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**MAXNERVA**  
**雲智匯科技服務**

**MAXNERVA TECHNOLOGY SERVICES LIMITED**  
**雲智匯科技服務有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 1037)**

**INTERIM RESULTS**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2023**

**SUMMARY AND HIGHLIGHTS**

- Revenue was RMB353.8 million which was in line with the first half of 2022 but net profit decreased by 10.2% to RMB5.7 million on a year-on-year basis.
- The decline in net profit was mainly due to the following:
  - i) the decrease in gross margin resulted in a reduction of gross profit;
  - ii) the losses incurred in our PRC associate which was in the process of ramping up its production capacity; and
  - iii) the increase in income tax expenses led by a decrease in deferred income tax credits.
- The Board does not recommend any payment of interim dividend for the six months ended 30 June 2023.

The board of directors of Maxnerva Technology Services Limited (the “**Board**”) would like to announce the unaudited consolidated results of the company and its subsidiaries for the six months ended 30 June 2023. The unaudited condensed consolidated interim financial statements have been reviewed by the Audit Committee of the company (the “**Audit Committee**”).

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Financial review**

The group principally engages in industrial solution, smart office and new retail businesses. During the reporting period, revenue was RMB353.8 million which was in line with the first half of 2022 but net profit decreased by 10.2% to RMB5.7 million on a year-on-year basis. The fall in net profit was mainly caused by i) the decline in gross margin resulted in a decrease in gross profit; ii) the losses incurred in our associate in the People’s Republic of China (the “**PRC**”) which was in the process of ramping up its production capacity; and iii) the increase in income tax expenses led by a decrease in deferred income tax credits.

The Board does not recommend any payment of interim dividend for the reporting period.

### ***Inventory and Trade and Lease Receivables***

As at 30 June 2023, there was approximately RMB137.2 million in inventory (31 December 2022: RMB148.6 million) and they are primarily project-related hardware and software products pending to be delivered to our customers and finished goods for smart office equipment business. Inventory turnover for the reporting period increased to 85 days from 67 days as compared to the full year of 2022 mainly because of the slowing sales under the current weak economy.

As at 30 June 2023, there were approximately RMB188.6 million in trade and lease receivables (31 December 2022: RMB220.3 million) which consisted of current and non-current balances of RMB184.4 million (31 December 2022: RMB215.4 million) and RMB4.2 million (31 December 2022: RMB4.9 million) respectively. It is mainly because some of our projects have been structured as finance leases in which customers are eligible to pay in periodic instalments over a specific number of years. Trade and lease receivable turnover for the reporting period increased to 104 days from 91 days as compared to the full year of 2022 solely due to the magnitude of the change in revenue was much higher than that of the average trade and lease receivable balance.

## ***Liquidity and Financial Resources***

As at 30 June 2023, we had a net cash position and cash and cash equivalents were RMB135.9 million (31 December 2022: RMB166.9 million). Our total assets of RMB658.6 million (31 December 2022: RMB726.3 million) were financed by total liabilities of RMB190.9 million (31 December 2022: RMB275.3 million) and shareholders' equity of RMB467.7 million (31 December 2022: RMB451.0 million). We had a current ratio of 2.9 (31 December 2022: 2.2) and trade payables were repayable within one year. No banking facilities were available to the group (31 December 2022: Nil) and we had no bank borrowing as well (31 December 2022: Nil).

## ***Treasury Policy***

We generally financed our operations with internally generated resources. We have adopted a prudent management approach for our treasury policies and therefore maintained a healthy liquidity position throughout the reporting period. We strive to reduce credit risk exposure by performing periodic credit evaluations of our external customers.

## ***Foreign Exchange Exposure***

We mainly operate in the PRC, Taiwan, Hong Kong, United States of America (the "US"), Europe and Southeast Asia with most of the transactions settled in Chinese yuan, US dollars, New Taiwanese dollars, Hong Kong dollars, Euro, British pounds and Vietnamese dong. We are exposed to foreign exchange risk from various currencies, primarily with respect to US dollars and Euro. We have a policy to require group companies to manage their foreign exchange risk against their functional currencies which includes managing the exposures arising from sales and purchases made by the relevant group companies in currencies other than their own functional currencies. We also manage our foreign exchange risk by performing regular reviews of the group's net foreign exchange exposures and would consider the use of foreign exchange contracts to manage foreign exchange risks, where appropriate. We did not use derivative financial instruments for speculative purposes.

## **Business Review**

The reopening of the PRC from the austere lockdowns provided short-lived boosts on private consumption and business confidence but the magnitude of the economic recovery in the PRC was indeed far below market expectations. Together with the fall of a number of small & medium size banks in the US and the continuous tightening of the monetary policy in major countries of the world, the world's economy was vulnerable with immense uncertainties during the reporting period.

### ***Industrial Solution Business***

We provide a full range of smart manufacturing solutions and services to our customers, including i) the implementation of a combination of software systems (i.e. enterprise resources planning, manufacturing execution system, warehouse management system etc.) and automation equipment into the production lines to lower costs and increase operational effectiveness and efficiency through smart processes; ii) the implementation of facility monitor and control system for monitoring the efficiency of the usage of water, power and gas at production plants; and iii) the implementation of facial recognition system for labour and security management of the entire industrial parks. We also provide daily I.T. operating services and post-installation maintenance work in relation to those smart manufacturing solutions. Segment revenue and profit of the business were RMB194.6 million and RMB17.7 million respectively during the reporting period which were mostly at par with that of the same period in 2022.

