

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**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)**

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

**SUMMARY AND HIGHLIGHTS**

For the year ended 31 December 2023:

- Revenue decreased by 19% to RMB677.9 million and there was a reported net loss of RMB16.8 million.
- The net loss was mainly caused by i) the fall in revenue and gross profit and ii) the impairment losses on intangible assets and investment in an associate.
- The Board does not recommend any payment of final dividend for the year ended 31 December 2023.

## MANAGEMENT DISCUSSION AND ANALYSIS

The board of directors (the “**Board**”) of Maxnerva Technology Services Limited (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (“**Group**” or “**we**”) for the year ended 31 December 2023 (the “**reporting year**”) together with comparative figures of the year ended 31 December 2022.

### FINANCIAL REVIEW

We were principally engaged in industrial solution, smart office and new retail businesses during the reporting year. Our revenue decreased by 19% to RMB677.9 million (2022: RMB832.5 million) whereas we reported a net loss of RMB16.8 million for the reporting year versus a net profit of RMB27.8 million in 2022.

#### Inventory and Trade Receivable

As at 31 December 2023, there were approximately RMB82.7 million in inventory (2022: RMB148.6 million) and they are primarily project-related hardware and software products pending to be delivered to our customers, and the finished goods of smart office equipment. Inventory turnover for the reporting year increased to 73 days from 67 days as compared to the year of 2022 mainly because of the weak demand of the smart office equipment business.

As at 31 December 2023, there were approximately RMB205.3 million in trade and lease receivables (2022: RMB220.3 million) which consisted of current and non-current portions of RMB201.7 million (2022: RMB215.4 million) and RMB3.6 million (2022: RMB4.9 million) respectively. Some of our projects have been structured as finance lease in which customers are eligible to pay in periodic instalments over a specific number of years. Trade and lease receivable turnover for the reporting year increased to 115 days from 91 days as compared to the year of 2022 because of the decline in overall revenue.

## **Liquidity and Financial Resources**

As at 31 December 2023, we had a net cash position while our cash and cash equivalents were RMB189.8 million (2022: RMB166.9 million). Our total assets of RMB620.1 million (2022: RMB726.3 million) were financed by total liabilities of RMB183.7 million (2022: RMB275.3 million) and shareholders' equity of RMB436.5 million (2022: RMB451.0 million). We had a current ratio of 2.9 (2022: 2.2). Trade payables were repayable within one year. No banking facilities were available to the Group (2022: Nil) and we had no bank borrowing as well (2022: Nil).

## **Treasury Policy**

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

## **Foreign Exchange Exposure**

We mainly operate in the People's Republic of China (the "PRC"), Hong Kong, Taiwan, the 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 our 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 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 re-opening of the PRC from the austere lockdowns provided short-lived boosts on private consumption and business confidence and the magnitude of the economic recovery in the PRC was indeed disappointing. Together with the rapid tightening of the monetary policy in major countries in the world, the ongoing Russo-Ukrainian War and the outbreak of the Israel-Hamas War, the world's economy was vulnerable with immense uncertainties during the reporting year.

### **Industrial Solution Business**

In general, corporate clients have been scaling down their capex plans in wake of the gloomy economic outlook and drastic increase in finance cost under the monetary tightening cycle. This certainly has negative impacts on our business. Fortunately, a large number of global and regional industrial players hastened their production capacity diversification strategy from the PRC to the rest of the world during the post pandemic era. Remarkable new production capacities have been built in Southeast Asia and near-shore destinations in Europe and Americas in 2023. We are benefiting from this trend since our smart manufacturing solutions are essential for such new production capacities. This diversification strategy from the PRC market, to a large extent, helps offsetting part of the adverse impacts from the monetary tightening and sluggish economic outlook. As a result, our segment revenue and profit only decreased by 5% and 2% year-on-year to RMB406.5 million and RMB41.1 million respectively.

### **Smart Office Business**

Segment revenue declined by 33% to RMB266.1 million and a loss of RMB27.9 million was incurred during the year mainly due to the impairment of the intellectual properties (the "IPs") of our Personify business and the lackluster performance of the smart office equipment and Personify businesses.

For Personify business, we licensed the IPs from Hon Hai Precision Industry Company Limited (“**Hon Hai**”) and its subsidiaries (collectively, the “**Hon Hai Group**”) and commenced our trial run operation in February 2020 after the outbreak of COVID-19. The timing was perfect and video conferencing had been widely adopted during the pandemic era. We decided to acquire the IPs from Hon Hai Group to enrich our product portfolio after approximately ten months of trial-run operation. The transaction was announced and completed on 27 December 2020 and 22 March 2021 respectively. The acquisition consideration is HK\$23.34 million (approximately US\$3 million) and settled by the issuance of 46.68 million new shares to Hon Hai Group at HK\$0.5 per share. Details are set out in the announcement of the Company dated 27 December 2020 and the circular of the Company dated 22 February 2021. On top of the subscriptions from B2C customers, we sub-licensed the software and products to a number of well-known global corporations. From 2020 to 2022, Personify business contributed approximately US\$7 million of revenue to our Group. We also devoted substantial amount of R&D resources to develop new products in order to position the business for post-pandemic era. Unfortunately, the newly developed products have been far from well received by the market, and at the same time, its old products lost their appeals to the market in the post pandemic era. As a result, Personify business contracted substantially and its revenue in 2023 was more than halved to barely over US\$1 million. As a result, an amount of RMB10.6 million impairment was made on the net book value of the IPs after an independent professional party was engaged to assess its future value prudently.

