金源企業管理有限公司) (the “**Target Company**”) entered into a sale and purchase agreement, pursuant to which the Vendor has agreed to sell, and the Purchaser has agreed to acquire, 100% of the equity interest in the Target Company at the consideration of RMB1.0. Upon the completion of the said disposal, (i) the Group will cease to hold any interests in the Target Company and Shanghai Regan Financial Information Service Co., Ltd; (ii) the Target Company and Shanghai Regan Financial Information Service Co., Ltd will cease to be subsidiaries of the Group; and (iii) the financial results of the Target Company and Shanghai Regan Financial Information Service Co., Ltd will no longer be consolidated into the financial statement of the Group.

The Company also announced that the change of the name of the Company will not proceed due to the recent change in development strategies of the Group.

Further details of the said disposal can be referred to the announcement of the Company dated 21 August 2023.

PROSPECTS

Under current complex international environment, sluggish global economic growth, and slowing trade and investment growth, the Group will keep more cautious on its spending and expansion to reduce finance risk. 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. After the completion of the disposal of the Target Company, the Group continues to focus on the development of EMS. 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 business opportunities, and also explore other business segments or new opportunities to earn better returns for the Company and the Shareholders. 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

FINANCIAL REVIEW

Revenue by customers' geographical location

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

	Unaudited	
	six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
The PRC	138,151	127,070
The United States of America	96	13
	138,247	127,083

Revenue by Product Type

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 product categories, 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 Interim Period and the corresponding period in 2022 respectively:

	Revenue for			% of total revenue for		
	the six months ended 30 June			the six months ended 30 June		
	2023	2022	Change	2023	2022	Change
	RMB'000	RMB'000	%			
PCBAs for						
Telecommunication devices	76,136	69,007	10.3	55.1	54.3	0.8
IoT products	34,258	41,888	(18.2)	24.8	33.0	(8.2)
Automotive related devices	23,848	12,223	95.1	17.2	9.6	7.6
Others	2,661	3,965	(32.9)	1.9	3.1	(1.2)
	136,903	127,083	7.7	99.0	100.0	(1.0)
Financial Application Platform and Platform Maintenance Services	1,344	–	100.0	1.0	–	1.0
Total	138,247	127,083	8.8	100.0	100.0	–

Our revenue generated from sales of PCBAs for telecommunication devices increased by approximately 10.3% from approximately RMB69.0 million for the six months ended 30 June 2022 to approximately RMB76.1 million for the Interim Period, primarily due to the increased orders as a result of the economic recovery after the COVID-19 restrictions were lifted.

Our Group recorded a decrease in revenue derived from sales of PCBAs for IoT products by approximately 18.2% from approximately RMB41.9 million for the six months ended 30 June 2022 to approximately RMB34.3 million for the Interim Period, which was mainly attributable to the decline orders received from the Group's major customer as the consumer electronics demand recovery was slower than expected.

Our revenue generated from sales of PCBAs for automotive related devices increased by approximately 95.1% from approximately RMB12.2 million for the six months ended 30 June 2022 to approximately RMB23.8 million for the Interim Period, primarily because we achieve more orders from the customers with our satisfying technology and quality.

Other revenue mainly include (i) PCBAs for industrial-use devices; and (ii) the revenue generated from the sale of auxiliary and other materials. Other revenue decreased from approximately RMB4.0 million for the six months ended 30 June 2022 to approximately RMB2.7 million for the Interim Period, which was mainly caused by the decreased orders from the industrial-use devices customers.

The Group recorded revenue derived from Financial Application Platform and Platform Maintenance Services approximately RMB1.3 million during the Interim Period (six months ended 30 June 2022: Nil).

Gross Profit and Gross Profit Margin

Gross profit of the Group for the Interim Period was approximately RMB13.0 million, representing a decrease of approximately RMB1.0 million or 7.3% as compared with approximately RMB14.0 million for the corresponding period in 2022. Overall gross profit margin decreased from 11.0% for the corresponding period in 2022 to 9.4% for the Interim Period.

	Gross profit for			Gross profit margin for		
	the six months ended 30 June			the six months ended 30 June		
	2023	2022	Change	2023	2022	Change
	RMB'000	RMB'000	(%)	%	%	(%)
PCBAs for						
Telecommunication devices	9,431	9,587	(1.6)	12.4	13.9	(1.5)
IoT products	1,019	1,582	(35.6)	3.0	3.8	(0.8)
Automotive related devices	4,472	2,278	96.3	18.8	18.6	0.2
Others	150	588	(74.5)	5.6	14.8	(9.2)
	<u>15,072</u>	<u>14,035</u>	<u>7.4</u>	<u>11.0</u>	<u>11.0</u>	<u>-</u>
Financial Application Platform and Platform Maintenance Services	<u>(2,065)</u>	<u>-</u>	<u>100.0</u>	<u>(153.6)</u>	<u>-</u>	<u>(153.6)</u>
Total	<u><u>13,007</u></u>	<u><u>14,035</u></u>	<u><u>(7.3)</u></u>	<u><u>9.4</u></u>	<u><u>11.0</u></u>	<u><u>(1.6)</u></u>

PCBAs

The gross profit for PCBAs for telecommunication devices decreased slightly by approximately 1.6% to approximately RMB9.4 million for the Interim Period (six months ended 30 June 2022: approximately RMB9.6 million). The gross profit margin decreased slightly to approximately 12.4% for the Interim Period (six months ended 30 June 2022: approximately 13.9%), which primarily due to the increased staff cost.