### ***Smart Office Business***

Smart office business primarily consists of Personify and smart office equipment business. Segment revenue was RMB155.5 million during the reporting period which is in line with the first half of 2022 and profit increased by 14.6% to RMB2.6 million on a year-on-year basis.

Personify, through its sophisticated computer vision and deep learning technology, provides a series of SaaS products and software development kit tool on high quality virtual background experience on video-conference application. We have reallocated the research and development resources and repositioned the business under the post-pandemic era and we are satisfied with its performance during the reporting period.

There were slowdowns for smart office equipment business because market demand turned cautious amid gloomy economic outlook. Business revenue decreased by 10% during the reporting period when compared with the first half of 2022 and we witnessed declines in revenue in all the key regions.

### ***New Retail Business***

We were working on the phase III digital signage project for a preeminent supermarket player in Taiwan and in talks with our client to install the solutions to the new stores scheduled to be opened this year. Besides, we are actively exploring other business opportunities in the Greater China region in a bid to nurture this business. Given phase III project is far smaller in size when compared to phase II project conducted in 2022, segment revenue and profit decreased by 38.6% and 83.3% to RMB3.7 million and RMB0.2 million respectively during the reporting period on a year-on-year basis.

### **Business Prospect**

Market is widely expected that the monetary tightening cycle in major western countries will nearly end and the PRC government will ramp up its stimulus to boost its faltering economy. In addition, the recent reopening of the dialogues between the PRC and the US governments helps moderating the escalated geopolitical risks. All these positive factors may help enlivening the world's economy in late 2023 and early 2024.

### ***Industrial Solution Business***

We witnessed business opportunities arising from both new investments in the PRC and relocation of production lines from the PRC to overseas markets. We shall continue our business development efforts in both the PRC and overseas markets going forward. We obtained a number of production line relocation projects in Southeast Asia during the reporting period. Together with the new and existing projects in the PRC, we believe the business will continue to contribute to the performance of the group in the second half of the year.

### ***Smart Office Business***

We shall continue to dedicate more sales and marketing efforts to develop Personify business because video conferences were widely used in the pandemic era and it is believed that they will continue to be a meaningful way of business communication in the future. For smart office equipment business, we believe there are some catch-up work to be done in the second half of 2023 subject to the magnitude of the recovery of the market demand. As a whole, we are cautiously positive on the results of the smart office business for the full year of 2023.

### ***New Retail Business***

With the completion of our phase III of the digital retail signage project in Taiwan in the second half of 2023, we shall continue to explore other business opportunities in the Greater China region in a bid to develop this business.

### **Significant Investments, Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures, Charges on Group's Assets, Contingent Liability, Events after reporting date**

#### ***SigmaSense, LLC (“SigmaSense”)***

We invested US\$2 million and US\$0.5 million in the preferred shares of SigmaSense in 2019 and 2020 respectively and our investment accounted for approximately 1.65% of the total shareholding of SigmaSense as at 30 June 2023. SigmaSense was founded in 2015 focusing on display related touch sensing technology for a wide range of products, from laptops, tablets, smartphones to large format interactive displays, gaming and automotive etc. With the success of raising new round of funding by SigmaSense in early 2023, the valuation of our investment in SigmaSense increased to approximately US\$6.4 million, about 7.0% of the total assets value of our group as at 30 June 2023. Since the unrealized investment gain from the latest round of fund raising was booked in 2022, there was no unrealized gain of the investment for the reporting period. The investment is expected to generate capital appreciations to the group in the medium and long term.

### ***GRC Sino-Green Fund V, L.P. (“GRC Fund”)***

On 9 June 2021, the company announced that Maxnerva (Shenzhen) Technology Services Limited, our wholly owned subsidiary, entered into the limited partnership agreement as a limited partner with GRC SinoGreen Capital Co., Ltd. on 8 June 2021, in relation to the investment in the GRC Fund. Pursuant to the limited partnership agreement, we have committed to contribute RMB30 million which accounted for 6% of the capital contribution committed by the partners of the GRC Fund. The GRC Fund was established on 18 June 2021 and intends to invest in strategic emerging industries, future industries and other industries including but not limited to semiconductor, biomedicine, new energy, new materials, high-end intelligent manufacturing and other high-tech industries. Entering into such limited partnership agreement is a disclosable transaction and details are set out in the announcement and supplementary announcement of the company dated 9 June 2021 and 13 July 2021 respectively. We invested RMB9 million and RMB21 million in 2021 and 2022 respectively. As at 30 June 2023, the valuation of our investment in GRC Fund was approximately RMB30.3 million, about 4.6% of the total asset value of the group. The unrealized gain of the investment was approximately RMB0.1 million during the reporting period. The investment is expected to generate capital appreciations in the long term.

Saved as disclosed above, we had no significant investment, material acquisition and disposal of subsidiaries, associates and joint ventures during the reporting period.

As at 30 June 2023, there were no charges on the group’s assets and contingent liabilities (31 December 2022: Nil).

There were no material events after 30 June 2023.

## CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2023

|   |      | (Unaudited)              |                  |
|---|------|--------------------------|------------------|
|   |      | Six months ended 30 June |                  |
|   |      | 2023                     | 2022             |
|   | Note | RMB'000                  | RMB'000          |
| Revenue   | 2    | 353,815                  | 359,002          |
| Cost of sales   |      | <u>(302,713)</u>         | <u>(304,688)</u> |
| <b>Gross profit</b>   |      | <b>51,102</b>            | 54,314           |
| Other income  |      | 1,842                    | 895              |
| Other gains/(losses), net   |      | 1,236                    | (2,712)          |
| Selling and distribution expenses   |      | (16,525)                 | (16,791)         |
| General and administrative expenses   |      | (23,507)                 | (21,982)         |
| Research and development expenses   |      | <u>(3,235)</u>           | <u>(6,574)</u>   |
| <b>Operating profit</b>   |      | <b>10,913</b>            | 7,150            |
| Finance income – net  |      | 644                      | 816              |
| Share of results of associates  |      | <u>(2,346)</u>           | <u>(769)</u>     |
| <b>Profit before income tax</b>   |      | <b>9,211</b>             | 7,197            |
| Income tax expense  | 3    | <u>(3,515)</u>           | <u>(854)</u>     |
| <b>Profit for the period</b>  |      | <u><b>5,696</b></u>      | <u>6,343</u>     |
| <b>Earnings per share for profit attributable to ordinary equity holders of the Company (RMB cents per share)</b> |      |                          |                  |
| – Basic and diluted   | 5    | <u><b>0.81</b></u>       | <u>0.90</u>      |



# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2023

|   | <b>(Unaudited)</b>              |                       |
|---|---------------------------------|-----------------------|
|   | <b>Six months ended 30 June</b> |                       |
|   | <b>2023</b>                     | <b>2022</b>           |
|   | <b><i>RMB'000</i></b>           | <b><i>RMB'000</i></b> |
| <b>Profit for the period</b>                            | <b>5,696</b>                    | <b>6,343</b>          |
| <b>Other comprehensive income:</b>                      |                                 |                       |
| <i>Items that may be reclassified to profit or loss</i> |                                 |                       |
| Currency translation differences                        | <b>10,492</b>                   | <b>6,242</b>          |
| <b>Other comprehensive income for the period</b>        | <b>10,492</b>                   | <b>6,242</b>          |
| <b>Total comprehensive income for the period</b>        | <b>16,188</b>                   | <b>12,585</b>         |

## CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2023

|   |             | (Unaudited)<br>30 June<br>2023<br><i>RMB'000</i> | (Audited)<br>31 December<br>2022<br><i>RMB'000</i> |
|---|-------------|--|--|
|   | <i>Note</i> |  |  |
| <b>ASSETS</b>   |             |  |  |
| <b>Non-current assets</b>   |             |  |  |
| Intangible assets   |             | 15,536   | 16,552   |
| Property, plant and equipment                                     |             | 7,666  | 8,395  |
| Right-of-use assets   |             | 10,477   | 12,232   |
| Investments in associates   |             | 4,806  | 7,138  |
| Financial assets at fair value through profit or loss             |             | 76,682   | 74,560   |
| Trade and lease receivables                                       | 6           | 4,249  | 4,869  |
| Deferred income tax assets  |             | 5,447  | 4,952  |
| Prepayments and rental deposits                                   |             | 77   | 721  |
|   |             | <hr/>  | <hr/>  |
| Total non-current assets  |             | <b>124,940</b>                                   | 129,419  |
|   |             | <hr/>  | <hr/>  |
| <b>Current assets</b>   |             |  |  |
| Inventories   |             | 137,207  | 148,556  |
| Contract assets   |             | 13,175   | 17,099   |
| Trade and lease receivables                                       | 6           | 184,404  | 215,432  |
| Prepayments, deposits and other receivables                       |             | 62,991   | 48,967   |
| Cash and cash equivalents   |             | 135,942  | 166,866  |
|   |             | <hr/>  | <hr/>  |
| Total current assets  |             | <b>533,719</b>                                   | 596,920  |
|   |             | <hr/>  | <hr/>  |
| <b>Total assets</b>   |             | <b>658,659</b>                                   | 726,339  |
|   |             | <hr/>  | <hr/>  |
| <b>EQUITY</b>   |             |  |  |
| <b>Capital and reserves attributable to owners of the Company</b> |             |  |  |
| Share capital   |             | 68,447   | 68,447   |
| Share premium   |             | 213,865  | 213,865  |
| Reserves  |             | 185,417  | 168,721  |
|   |             | <hr/>  | <hr/>  |
| <b>Total equity</b>   |             | <b>467,729</b>                                   | 451,033  |
|   |             | <hr/>  | <hr/>  |