For smart office equipment business, players in the value chain were generally overstocked during the pandemic era in face of the global transportation bottlenecks and shortages of IC chips. When the bottleneck and shortage problems are solved, it takes time for the market to digest the inventory within the channel during the post pandemic era. To exacerbate the situation, market demand has been weakened since the second quarter of 2023 due to macroeconomic uncertainties. As a result, sales in 2023 slumped by 27% when compared to 2022. We witnessed declines in sales in all the key regions.

### **New Retail Business**

We were working on the digital signage project for the third batch of retail stores of a preeminent supermarket player in Taiwan. Given this third batch of the project is far smaller in size, revenue decreased by 40% to RMB5.2 million during the reporting year on a year-on-year basis. Since we were approaching the final stage of the third phase of the project, we, with a much clearer picture on our obligations, reversed all the unnecessary expenses accrued previously under prudent grounds and resulted in an increase of profit by more than eight times to RMB1.1 million when compared to 2022.

## **BUSINESS PROSPECT**

The tightening cycle of the monetary policy of major world's economies is generally expected to come to an end and the loosening cycle may start as early as mid-2024. In addition, the PRC government has strived to implement a basket of policies to revive the economic growth of the world's second largest economy. Market believes the world's economy would have been stabilized in 2024 if global cooperation is in place to boost the long-term prospects.

With the appointment of new directors and CEO, we have repositioned our business to reflect the new directions. We renamed the industrial solution business as digital industry business and combined the smart office and new retail businesses as digital life business.

We witnessed the business opportunities arising from both new investments in the PRC and relocation of production capacities from the PRC to overseas countries. We shall continue our business development efforts in both the PRC and overseas markets going forward. We believe the digital industry business will continue to contribute to the performance of the Group in 2024.

Although there were setbacks in the smart office equipment business in 2023, we remain cautiously optimistic on this business. Currently, we only take up a tiny global market share in our verticals and we believe there are tremendous growth opportunities in this business. We shall continue to dedicate sales and marketing efforts to develop this business in the near term. We obtained new sizable digital signage projects from advertising media agencies for both Taoyuan International Airport of Taiwan and a renowned department store in a key commercial area in Taipei in 2023. We believe all these projects will start contributing to the Group in 2024 and we expect there will be a turnaround of the digital life business in the coming years.

## **PRINCIPAL RISKS AND UNCERTAINTIES**

The Company's business risks are mainly the following:

- (i) geopolitical and macroeconomic conditions of the globe and the PRC which in turn will affect the general demand of I.T. solutions, services and products;
- (ii) market acceptance of our industrial, smart office and new retail solutions;
- (iii) rapid technological changes that may disrupt the market positions and demand of our existing solutions and products unpredictably; and
- (iv) greater foreign exchange risk exposure due to the expansion of our overseas businesses and higher volatility in major functional currencies in recent years.

## **SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES**

### **Investment in 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 1.61% of the total diluted shareholding of SigmaSense as at 31 December 2023. SigmaSense was founded in 2015 focusing on display related touch sensing technology for a wide range of products, from laptops, tablets and smartphones to large format interactive displays, gaming and automotive etc. Based on the assessment of an independent appraisal, the valuation of our investment in SigmaSense increased to approximately US\$6.5 million, about 7.5% of the total asset value of the Group as at 31 December 2023. The unrealized gain of the investment was approximately RMB0.9 million during the reporting year. The investment is expected to generate capital appreciations to the Group in the medium to long term.

### **Investment in GRC SinoGreen Fund V, L.P. (“GRC Fund”)**

On 9 June 2021, the Company announced that Maxnerva (Shenzhen) Technology Services Limited, a wholly owned subsidiary of the Company, entered into a 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 size is expected to account for approximately 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 the 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 31 December 2023, the valuation of our investment in GRC Fund was approximately RMB30.3 million, about 4.9% of the total asset value of the Group as at 31 December 2023. The unrealized gain of the investment was approximately RMB0.1 million during the reporting year. The investment is expected to generate capital appreciations to the Group in the long term.

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

## **CHARGES ON GROUP'S ASSETS, CAPITAL COMMITMENT, CONTINGENT LIABILITIES, EVENTS AFTER REPORTING DATE**

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

There were no material events after 31 December 2023.

## **CAPITAL STRUCTURE AND DIVIDENDS**

As at 31 December 2023, the Company has a total of 701,543,448 issued shares with a par value of HK\$0.1 each (2022: 701,543,448 shares).

Neither the Company nor its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the reporting year of 2022 and 2023.

The board does not recommend any payment of a final dividend in respect of the reporting year (31 December 2022: Nil).

## **EMPLOYEES, ENVIRONMENTAL POLICIES AND COMPLIANCE**

As at 31 December 2023, we employed a total of 567 employees (2022: 588 employees) located in the PRC, Taiwan, Vietnam, the US and Hong Kong. We believe that our remuneration policy is in line with the prevailing market practices and is determined on the basis of performance and experience of the individuals. Sales personnel are remunerated by salaries and incentives in accordance with the achievement of their sales target and account receivables collection. General staff are offered year-end discretionary bonuses, which are based on the divisional performance and individual appraisals.

We are dedicated to creating a favourable circumstance for caring of our environment and community. It is our goal to build a more harmonious, civilized and sustainable society by maintaining a high standard operation with integrity, providing services of high quality and protecting the environment.



## CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2023

|                                                                                                           |             | 2023                   | 2022             |
|-----------------------------------------------------------------------------------------------------------|-------------|------------------------|------------------|
|                                                                                                           | <i>Note</i> | <i>RMB'000</i>         | <i>RMB'000</i>   |
| <b>Revenue</b>                                                                                            | 3           | <b>677,877</b>         | 832,461          |
| Cost of sales                                                                                             | 5           | <u>(581,098)</u>       | <u>(705,313)</u> |
| <b>Gross profit</b>                                                                                       |             | <b>96,779</b>          | 127,148          |
| Other income                                                                                              | 4           | <b>2,578</b>           | 2,662            |
| Other (losses)/gains, net                                                                                 | 4           | <b>(274)</b>           | 4,782            |
| Fair value gains on financial assets at fair value through profit or loss, net                            |             | <b>964</b>             | 2,017            |
| Impairment loss on intangible assets                                                                      |             | <b>(10,634)</b>        | –                |
| Reversal of/(provision for) loss allowance for financial assets                                           |             | <b>1,522</b>           | (3,347)          |
| Selling and distribution expenses                                                                         | 5           | <b>(37,163)</b>        | (36,964)         |
| General and administrative expenses                                                                       | 5           | <b>(53,837)</b>        | (53,760)         |
| Research and development expenses                                                                         | 5           | <u>(9,017)</u>         | <u>(10,142)</u>  |
| <b>Operating (loss)/profit</b>                                                                            |             | <b>(9,082)</b>         | 32,396           |
| Finance income – net                                                                                      | 6           | <b>1,636</b>           | 1,404            |
| Share of results of associates                                                                            |             | <b>(4,730)</b>         | (3,317)          |
| Impairment loss on investment in an associate                                                             |             | <u>(2,019)</u>         | –                |
| <b>(Loss)/profit before income tax</b>                                                                    |             | <b>(14,195)</b>        | 30,483           |
| Income tax expense                                                                                        | 7           | <u>(2,636)</u>         | <u>(2,653)</u>   |
| <b>(Loss)/profit for the year</b>                                                                         |             | <u><b>(16,831)</b></u> | <u>27,830</u>    |
|                                                                                                           |             | <b>2023</b>            | 2022             |
|                                                                                                           |             | <i>RMB cents</i>       | <i>RMB cents</i> |
| <b>(Loss)/earnings per share for (loss)/profit attributable to ordinary equity holders of the Company</b> |             |                        |                  |
| Basic (loss)/earnings per share                                                                           | 8           | <u><b>(2.40)</b></u>   | <u>3.97</u>      |
| Diluted (loss)/earnings per share                                                                         | 8           | <u><b>(2.40)</b></u>   | <u>3.97</u>      |

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

|                                                            | <b>2023</b>                   | 2022                        |
|------------------------------------------------------------|-------------------------------|-----------------------------|
|                                                            | <b>RMB'000</b>                | RMB'000                     |
| <b>(Loss)/profit for the year</b>                          | <b>(16,831)</b>               | 27,830                      |
| <b>Other comprehensive income:</b>                         |                               |                             |
| <i>Item that may be reclassified to profit or loss</i>     |                               |                             |
| Currency translation differences                           | (735)                         | (2,747)                     |
| <i>Item that may not be reclassified to profit or loss</i> |                               |                             |
| Currency translation differences                           | <u>2,036</u>                  | <u>13,126</u>               |
| <b>Other comprehensive income for the year</b>             | <b><u>1,301</u></b>           | <b><u>10,379</u></b>        |
| <b>Total comprehensive (loss)/income for the year</b>      | <b><u><u>(15,530)</u></u></b> | <b><u><u>38,209</u></u></b> |

## CONSOLIDATED BALANCE SHEET

As at 31 December 2023

|                                                       | <i>Note</i> | <b>2023</b><br><b>RMB'000</b>               | 2022<br><i>RMB'000</i>                      |
|-------------------------------------------------------|-------------|---------------------------------------------|---------------------------------------------|
| <b>ASSETS</b>                                         |             |                                             |                                             |
| <b>Non-current assets</b>                             |             |                                             |                                             |
| Intangible assets                                     |             | <b>3,544</b>                                | 16,552                                      |
| Property, plant and equipment                         |             | <b>6,491</b>                                | 8,395                                       |
| Right-of-use assets                                   |             | <b>9,396</b>                                | 12,232                                      |
| Investments in associates                             |             | <b>399</b>                                  | 7,138                                       |
| Financial assets at fair value through profit or loss |             | <b>76,608</b>                               | 74,560                                      |
| Trade and lease receivables                           | <i>9</i>    | <b>3,629</b>                                | 4,869                                       |
| Deferred income tax assets                            |             | <b>7,317</b>                                | 4,952                                       |
| Prepayments and rental deposits                       |             | <b>71</b>                                   | 721                                         |
|                                                       |             | <hr/>                                       | <hr/>                                       |
| Total non-current assets                              |             | <b>107,455</b>                              | 129,419                                     |
|                                                       |             | <hr style="border-top: 1px dashed black;"/> | <hr style="border-top: 1px dashed black;"/> |
| <b>Current assets</b>                                 |             |                                             |                                             |
| Inventories                                           |             | <b>82,742</b>                               | 148,556                                     |
| Contract assets                                       |             | <b>1,452</b>                                | 17,099                                      |
| Trade and lease receivables                           | <i>9</i>    | <b>201,661</b>                              | 215,432                                     |
| Prepayments, deposits and other receivables           |             | <b>37,057</b>                               | 48,967                                      |
| Cash and cash equivalents                             |             | <b>189,756</b>                              | 166,866                                     |
|                                                       |             | <hr/>                                       | <hr/>                                       |
| Total current assets                                  |             | <b>512,668</b>                              | 596,920                                     |
|                                                       |             | <hr style="border-top: 1px dashed black;"/> | <hr style="border-top: 1px dashed black;"/> |
| <b>Total assets</b>                                   |             | <b>620,123</b>                              | 726,339                                     |
|                                                       |             | <hr style="border-top: 3px double black;"/> | <hr style="border-top: 3px double black;"/> |