The gross profit for PCBAs for IoT products decreased by approximately 35.6% to approximately RMB1.0 million for the Interim Period (six months ended 30 June 2022: approximately RMB1.6 million). The gross profit margin was approximately 3.0% for the Interim Period (six months ended 30 June 2022: approximately 3.8%), which remain stable.

The gross profit for PCBAs for automotive related devices increased by approximately 96.3% to approximately RMB4.5 million for the Interim Period (six months ended 30 June 2022: approximately RMB2.3 million). The gross profit margin remain stable to approximately 18.8% for the Interim Period (six months ended 30 June 2022: approximately 18.6%).

The gross loss margin for Financial Application Platform and Platform Maintenance Services was approximately RMB2.1 million for the Interim Period (six months ended 30 June 2022: Nil).

Other Income

Other income of the Group for the Interim Period of approximately RMB5.7 million (six months ended 30 June 2022: approximately RMB3.8 million) mainly represented government grants received and recognised by the Group.

Other Losses (Gains), Net

Net other losses of approximately RMB0.6 million for the Interim Period (six months ended 30 June 2022: other gains of approximately RMB0.1 million) mainly represented exchange differences and loss on disposal of property, plant and equipment.

Selling and Distribution Expenses

Selling and distribution expenses mainly comprised (i) relevant employee benefit expenses; (ii) travelling and transportation costs; (iii) entertainment expenses and other expenses. For the Interim Period, selling and distribution expenses amounted to approximately RMB1.3 million (six months ended 30 June 2022: approximately RMB1.3 million). Selling and distribution expense ratio remained low at approximately 1.0% against revenue for both the Interim Period and the six months ended 30 June 2022.

Administrative Expenses

Administrative expenses mainly represented (i) employment benefit expenses, (ii) depreciation, (iii) professional fee, (iv) expenses recognised under short-term leases, (v) travelling expenses, (vi) utilities, (vii) telecommunication and office expenses and other expenses. For the Interim Period, administrative expenses amounted to approximately RMB19.3 million (six months ended 30 June 2022: approximately RMB17.6 million). The increase in administrative expense was mainly because of the increased operating cost for the Financial Application Platform and Platform Maintenance Services segment.

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 as at 30 June 2023 for the intangible assets was lower than the carrying amount.

Finance Costs

Finance costs mainly comprised interest expenses on bank and other borrowings and leases. For the Interim Period, the finance costs of the Group were approximately RMB0.4 million (six months ended 30 June 2022: approximately RMB0.6 million).

Income Tax Expense

Income tax expense increased by approximately RMB3.9 million from approximately RMB1.2 million for the six months ended 30 June 2022 to approximately RMB5.1 million for the Interim Period, 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 Period

As a result of the facts discussed above, loss for the period was approximately RMB22.6 million for the Interim Period (six months ended 2022: approximately RMB2.9 million).

Loss for the Period Attributable to Non-controlling Interest

Loss for the Period attributable to non-controlling interest was approximately RMB8.6 million for the Interim Period (for the six months ended 30 June 2022: approximately profit of RMB1.0 million). The Loss for the Interim Period was mainly arising from the Financial Application Platform and Platform Maintenance Services segment.

Liquidity and Capital Resources

Net Current Assets

The Group had net current assets of approximately RMB142.6 million as at 30 June 2023 (31 December 2022: approximately RMB144.3 million). The current ratio of the Group increased from approximately 2.7 as at 31 December 2022 to 3.0 as at 30 June 2023.

Borrowing and the Pledge of Assets

The bank borrowings of the Group amounted to approximately RMB5.3 million as at 30 June 2023 (31 December 2022: approximately RMB8.0 million). As at 30 June 2023, the borrowings were secured by bank deposits of approximately RMB1.7 million (31 December 2022: approximately RMB1.7 million); property, plant and equipment with carrying amounts approximately RMB21.9 million (31 December 2022: approximately 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 6.1% and 5.8% as at 30 June 2023 and 31 December 2022, respectively. The gearing remained low due to our low level of bank and other borrowings and lease liabilities.