|                                     |             | (Unaudited)<br>30 June<br>2023<br><i>RMB'000</i> | (Audited)<br>31 December<br>2022<br><i>RMB'000</i> |
|-------------------------------------|-------------|--|--|
|                                     | <i>Note</i> |  |  |
| <b>LIABILITIES</b>                  |             |  |  |
| <b>Non-current liabilities</b>      |             |  |  |
| Deferred income tax liabilities     |             | 2,461  | 2,603  |
| Lease liabilities                   |             | <u>1,577</u>                                     | <u>945</u>   |
| Total non-current liabilities       |             | <u>4,038</u>                                     | <u>3,548</u>                                       |
| <b>Current liabilities</b>          |             |  |  |
| Trade payables                      | 7           | 118,773  | 168,081  |
| Accruals and other payables         |             | 38,095   | 49,858   |
| Contract liabilities                |             | 15,416   | 37,015   |
| Lease liabilities                   |             | 6,583  | 8,548  |
| Tax payables                        |             | <u>8,025</u>                                     | <u>8,256</u>                                       |
| Total current liabilities           |             | <u>186,892</u>                                   | <u>271,758</u>                                     |
| <b>Total liabilities</b>            |             | <u>190,930</u>                                   | <u>275,306</u>                                     |
| <b>Total equity and liabilities</b> |             | <u>658,659</u>                                   | <u>726,339</u>                                     |

# NOTES TO CONDENSED INTERIM FINANCIAL INFORMATION

## 1 BASIS OF PREPARATION AND ACCOUNTING POLICIES

### General information

Maxnerva Technology Services Limited (the “**Company**”, together with its subsidiaries the “**Group**”), is a limited liability company incorporated in Bermuda on 3 February 1994 as an exempted company under Companies Act 1981 of Bermuda. The address of its registered office is Canon’s Court, 22 Victoria Street, Hamilton HM 12, Bermuda. The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited since 14 April 1994.

This unaudited condensed consolidated interim financial information is presented in Renminbi (“**RMB**”), unless otherwise stated.

This unaudited condensed consolidated interim financial information was approved for issue by the Board on 28 August 2023.

This unaudited condensed consolidated interim financial information has not been audited.

This unaudited condensed consolidated interim financial information for the six months ended 30 June 2023 has been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34, “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

This unaudited condensed consolidated interim financial information should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2022, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”).

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2022 except for the amended standards as set out below.

Income tax is accrued using the tax rate that would be applicable to expected total annual earnings.

## **Amended standards and accounting guideline adopted by the Group**

The following amended standards and accounting guideline are relevant to the Group's operations and mandatory for its accounting periods beginning on or after 1 January 2023:

|   |   |
|---|---|
| HKAS 1 and HKFRS Practice Statement 2<br>(Amendments) | Disclosure of accounting policies   |
| HKAS 8 (Amendments)                                   | Definition of accounting estimates  |
| HKAS 12 (Amendments)                                  | Deferred tax related to assets and liabilities arising from<br>a single transaction |
| HKAS 12 (Amendments)                                  | International Tax Reform – Pillar Two Model Rules                                   |
| HKFRS 17  | Insurance contracts and the related Amendments                                      |

The adoption of amended standards and accounting guideline did not have any material impact on the current period or any prior periods.

## **2 REVENUE AND SEGMENT INFORMATION**

The chief operating decision maker has been identified as the executive directors (collectively referred to as the “Chief Operation Decision Maker” or “CODM”) that make strategic decisions. The CODM reviews the internal reporting of the Company and its subsidiaries in order to assess performance and allocate resources. Management has determined the operating segment based on the Group's development plan and the internal reporting provided to the CODM. The management determined to divide three operating segments as follows:

### **1. Industrial Solution Business**

The provision of smart manufacturing solutions and services to improve the effectiveness and efficiency of production lines, plant facilities and the management of industrial parks.

### **2. Smart Office Business**

The provision of video conference related solutions plus sourcing and distribution of branded smart office equipment.

### **3. New Retail Business**

The provision of digital retail signage solutions.

Each of the Group's operating segments represents a strategic business unit that is managed by the respective business unit leaders. CODM assesses the performance of the operating segments based on a measure of profit before income tax. Other information provided to the CODM is measured in a manner consistent with that in the condensed consolidated financial statements.

Assets of reportable segments exclude corporate assets (mainly including corporate cash and cash equivalents, property, plant and equipment, right-of-use assets, prepayments and other receivables, investments in associates, financial assets at fair value through profit or loss and deferred income tax assets), all of which are managed on a central basis. Liabilities of reportable segments exclude corporate liabilities (mainly including lease liabilities, accruals, other payables, tax payables and deferred income tax liabilities). These are part of the reconciliation to total balance sheet assets and liabilities.

|   | <b>(Unaudited)</b>                                      |  |  |                          |
|---|---|--|--|--------------------------|
|   | <b>For the six months ended 30 June 2023</b>            |  |  |                          |
|   | <b>Industrial<br/>Solution<br/>Business<br/>RMB'000</b> | <b>Smart<br/>Office<br/>Business<br/>RMB'000</b> | <b>New<br/>Retail<br/>Business<br/>RMB'000</b> | <b>Total<br/>RMB'000</b> |
| Revenue ( <i>Note a</i> )   | <u>194,557</u>  | <u>155,526</u>                                   | <u>3,732</u>                                   | <u>353,815</u>           |
| Results of reportable segments  | <u>17,701</u>   | <u>2,595</u>                                     | <u>198</u>                                     | <u>20,494</u>            |
| A reconciliation of results of reportable segments to profit for the period is as follow: |   |  |  |                          |
| <b>Results of reportable segments</b>   |   |  |  | <b>20,494</b>            |
| Unallocated incomes/(expenses) ( <i>Note b</i> )  |   |  |  | <u>(14,798)</u>          |
| <b>Profit for the period</b>  |   |  |  | <b><u>5,696</u></b>      |
| <b>Other segment information:</b>   |   |  |  |                          |
| Capital expenditures  | 210   | 2,773  | –  | 2,983                    |
| Depreciation of property, plant and equipment   | 1,579   | 174  | –  | 1,753                    |
| Depreciation of right-of-use assets   | 2,849   | 488  | –  | 3,337                    |
| Amortisation of intangible assets   | 335   | 1,291  | –  | 1,626                    |