|                                                                   | <i>Note</i> | <b>2023</b><br><b>RMB'000</b> | 2022<br><i>RMB'000</i> |
|-------------------------------------------------------------------|-------------|-------------------------------|------------------------|
| <b>EQUITY</b>                                                     |             |                               |                        |
| <b>Capital and reserves attributable to owners of the Company</b> |             |                               |                        |
| Share capital                                                     |             | <b>68,447</b>                 | 68,447                 |
| Share premium                                                     |             | <b>213,865</b>                | 213,865                |
| Reserves                                                          |             | <b>154,139</b>                | 168,721                |
| <b>Total equity</b>                                               |             | <b>436,451</b>                | 451,033                |
| <b>LIABILITIES</b>                                                |             |                               |                        |
| <b>Non-current liabilities</b>                                    |             |                               |                        |
| Deferred income tax liabilities                                   |             | <b>2,680</b>                  | 2,603                  |
| Lease liabilities                                                 |             | <b>2,568</b>                  | 945                    |
| <b>Total non-current liabilities</b>                              |             | <b>5,248</b>                  | 3,548                  |
| <b>Current liabilities</b>                                        |             |                               |                        |
| Trade payables                                                    | <i>10</i>   | <b>109,696</b>                | 168,081                |
| Accruals and other payables                                       |             | <b>46,272</b>                 | 49,858                 |
| Contract liabilities                                              |             | <b>11,331</b>                 | 37,015                 |
| Lease liabilities                                                 |             | <b>3,082</b>                  | 8,548                  |
| Tax payables                                                      |             | <b>8,043</b>                  | 8,256                  |
| <b>Total current liabilities</b>                                  |             | <b>178,424</b>                | 271,758                |
| <b>Total liabilities</b>                                          |             | <b>183,672</b>                | 275,306                |
| <b>Total equity and liabilities</b>                               |             | <b>620,123</b>                | 726,339                |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1 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.

The Group is principally engaged in sales of I.T. products and software applications, and the provision of system and network integration, information technology solutions development and implementation, and related maintenance services to industrial, office and retail customers.

These financial statements are presented in Renminbi (“**RMB**”), unless otherwise stated.

## 2 BASIS OF PREPARATION

### (a) Compliance with HKFRS and HKCO

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRS**”) as issued by the Hong Kong Institute of Certified Public Accountants and disclosure requirements of the Hong Kong Companies Ordinance Cap. 622.

HKFRS comprise the following authoritative literature:

- Hong Kong Financial Reporting Standards
- Hong Kong Accounting Standards
- Interpretations developed by the Hong Kong Institute of Certified Public Accountants.

**(b) Historical cost convention**

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss, which are carried at fair values.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

**(c) New and amended standards adopted by the Group**

The Group has applied the following new and amended standards for its annual reporting period commencing 1 January 2023:

|                                                        |                                                                                     |
|--------------------------------------------------------|-------------------------------------------------------------------------------------|
| Amendments to HKAS 1 and<br>HKFRS Practice Statement 2 | 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<br>a single transaction |
| Amendments to HKAS 12                                  | International tax reform – pillar two model rules                                   |
| HKFRS 17                                               | Insurance contracts                                                                 |
| Amendments to HKFRS 17                                 | Amendments to HKFRS 17                                                              |
| Amendments to HKFRS 17                                 | Initial application of HKFRS 17 and HKFRS 9<br>– comparative information            |

The management assessed that the new and amended standards listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

**(d) Amended standards and interpretation not yet adopted by the Group**

The following amended standards and interpretation have been issued but are not effective for financial year beginning on 1 January 2023 and have not been early adopted by the Group.:

|                                         |                                                                                                                                                    |
|-----------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------|
| Amendment to HKAS 1                     | Classification of liabilities as current or non-current <sup>1</sup>                                                                               |
| Amendment to HKAS 1                     | Non-current liabilities with covenants <sup>1</sup>                                                                                                |
| Amendments to HKAS 7<br>and HKFRS 7     | Supplier finance arrangements <sup>1</sup>                                                                                                         |
| Amendment to HKAS 16                    | Lease liability in a sale and leaseback <sup>1</sup>                                                                                               |
| Hong Kong Interpretation 5<br>(Revised) | Presentation of financial statements – classification by<br>the borrower of a term loan that contains a repayment<br>on demand clause <sup>1</sup> |
| Amendments to HKAS 21                   | Lack of exchangeability <sup>2</sup>                                                                                                               |
| Amendments to HKFRS 10<br>and HKAS 28   | Sale or contribution of assets between an investor and its<br>associate or joint venture <sup>3</sup>                                              |

<sup>1</sup> *Effective for annual periods beginning on or after 1 January 2024*

<sup>2</sup> *Effective for annual periods beginning on or after 1 January 2025*

<sup>3</sup> *A date to be determined*

The Group will adopt the amended standards and interpretation when they become effective. The Group has already commenced an assessment of the related impact of adopting the above amended standards and interpretation, none of which is expected to have a significant effect on the consolidated financial statements of the Group.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and in the foreseeable future.

### **3 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 its operation into three 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 sourcing and distribution of branded smart office equipment and video conference related solutions.