Capital Structure

The Shares were listed on the Stock Exchange on 18 October 2019 (the “**Listing Date**”). There has been no change in the capital structure of the Company since then. As at 30 June 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 Renminbi (“**RMB**”) and Hong Kong dollar (“**HK\$**”), and 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 30 June 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 Interim Period, the Group had capital expenditure of approximately RMB7.5 million (six months ended 30 June 2022: approximately RMB2.4 million). The capital expenditure was mainly related to the additions of plant and equipment for our factories in Chongqing and Shenzhen.

Interim Dividend

The Board does not recommend payment of interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: nil).

Employees and 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 30 June 2023, the Group had 958 employees with a total remuneration of approximately RMB46.6 million during the Interim Period (six months ended 30 June 2022: approximately RMB38.0 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 Interim 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 30 June 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 30 June 2023, the Group’s capital commitment amounted to approximately RMB3.1 million (31 December 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

During the Interim Period, saved as disclosed in this announcement, there were no material acquisition, disposal of subsidiaries, associates and joint ventures or significant investment by the Group.

Contingent Liabilities

The Group did not have any contingent liabilities as of 30 June 2023 (31 December 2022: nil).

Subsequent Event After the Interim Period

On 21 August 2023, Wanhai Big Data Technology (Shanghai) Limited* (萬海大數據科技(上海)有限公司), a wholly-owned subsidiary of the Company (the “**Vendor**”), Regan Shiye Group Co., Ltd.* (雷根實業集團有限公司) (the “**Purchaser**”), and Shanghai Wanhai Jinyuan Enterprise Management Limited* (上海萬海金源企業管理有限公司) (the “**Target Company**”), a wholly-owned subsidiary of the Vendor entered into an agreement, pursuant to which the Vendor has agreed to sell, and the Purchaser has agreed to acquire the entire equity interest of the Target Company, at a consideration of RMB1.0. The Target Company owns as to 60% of the registered capital of Regan Financial Information. That transaction was completed on 21 August 2023. For the details of the said disposal, please refer to the announcement of the Company dated 21 August 2023

CORPORATE GOVERNANCE PRACTICES

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 14 to the Listing Rules during the Interim 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 Hao 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 Hao’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 Hao 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.

SHARE OPTION SCHEME

A share option scheme was conditionally adopted on 20 September 2019 (the “**Share Option Scheme**”), which became effective on the Listing Date. The Share Option Scheme is a share incentive scheme and is established to recognise and motivate the contributions that the eligible participants had or may have made to the Group.

The Board may, at its absolute discretion, grant options to any employee (full-time or part-time), consultant or adviser of our Group, Directors, shareholder of our Group, or any supplier, customer, business partner or service provider of our Group (together, the “**Eligible Participants**” or each “**Eligible Participant**”).

Subject to the terms and conditions of the Share Option Scheme, the maximum numbers of shares in respect of which options may be granted under the Share Option Scheme and any other schemes shall not, in aggregate, exceed 10% of the Shares in issue as at the Listing Date (i.e. 25,000,000 shares) unless approved by the shareholders of the Company. The 10% limited may be renewed by the shareholders of the Company in general meeting from time to time provided always that the 10% limited so renewed must not exceed 10% of the shares in issue at the date of approval of such renewal by the shareholders of the Company.

No option shall be granted to any Eligible Participants which, if exercised in full would result in the total number of the shares issued and to be issued upon exercise of the options already granted or to be granted to such Eligible Participant under the Share Option Scheme (including exercised, cancelled, and outstanding share options) in any 12-month period up to and including the date of such grant exceeding 10% in aggregate of the shares in issue as at the date of such grant.

Subject to earlier termination by the Company in general meeting or by the Directors, the Share Option Scheme shall be valid and effective for a period of ten years from the date of adoption and the remaining life of the share option Scheme is approximately 6 years.

No share option has been granted under the Share Option Scheme up to the date of this announcement.

CONNECTED TRANSACTIONS

As at 30 June 2023, the amount due to Regan Shiye Group Co. Ltd. of approximately RMB5.2 million is unsecured, interest free and repayable on demand, which was exempted from reporting, disclosure and independent shareholders’ approval requirement under the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

AUDITOR

Mazars CPA Limited, Certified Public Accountants, the auditor of the Company, has reviewed the unaudited condensed consolidated interim financial information of the Group for the six months ended 30 June 2023 in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

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 14 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 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 interim results of the Group for the six months ended 30 June 2023.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code set out in Appendix 10 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 Interim Period and up to the date of this announcement.

SUFFICIENCY OF PUBLIC FLOAT

Based on the publicly available information and to the best of the Directors’ knowledge, information and belief, the Company had maintained sufficient public float of not less than 25% of its total issued shares as required under the Listing Rules during the Interim Period and up to the date of this announcement.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement will be published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (<http://www.szxinken.com>). The interim report of the Company for the six months ended 30 June 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, 29 August 2023

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, the non-executive Director is Mr. Yuan Shuntang, and the independent non-executive Directors are Mr. Huang Jianfei, Mr. Wong Chun Sek Edmund and Ms. Mu Lingxia.

* *For identification purpose only*