|   | (Unaudited)  |   |   |                         |
|---|--|---|---|-------------------------|
|   | For the six months ended 30 June 2022                |   |   |                         |
|   | Industrial<br>Solution<br>Business<br><i>RMB'000</i> | Smart<br>Office<br>Business<br><i>RMB'000</i> | New<br>Retail<br>Business<br><i>RMB'000</i> | Total<br><i>RMB'000</i> |
| Revenue ( <i>Note a</i> )   | <u>196,055</u>                                       | <u>156,867</u>                                | <u>6,080</u>                                | <u>359,002</u>          |
| Results of reportable segments  | <u>17,131</u>  | <u>2,264</u>                                  | <u>1,185</u>                                | <u>20,580</u>           |
| A reconciliation of results of reportable segments to profit for the period is as follow: |  |   |   |                         |
| <b>Results of reportable segments</b>   |  |   |   | 20,580                  |
| Unallocated incomes/(expenses) ( <i>Note b</i> )  |  |   |   | <u>(14,237)</u>         |
| <b>Profit for the period</b>  |  |   |   | <u><u>6,343</u></u>     |
| <b>Other segment information:</b>   |  |   |   |                         |
| Capital expenditures  | 1,398  | 35  | –   | 1,433                   |
| Depreciation of property, plant and equipment   | 1,686  | 108   | –   | 1,794                   |
| Depreciation of right-of-use assets   | 4,390  | 491   | –   | 4,881                   |
| Amortisation of intangible assets   | 607  | 1,243   | –   | 1,850                   |

Note:

(a) **Disaggregation of revenue from contracts with customers**

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines:

|  | (Unaudited)  |   |   |                         |
|--|--|---|---|-------------------------|
|  | For the six months ended 30 June 2023                |   |   |                         |
|  | Industrial<br>Solution<br>Business<br><i>RMB'000</i> | Smart<br>Office<br>Business<br><i>RMB'000</i> | New<br>Retail<br>Business<br><i>RMB'000</i> | Total<br><i>RMB'000</i> |
| Timing of revenue recognition              |  |   |   |                         |
| <b>I.T. projects</b>                       |  |   |   |                         |
| – At a point of time                       | 85,771   | 14,502  | 3,682                                       | 103,955                 |
| – Over time                                | 40,697   | 16,830  | 50  | 57,577                  |
| <b>Maintenance and consulting services</b> |  |   |   |                         |
| – Over time                                | 57,217   | 12  | –   | 57,229                  |
| <b>Sales of goods</b>                      |  |   |   |                         |
| – At a point of time                       | 9,229  | 124,182                                       | –   | 133,411                 |
| <b>Operating lease income (Note)</b>       | <u>1,643</u>   | <u>–</u>                                      | <u>–</u>                                    | <u>1,643</u>            |
|  | <u><b>194,557</b></u>                                | <u><b>155,526</b></u>                         | <u><b>3,732</b></u>                         | <u><b>353,815</b></u>   |

|  | (Unaudited)  |   |   |                         |
|--|--|---|---|-------------------------|
|  | For the six months ended 30 June 2022                |   |   |                         |
|  | Industrial<br>Solution<br>Business<br><i>RMB'000</i> | Smart<br>Office<br>Business<br><i>RMB'000</i> | New<br>Retail<br>Business<br><i>RMB'000</i> | Total<br><i>RMB'000</i> |
| Timing of revenue recognition              |  |   |   |                         |
| <b>I.T. projects</b>                       |  |   |   |                         |
| – At a point of time                       | 70,408   | 19,588  | 6,061                                       | 96,057                  |
| – Over time                                | 77,199   | 4,035   | 19  | 81,253                  |
| <b>Maintenance and consulting services</b> |  |   |   |                         |
| – Over time                                | 23,459   | 147   | –   | 23,606                  |
| <b>Sales of goods</b>                      |  |   |   |                         |
| – At a point of time                       | 22,816   | 133,097                                       | –   | 155,913                 |
| <b>Operating lease income (Note)</b>       | <u>2,173</u>   | <u>–</u>                                      | <u>–</u>                                    | <u>2,173</u>            |
|  | <u><b>196,055</b></u>                                | <u><b>156,867</b></u>                         | <u><b>6,080</b></u>                         | <u><b>359,002</b></u>   |



Operating lease income represents the income mainly generated from leasing of servers, and operating the automated systems, to its customers by charging a fixed monthly rental charge.

Revenue by geographical location is determined by the destination where the services and products were delivered.