### 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 (loss)/profit before income tax. Other information provided to the CODM is measured in a manner consistent with that in the 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, investment in associates, financial assets at fair value through profit or loss and deferred 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, deferred tax liabilities and tax payables). These are part of the reconciliation to total balance sheet assets and liabilities.

|                                                                    | <b>For the year ended 31 December 2023</b>              |                                                  |                                            |                          |
|--------------------------------------------------------------------|---------------------------------------------------------|--------------------------------------------------|--------------------------------------------|--------------------------|
|                                                                    | <b>Industrial<br/>Solution<br/>Business<br/>RMB'000</b> | <b>Smart<br/>Office<br/>Business<br/>RMB'000</b> | <b>New Retail<br/>Business<br/>RMB'000</b> | <b>Total<br/>RMB'000</b> |
| <b>Revenue</b> (Note a)                                            | <u>406,549</u>                                          | <u>266,130</u>                                   | <u>5,198</u>                               | <u>677,877</u>           |
| <b>Results of reportable segments</b>                              | <u>41,126</u>                                           | <u>(27,944)</u>                                  | <u>1,067</u>                               | <u>14,249</u>            |
| A reconciliation of results of reportable segments to              |                                                         |                                                  |                                            |                          |
| loss for the year is as follows:                                   |                                                         |                                                  |                                            |                          |
| <b>Results of reportable segments</b>                              |                                                         |                                                  |                                            | 14,249                   |
| Unallocated income/(expenses) (Note b)                             |                                                         |                                                  |                                            | <u>(31,080)</u>          |
| Loss for the year                                                  |                                                         |                                                  |                                            | <u>(16,831)</u>          |
| <b>Other segment information:</b>                                  |                                                         |                                                  |                                            |                          |
| Capital expenditures                                               | 549                                                     | 942                                              | –                                          | 1,491                    |
| Depreciation of property, plant and equipment                      | 3,042                                                   | 312                                              | –                                          | 3,354                    |
| Depreciation of right-of-use assets                                | 6,015                                                   | –                                                | –                                          | 6,015                    |
| Amortisation of intangible assets                                  | 655                                                     | 2,626                                            | –                                          | 3,281                    |
| Impairment loss on intangible assets                               | –                                                       | 10,634                                           | –                                          | 10,634                   |
| Provision for/(reversal of) loss allowance for<br>financial assets | <u>7</u>                                                | <u>(1,529)</u>                                   | <u>–</u>                                   | <u>(1,522)</u>           |



For the year ended 31 December 2022

|                                                                                          | Industrial<br>Solution<br>Business<br><i>RMB'000</i> | Smart<br>Office<br>Business<br><i>RMB'000</i> | New Retail<br>Business<br><i>RMB'000</i> | Total<br><i>RMB'000</i> |
|------------------------------------------------------------------------------------------|------------------------------------------------------|-----------------------------------------------|------------------------------------------|-------------------------|
| <b>Revenue (Note a)</b>                                                                  | <u>427,268</u>                                       | <u>396,509</u>                                | <u>8,684</u>                             | <u>832,461</u>          |
| <b>Results of reportable segments</b>                                                    | <u>41,954</u>                                        | <u>4,572</u>                                  | <u>109</u>                               | <u>46,635</u>           |
| A reconciliation of results of reportable segments to profit for the year is as follows: |                                                      |                                               |                                          |                         |
| <b>Results of reportable segments</b>                                                    |                                                      |                                               |                                          | 46,635                  |
| Unallocated income/(expenses) (Note b)                                                   |                                                      |                                               |                                          | <u>(18,805)</u>         |
| Profit for the year                                                                      |                                                      |                                               |                                          | <u>27,830</u>           |
| <b>Other segment information:</b>                                                        |                                                      |                                               |                                          |                         |
| Capital expenditures                                                                     | 1,646                                                | 35                                            | –                                        | 1,681                   |
| Depreciation of property, plant and equipment                                            | 3,318                                                | 212                                           | –                                        | 3,530                   |
| Depreciation of right-of-use assets                                                      | 8,140                                                | –                                             | –                                        | 8,140                   |
| Amortisation of intangible assets                                                        | 1,055                                                | 3,414                                         | –                                        | 4,469                   |
| Loss allowance for financial assets                                                      | <u>3,016</u>                                         | <u>331</u>                                    | <u>–</u>                                 | <u>3,347</u>            |

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:

|                                            | For the year ended 31 December 2023 |                |              |                |
|--------------------------------------------|-------------------------------------|----------------|--------------|----------------|
|                                            | Industrial                          | Smart          | New Retail   | Total          |
|                                            | Solution                            | Office         |              |                |
|                                            | Business                            | Business       | Business     | RMB'000        |
| Timing of revenue recognition              | RMB'000                             | RMB'000        | RMB'000      | RMB'000        |
| <b>I.T. projects</b>                       |                                     |                |              |                |
| – At a point of time                       | 162,301                             | 23,962         | 5,136        | 191,399        |
| – Over time                                | 118,927                             | 4,509          | 62           | 123,498        |
| <b>Maintenance and consulting services</b> |                                     |                |              |                |
| – Over time                                | 109,655                             | 33             | –            | 109,688        |
| <b>Sales of goods</b>                      |                                     |                |              |                |
| – At a point of time                       | 12,653                              | 237,626        | –            | 250,279        |
| <b>Finance lease income</b>                | 297                                 | –              | –            | 297            |
| <b>Operating lease income (Note)</b>       | 2,716                               | –              | –            | 2,716          |
|                                            | <b>406,549</b>                      | <b>266,130</b> | <b>5,198</b> | <b>677,877</b> |

|                                            | For the year ended 31 December 2022 |                |              |                |
|--------------------------------------------|-------------------------------------|----------------|--------------|----------------|
|                                            | Industrial                          | Smart          | New Retail   | Total          |
|                                            | Solution                            | Office         |              |                |
|                                            | Business                            | Business       | Business     | RMB'000        |
| Timing of revenue recognition              | RMB'000                             | RMB'000        | RMB'000      | RMB'000        |
| <b>I.T. projects</b>                       |                                     |                |              |                |
| – At a point of time                       | 172,998                             | 46,446         | 8,342        | 227,786        |
| – Over time                                | 165,856                             | 20,077         | 342          | 186,275        |
| <b>Maintenance and consulting services</b> |                                     |                |              |                |
| – Over time                                | 50,676                              | 265            | –            | 50,941         |
| <b>Sales of goods</b>                      |                                     |                |              |                |
| – At a point of time                       | 33,787                              | 329,721        | –            | 363,508        |
| <b>Finance lease income</b>                | 351                                 | –              | –            | 351            |
| <b>Operating lease income (Note)</b>       | 3,600                               | –              | –            | 3,600          |
|                                            | <b>427,268</b>                      | <b>396,509</b> | <b>8,684</b> | <b>832,461</b> |

*Note:*

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>2023</b>           | 2022           |
|-----------------|-----------------------|----------------|
|                 | <b><i>RMB'000</i></b> | <i>RMB'000</i> |
| The PRC         | <b>315,892</b>        | 370,610        |
| Europe          | <b>108,508</b>        | 157,711        |
| The Americas    | <b>63,603</b>         | 79,325         |
| Taiwan          | <b>73,324</b>         | 81,149         |
| Singapore       | <b>52,776</b>         | 103,005        |
| Other countries | <b>63,774</b>         | 40,661         |
|                 | <b><u>677,877</u></b> | <u>832,461</u> |

For the year ended 31 December 2023, revenue of approximately RMB91,564,000 (2022: RMB98,807,000), representing 14% (2022: 12%) of the Group's total revenue, is derived from a single customer. For the year ended 31 December 2023, sales to the five largest customers of the Group in total accounted for approximately 37% (2022: 40%) of the Group's total revenue.

For the year ended 31 December 2023, revenue of approximately RMB335,241,000 (2022: RMB335,935,000), representing 49% (2022: 40%) of the Group's total revenue, is derived from related parties, Hon Hai Precision Industry Company Limited and its group companies.

- (b) Unallocated income/(expenses) mainly include government subsidies, finance income, fair value gains on financial assets at fair value through profit or loss, net, employment benefit expenses, depreciation of property, plant and equipment, depreciation of right-of-use assets, impairment loss on investment in an associate, share of results of associates, net exchange (losses)/gains, legal and professional fees, income tax expense and other operating expenses incurred at corporate level.

A reconciliation of operating segments' results to total (loss)/profit for the year is provided as follows:

|                                                                                     | <b>2023</b>            | 2022           |
|-------------------------------------------------------------------------------------|------------------------|----------------|
|                                                                                     | <b><i>RMB'000</i></b>  | <i>RMB'000</i> |
| Segment results                                                                     | <b>14,249</b>          | 46,635         |
| Unallocated income/(expenses):                                                      |                        |                |
| – Government subsidies                                                              | <b>1,870</b>           | 2,196          |
| – Finance income                                                                    | <b>1,842</b>           | 1,918          |
| – Fair value gains on financial assets<br>at fair value through profit or loss, net | <b>964</b>             | 2,017          |
| – Net exchange (losses)/gains                                                       | <b>(214)</b>           | 5,854          |
| – Share of results of associates                                                    | <b>(4,730)</b>         | (3,317)        |
| – Impairment loss on investment in an associate                                     | <b>(2,019)</b>         | –              |
| – Depreciation of property, plant and equipment                                     | <b>(96)</b>            | (229)          |
| – Depreciation of right-of-use assets                                               | <b>(2,874)</b>         | (2,794)        |
| – Legal and professional fees                                                       | <b>(2,391)</b>         | (1,910)        |
| – Employment benefit expenses                                                       | <b>(14,437)</b>        | (13,936)       |
| – Auditors' remuneration                                                            | <b>(2,562)</b>         | (2,138)        |
| – Income tax expense                                                                | <b>(2,636)</b>         | (2,653)        |
| – Others                                                                            | <b>(3,797)</b>         | (3,813)        |
|                                                                                     | <hr/>                  | <hr/>          |
| (Loss)/profit for the year                                                          | <b><u>(16,831)</u></b> | <u>27,830</u>  |

During the year ended 31 December 2023 and 2022, all capital expenditure were incurred in the PRC, Taiwan and the United States.

|                                                         | As at 31 December 2023                        |                                        |                                   |                       |
|---------------------------------------------------------|-----------------------------------------------|----------------------------------------|-----------------------------------|-----------------------|
|                                                         | Industrial<br>Solution<br>Business<br>RMB'000 | Smart<br>Office<br>Business<br>RMB'000 | New Retail<br>Business<br>RMB'000 | Total<br>RMB'000      |
| <b>Segment assets</b>                                   |                                               |                                        |                                   |                       |
| Segment assets                                          | <u>188,496</u>                                | <u>146,315</u>                         | <u>625</u>                        | 335,436               |
| Other unallocated assets ( <i>Note a</i> )              |                                               |                                        |                                   | <u>284,687</u>        |
| <b>Total assets per consolidated balance sheet</b>      |                                               |                                        |                                   | <b><u>620,123</u></b> |
| <b>Segment liabilities</b>                              |                                               |                                        |                                   |                       |
| Segment liabilities                                     | <u>72,526</u>                                 | <u>57,515</u>                          | <u>4,370</u>                      | 134,411               |
| Other unallocated liabilities ( <i>Note b</i> )         |                                               |                                        |                                   | <u>49,261</u>         |
| <b>Total liabilities per consolidated balance sheet</b> |                                               |                                        |                                   | <b><u>183,672</u></b> |

|                                                         | As at 31 December 2022                        |                                        |                                   |                       |
|---------------------------------------------------------|-----------------------------------------------|----------------------------------------|-----------------------------------|-----------------------|
|                                                         | Industrial<br>Solution<br>Business<br>RMB'000 | Smart<br>Office<br>Business<br>RMB'000 | New Retail<br>Business<br>RMB'000 | Total<br>RMB'000      |
| <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 consolidated balance sheet</b>      |                                               |                                        |                                   | <b><u>726,339</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 consolidated balance sheet</b> |                                               |                                        |                                   | <b><u>275,306</u></b> |