Revenue from customers on the basis of customers' locations is analysed as follows:

|                 | <b>(Unaudited)</b>              |                |
|-----------------|---------------------------------|----------------|
|                 | <b>Six months ended 30 June</b> |                |
|                 | <b>2023</b>                     | 2022           |
|                 | <b><i>RMB'000</i></b>           | <i>RMB'000</i> |
| The PRC         | <b>168,855</b>                  | 188,969        |
| Taiwan          | <b>47,313</b>                   | 30,994         |
| Europe          | <b>38,363</b>                   | 44,290         |
| Singapore       | <b>37,263</b>                   | 34,389         |
| The Americas    | <b>35,609</b>                   | 36,015         |
| Other countries | <b>26,412</b>                   | 24,345         |
|                 | <b><u>353,815</u></b>           | <u>359,002</u> |

- (b) Unallocated income/(expenses) mainly include government subsidies, finance income, fair value gains/(losses) on financial assets at fair value through profit or loss, employment benefit expenses, depreciation of property, plant and equipment, depreciation of right-of-use assets, amortisation of intangible assets, share of results of associates, income tax expense and other operating expenses incurred at corporate level.

A reconciliation of operating segments' results to total profit for the period is provided as follows:

|  | (Unaudited)              |                     |
|--|--------------------------|---------------------|
|  | Six months ended 30 June |                     |
|  | 2023                     | 2022                |
|  | <i>RMB'000</i>           | <i>RMB'000</i>      |
| Segment results  | 20,494                   | 20,580              |
| Unallocated income/(expenses)  |                          |                     |
| – Government subsidies   | 1,501                    | 644                 |
| – Finance income   | 644                      | 816                 |
| – Fair value gains/(losses) on financial assets at fair value through profit or loss | 133                      | (2,856)             |
| – Depreciation of property, plant and equipment                                      | (48)                     | (142)               |
| – Depreciation of right-of-use assets  | (1,424)                  | (1,397)             |
| – Employment benefit expenses  | (6,625)                  | (6,167)             |
| – Share of result of associates  | (2,346)                  | (769)               |
| – Income tax expense   | (3,515)                  | (854)               |
| – Others   | (3,118)                  | (3,512)             |
|  | <u>5,696</u>             | <u>6,343</u>        |
| Profit for the period  | <u><u>5,696</u></u>      | <u><u>6,343</u></u> |

|   | (Unaudited)        |                |                |                       |
|---|--------------------|----------------|----------------|-----------------------|
|   | As at 30 June 2023 |                |                |                       |
|   | Industrial         | Smart          | New            |                       |
|   | Solution           | Office         | Retail         |                       |
|   | Business           | Business       | Business       | Total                 |
|   | <i>RMB'000</i>     | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i>        |
| <b>Segment assets</b>   |                    |                |                |                       |
| Segment assets  | <u>215,857</u>     | <u>210,853</u> | <u>430</u>     | 427,140               |
| Other unallocated assets ( <i>Note a</i> )                        |                    |                |                | <u>231,519</u>        |
| <b>Total assets per condensed consolidated balance sheet</b>      |                    |                |                | <u><u>658,659</u></u> |
| <b>Segment liabilities</b>  |                    |                |                |                       |
| Segment liabilities   | <u>97,323</u>      | <u>46,674</u>  | <u>7,883</u>   | 151,880               |
| Other unallocated liabilities ( <i>Note b</i> )                   |                    |                |                | <u>39,050</u>         |
| <b>Total liabilities per condensed consolidated balance sheet</b> |                    |                |                | <u><u>190,930</u></u> |

|   | (Audited)  |   |   |                              |
|---|--|---|---|------------------------------|
|   | As at 31 December 2022                               |   |   |                              |
|   | Industrial<br>Solution<br>Business<br><i>RMB'000</i> | Smart<br>Office<br>Business<br><i>RMB'000</i> | New<br>Retail<br>Business<br><i>RMB'000</i> | Total<br><i>RMB'000</i>      |
| <b>Segment assets</b>   |  |   |   |                              |
| Segment assets  | <u>272,643</u>                                       | <u>188,552</u>                                | <u>2,868</u>                                | 464,063                      |
| Other unallocated assets ( <i>Note a</i> )                        |  |   |   | <u>262,276</u>               |
| <b>Total assets per condensed consolidated balance sheet</b>      |  |   |   | <b><u><u>726,339</u></u></b> |
| <b>Segment liabilities</b>  |  |   |   |                              |
| Segment liabilities   | <u>117,006</u>                                       | <u>98,366</u>                                 | <u>10,019</u>                               | 225,391                      |
| Other unallocated liabilities ( <i>Note b</i> )                   |  |   |   | <u>49,915</u>                |
| <b>Total liabilities per condensed consolidated balance sheet</b> |  |   |   | <b><u><u>275,306</u></u></b> |

*Note:*

- (a) As at 30 June 2023 and 31 December 2022, other unallocated assets mainly included cash and cash equivalents, property, plant and equipment, right-of-use assets, prepayments and other receivables, investments in associates, financial assets at fair value through profit or loss and deferred income tax assets for corporate usage.

Operating segments' assets are reconciled to total assets as follows:

|   | (Unaudited)           | (Audited)             |
|---|-----------------------|-----------------------|
|   | 30 June               | 31 December           |
|   | 2023                  | 2022                  |
|   | <i>RMB'000</i>        | <i>RMB'000</i>        |
| Segment assets for reportable segments                  | 427,140               | 464,063               |
| Unallocated assets                                      |                       |                       |
| – Cash and cash equivalents                             | 135,942               | 166,866               |
| – Property, plant and equipment                         | 923                   | 934                   |
| – Right-of-use assets                                   | 2,486                 | 3,147                 |
| – Prepayments and other receivables                     | 5,233                 | 4,679                 |
| – Investments in associates                             | 4,806                 | 7,138                 |
| – Financial assets at fair value through profit or loss | 76,682                | 74,560                |
| – Deferred income tax assets                            | 5,447                 | 4,952                 |
|   | <u>658,659</u>        | <u>726,339</u>        |
| Total assets per condensed consolidated balance sheet   | <u><u>658,659</u></u> | <u><u>726,339</u></u> |

- (b) As at 30 June 2023 and 31 December 2022, other unallocated liabilities mainly included accruals, other payables, lease liabilities, tax payables and deferred income tax liabilities for corporate usage.

Operating segments' liabilities are reconciled to total liabilities as follows:

|  | (Unaudited)           | (Audited)             |
|--|-----------------------|-----------------------|
|  | 30 June               | 31 December           |
|  | 2023                  | 2022                  |
|  | <i>RMB'000</i>        | <i>RMB'000</i>        |
| Segment liabilities for reportable segments                | 151,880               | 225,391               |
| Unallocated liabilities                                    |                       |                       |
| – Accruals and other payables                              | 26,060                | 36,019                |
| – Lease liabilities  | 2,504                 | 3,037                 |
| – Tax payables   | 8,025                 | 8,256                 |
| – Deferred income tax liabilities                          | 2,461                 | 2,603                 |
|  | <u>190,930</u>        | <u>275,306</u>        |
| Total liabilities per condensed consolidated balance sheet | <u><u>190,930</u></u> | <u><u>275,306</u></u> |

### 3 INCOME TAX EXPENSE

The Company is exempted from taxation in Bermuda. Hong Kong profits tax has been provided for at the rate of 16.5% (2022: 16.5%) on the estimated assessable profits arising in or derived from Hong Kong. Group companies established and operating in the PRC, Taiwan and the United States are subject to corporate income tax at the rate of 25%, 20% and 30% (2022: Same) respectively, for the six months ended 30 June 2023, except for those specified below.

One of the subsidiaries in the PRC were approved by the relevant local tax bureaus under the preferential tax policy for the high and new technology enterprises, and were entitled to a preferential corporate income tax rate of 15% from 2021 until 2023.

The amount of taxation charged to the condensed consolidated income statement represents:

|                              | <b>(Unaudited)</b>              |                       |
|------------------------------|---------------------------------|-----------------------|
|                              | <b>Six months ended 30 June</b> |                       |
|                              | <b>2023</b>                     | <b>2022</b>           |
|                              | <b><i>RMB'000</i></b>           | <b><i>RMB'000</i></b> |
| Current taxation             | <b>3,880</b>                    | 3,268                 |
| Deferred income tax expenses | <b>(365)</b>                    | (2,414)               |
|                              | <b><u>3,515</u></b>             | <b><u>854</u></b>     |

### 4 DIVIDENDS

At a Board meeting held on 28 August 2023, no interim dividend is declared by the directors for the six months ended 30 June 2023 (2022: Nil).

## 5 EARNINGS PER SHARE

### (a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

|   | (Unaudited)              |                |
|---|--------------------------|----------------|
|   | Six months ended 30 June |                |
|   | 2023                     | 2022           |
| Profit attributable to equity holders of the Company<br>(RMB'000) | <u>5,696</u>             | <u>6,343</u>   |
| Weighted average number of ordinary shares in issue ('000)        | <u>701,543</u>           | <u>701,543</u> |
| Basic earnings per share (rounded to RMB cents)                   | <u>0.81</u>              | <u>0.90</u>    |

### (b) Diluted

Diluted earnings per share is of the same amount as the basic earnings per share as the share options are anti-dilutive.

## 6 TRADE AND LEASE RECEIVABLES

|   | (Unaudited)     | (Audited)       |
|---|-----------------|-----------------|
|   | 30 June         | 31 December     |
|   | 2023            | 2022            |
|   | RMB'000         | RMB'000         |
| Trade receivables                                       |                 |                 |
| – third parties   | 159,495         | 145,179         |
| – related parties                                       | <u>94,584</u>   | <u>137,602</u>  |
|   | 254,079         | 282,781         |
| Finance lease receivables – total                       | <u>5,460</u>    | <u>6,051</u>    |
| Trade and lease receivables – gross                     | 259,539         | 288,832         |
| Less: loss allowance                                    | <u>(70,886)</u> | <u>(68,531)</u> |
| Trade and lease receivables – net                       | 188,653         | 220,301         |
| Less: trade and lease receivables – non-current portion | <u>(4,249)</u>  | <u>(4,869)</u>  |
| Trade and lease receivables – current portion           | <u>184,404</u>  | <u>215,432</u>  |

Trade receivables and their ageing analysis based on invoice date is as follows:

|                      | (Unaudited)    | (Audited)      |
|----------------------|----------------|----------------|
|                      | 30 June        | 31 December    |
|                      | 2023           | 2022           |
|                      | <i>RMB'000</i> | <i>RMB'000</i> |
| Less than 60 days    | 122,937        | 113,552        |
| 60 to 120 days       | 33,429         | 47,901         |
| 121 days to 360 days | 24,479         | 52,141         |
| Over 360 days        | 73,234         | 69,187         |
|                      | <u>254,079</u> | <u>282,781</u> |

Majority of the Group's sales are made on open account, with credit terms generally ranging from 30 days to 90 days.