*Notes:*

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

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

|                                                         | <b>2023</b>           | 2022           |
|---------------------------------------------------------|-----------------------|----------------|
|                                                         | <b><i>RMB'000</i></b> | <i>RMB'000</i> |
| Segment assets for reportable segments                  | <b>335,436</b>        | 464,063        |
| Unallocated assets                                      |                       |                |
| – Cash and cash equivalents                             | <b>189,756</b>        | 166,866        |
| – Property, plant and equipment                         | <b>1,102</b>          | 934            |
| – Right-of-use assets                                   | <b>2,886</b>          | 3,147          |
| – Prepayments and other receivables                     | <b>6,619</b>          | 4,679          |
| – Investment in associates                              | <b>399</b>            | 7,138          |
| – Financial assets at fair value through profit or loss | <b>76,608</b>         | 74,560         |
| – Deferred income tax assets                            | <b>7,317</b>          | 4,952          |
|                                                         | <hr/>                 | <hr/>          |
| Total assets per consolidated balance sheet             | <b><u>620,123</u></b> | <u>726,339</u> |

During the year, the addition to property, plant and equipment in unallocated assets was RMB41,000 (2022: RMB66,000).

At 31 December 2023 and 2022, majority of the Group's non-current assets were located in the PRC with others located in Hong Kong, Taiwan and the United States.

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

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

|                                                  | <b>2023</b>           | 2022           |
|--------------------------------------------------|-----------------------|----------------|
|                                                  | <b><i>RMB'000</i></b> | <i>RMB'000</i> |
| Segment liabilities for reportable segments      | <b>134,411</b>        | 225,391        |
| Unallocated liabilities                          |                       |                |
| – Accruals and other payables                    | <b>35,858</b>         | 36,019         |
| – Lease liabilities                              | <b>2,680</b>          | 3,037          |
| – Tax payables                                   | <b>8,043</b>          | 8,256          |
| – Deferred income tax liabilities                | <b>2,680</b>          | 2,603          |
|                                                  | <hr/>                 | <hr/>          |
| Total liabilities per consolidated balance sheet | <b>183,672</b>        | 275,306        |
|                                                  | <hr/> <hr/>           | <hr/> <hr/>    |

#### 4 OTHER INCOME AND OTHER (LOSSES)/GAINS, NET

|                             | <b>2023</b>           | 2022           |
|-----------------------------|-----------------------|----------------|
|                             | <b><i>RMB'000</i></b> | <i>RMB'000</i> |
| Government subsidies        | <b>1,870</b>          | 2,196          |
| Others                      | <b>708</b>            | 466            |
|                             | <hr/>                 | <hr/>          |
| Other income                | <b>2,578</b>          | 2,662          |
|                             | <hr/> <hr/>           | <hr/> <hr/>    |
| Net exchange (losses)/gains | <b>(214)</b>          | 4,735          |
| Others                      | <b>(60)</b>           | 47             |
|                             | <hr/>                 | <hr/>          |
| Other (losses)/gains, net   | <b>(274)</b>          | 4,782          |
|                             | <hr/> <hr/>           | <hr/> <hr/>    |

## 5 EXPENSES BY NATURE

|                                                                         | 2023<br><i>RMB'000</i> | 2022<br><i>RMB'000</i> |
|-------------------------------------------------------------------------|------------------------|------------------------|
| Costs of hardware and software for I.T. projects and cost of goods sold | 480,771                | 593,666                |
| Employment benefit expenses<br>(including directors' emoluments)        | 133,582                | 133,901                |
| Sub-contracting fee                                                     | 790                    | 1,088                  |
| Depreciation of property, plant and equipment                           | 3,450                  | 3,759                  |
| Depreciation of right-of-use assets                                     | 8,889                  | 10,934                 |
| Expenses relating to short term leases                                  | 98                     | 64                     |
| Travelling expenses                                                     | 5,737                  | 5,089                  |
| Legal and professional fees                                             | 3,159                  | 2,564                  |
| Consultancy fees                                                        | 18,128                 | 17,750                 |
| Office expenses                                                         | 3,215                  | 3,898                  |
| Amortisation of intangible assets                                       | 3,281                  | 4,469                  |
| Auditors' remuneration<br>– Audit services                              | 2,562                  | 2,138                  |
| Provision for impairment of inventories                                 | 4,846                  | 1,824                  |
| Advertising expenses                                                    | 1,230                  | 1,718                  |
| Logistic and warehouse expenses                                         | 4,525                  | 12,045                 |
| Other expenses                                                          | 6,852                  | 11,272                 |
|                                                                         | <b>681,115</b>         | <b>806,179</b>         |
| Representing:                                                           |                        |                        |
| Cost of sales                                                           | 581,098                | 705,313                |
| Selling and distribution expenses                                       | 37,163                 | 36,964                 |
| General and administrative expenses                                     | 53,837                 | 53,760                 |
| Research and development expenses                                       | 9,017                  | 10,142                 |
|                                                                         | <b>681,115</b>         | <b>806,179</b>         |