## 7 TRADE PAYABLES

Trade payables and their ageing analysis based on invoice date is as follows:

|                   | (Unaudited)    | (Audited)      |
|-------------------|----------------|----------------|
|                   | 30 June        | 31 December    |
|                   | 2023           | 2022           |
|                   | <i>RMB'000</i> | <i>RMB'000</i> |
| Less than 60 days | 99,945         | 107,471        |
| 60 to 120 days    | 6,913          | 12,767         |
| Over 120 days     | 11,915         | 47,843         |
|                   | <u>118,773</u> | <u>168,081</u> |

## **COMPLIANCE WITH CORPORATE GOVERNANCE CODE**

Save for the following deviations from the Corporate Governance Code (the “**CG Code**”) as set out in Part 2 of Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), none of the directors of the company is aware of any information which would reasonably indicate that the company has not complied with the CG Code during the six months ended 30 June 2023.

### **CG Code provision Part 2 C.6.1**

Mr. TSANG Hing Bun was appointed as the company secretary of the company with effect from 3 November 2015. Although Mr. Tsang is not an employee of the company as required under the CG Code provision Part 2 C.6.1, the company has assigned Mr. CHENG Yee Pun, the executive director, as the contact person with Mr. Tsang. Information in relation to the performance, financial position and other major developments and affairs of the group are speedily delivered to Mr. Tsang through the contact person assigned. Hence, all directors of the company are still considered to have access to the advice and services of the company secretary in light of the above arrangement in accordance with the CG Code provision Part 2 C.6.4. Having in place a mechanism that Mr. Tsang will get hold of the group’s development promptly without material delay and with his expertise and experience, the Board is confident that having Mr. Tsang as the company secretary is beneficial to the group’s compliance with the relevant board procedures, applicable laws, rules and regulations.

## **CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS**

The company has adopted the Model Code set out in Appendix 10 to the Listing Rules (the “**Model Code**”) as its own code of conduct regarding directors’ securities transactions. Having made specific enquiry with all directors, the company was not aware of any non-compliance with the required standard set out in the Model Code regarding securities transactions by the directors throughout the six months ended 30 June 2023.



## **EMPLOYEES AND EMOLUMENT POLICY**

The Board has set up a remuneration committee (the “**Remuneration Committee**”) and the members are Mr. KAN Ji Ran Laurie (chairperson of the Remuneration Committee), Mr. TANG Tin Lok Stephen, Prof. ZHANG Xiaoquan and Mr. CAI Liting. As at 30 June 2023, the group had a total of 593 (31 December 2022: 588) full time employees. The pay scale of the group’s employees is maintained at a competitive level and employees are rewarded on a performance-related basis within the general framework of the group’s salary and bonus system. Other employee benefits include provident fund, insurance and medical cover. We provide well-organized online and offline training schemes for our employees to keep them abreast of the latest technology and market development. Other than orientation programs for new employees, we also conduct a mentorship program in which each of the senior and middle management based in the PRC is required to provide regular coaching and experience sharing with one to two new employees.

## **AUDIT COMMITTEE**

The Audit Committee comprises three independent non-executive directors, namely, Mr. TANG Tin Lok Stephen (chairperson of the Audit Committee), Mr. KAN Ji Ran Laurie and Prof. ZHANG Xiaoquan, with terms of reference in compliance with the Listing Rules. The Audit Committee reviews the group’s financial reporting, internal controls and makes relevant recommendations to the Board.

The Audit Committee has reviewed with management of the company on the accounting principles and practices adopted by the group and discussed internal controls and financial reporting matters including a review of the unaudited condensed consolidated interim financial statements for the six months ended 30 June 2023.

## **PURCHASE, SALE OR REDEMPTION OF SHARES**

During the six months ended 30 June 2023, neither the company nor any of its subsidiaries has purchased, sold or redeemed any of the company’s listed securities.

## **PUBLICATION OF INTERIM RESULTS ON THE WEBSITE OF THE STOCK EXCHANGE**

This announcement will be published on the websites of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the company. The interim report for the six months ended 30 June 2023 of the company containing all the information required by the Listing Rules will be despatched to the shareholders of the company and published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the company ([www.maxnerva.com](http://www.maxnerva.com)) in due course.

By order of the Board  
**Maxnerva Technology Services Limited**  
**CHIEN Yi-Pin**  
*Chairman*

Hong Kong, 28 August 2023

*As at the date of this announcement, the Board comprises four executive directors, namely, Mr. CHIEN Yi-Pin, Mr. CAI LiTing, Mr. KAO Chao Yang and Mr. CHENG Yee Pun, one nonexecutive director, namely, Mr. KIM Hyun Seok, and three independent non-executive directors, namely, Mr. TANG Tin Lok Stephen, Mr. KAN Ji Ran Laurie and Professor ZHANG Xiaoquan.*