## 6 FINANCE INCOME – NET

|                                         | 2023<br><i>RMB'000</i> | 2022<br><i>RMB'000</i> |
|-----------------------------------------|------------------------|------------------------|
| Finance income                          |                        |                        |
| Interest income from bank deposits      | 1,842                  | 1,918                  |
| Finance cost                            |                        |                        |
| Interest expenses for lease liabilities | <u>(206)</u>           | <u>(514)</u>           |
| Net finance income                      | <u><u>1,636</u></u>    | <u><u>1,404</u></u>    |

## 7 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: 25%, 20% and 30%) respectively, for year ended 31 December 2023, except for those specified in below.

Two 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 2023 until 2025.

|                                        | 2023<br><i>RMB'000</i> | 2022<br><i>RMB'000</i> |
|----------------------------------------|------------------------|------------------------|
| Current taxation                       |                        |                        |
| – Current year                         | 4,102                  | 9,304                  |
| – Under/(over)-provision in prior year | <u>839</u>             | <u>(1,820)</u>         |
|                                        | 4,941                  | 7,484                  |
| Deferred income tax expenses           | <u>(2,305)</u>         | <u>(4,831)</u>         |
|                                        | <u><u>2,636</u></u>    | <u><u>2,653</u></u>    |

## 8 (LOSS)/EARNINGS PER SHARE

### (a) Basic

Basic (loss)/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 excluding treasury shares, during the year.

|                                                                          | 2023            | 2022           |
|--------------------------------------------------------------------------|-----------------|----------------|
| (Loss)/profit attributable to equity holders of the Company<br>(RMB'000) | <u>(16,831)</u> | <u>27,830</u>  |
| Weighted average number of ordinary shares<br>in issue ('000)            | <u>701,543</u>  | <u>701,543</u> |
| Basic (loss)/earnings per share (rounded to RMB cents)                   | <u>(2.40)</u>   | <u>3.97</u>    |

### (b) Diluted

Diluted (loss)/earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Shares issuable under the share option schemes are the only dilutive potential ordinary shares. A calculation is made in order to determine the number of shares that could have been acquired at fair value (determined as the average daily quoted market share price of the Company's shares) based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

For the years ended 31 December 2023 and 2022, dilutive (loss)/earnings per share was of the same amount as the basic (loss)/earnings per share as the share options were anti-dilutive.

## 9 TRADE AND LEASE RECEIVABLES

|                                                         | 2023<br><i>RMB'000</i> | 2022<br><i>RMB'000</i> |
|---------------------------------------------------------|------------------------|------------------------|
| Trade receivables                                       |                        |                        |
| – third parties                                         | 148,850                | 145,179                |
| – related parties                                       | <u>120,382</u>         | <u>137,602</u>         |
|                                                         | -----<br>269,232       | -----<br>282,781       |
| Finance leases receivables – total                      | <u>4,869</u>           | <u>6,051</u>           |
| Trade and lease receivables – gross                     | 274,101                | 288,832                |
| Less: loss allowance                                    | <u>(68,811)</u>        | <u>(68,531)</u>        |
| Trade and lease receivables – net                       | 205,290                | 220,301                |
| Less: trade and lease receivables – non-current portion | <u>(3,629)</u>         | <u>(4,869)</u>         |
| Trade and lease receivables – current portion           | <u><u>201,661</u></u>  | <u><u>215,432</u></u>  |

Majority of the Group's sales are made with credit terms generally ranging from 30 days to 90 days. The ageing analysis of trade receivables based on invoice date is as follows:

|                      | 2023<br><i>RMB'000</i>         | 2022<br><i>RMB'000</i>         |
|----------------------|--------------------------------|--------------------------------|
| Less than 60 days    | 155,549                        | 113,552                        |
| 60 days to 120 days  | 29,040                         | 47,901                         |
| 121 days to 360 days | 15,250                         | 52,141                         |
| Over 360 days        | <u>69,393</u>                  | <u>69,187</u>                  |
|                      | -----<br><u><u>269,232</u></u> | -----<br><u><u>282,781</u></u> |

## 10 TRADE PAYABLES

|                   | 2023<br><i>RMB'000</i> | 2022<br><i>RMB'000</i> |
|-------------------|------------------------|------------------------|
| Trade payables    |                        |                        |
| – third parties   | 106,424                | 164,587                |
| – related parties | <u>3,272</u>           | <u>3,494</u>           |
|                   | <u><b>109,696</b></u>  | <u><b>168,081</b></u>  |

The majority of the suppliers grant credit period ranging from 30 to 75 days (2022: same).

The ageing analysis of trade payables based on invoice date is as follows:

|                     | 2023<br><i>RMB'000</i> | 2022<br><i>RMB'000</i> |
|---------------------|------------------------|------------------------|
| Less than 60 days   | 103,557                | 107,471                |
| 60 days to 120 days | 3,860                  | 12,767                 |
| Over 120 days       | <u>2,279</u>           | <u>47,843</u>          |
|                     | <u><b>109,696</b></u>  | <u><b>168,081</b></u>  |

## 11 DIVIDENDS

During the year ended 31 December 2023 and 2022, the Company did not recommend the payment of dividend.

## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has complied with the code provisions as set out in part 2 of the Corporate Governance Code (the “**Code**”) in Appendix C1 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) throughout the year ended 31 December 2023, save for the following deviations:

### **Code provision C.3.3**

Under Code provision C.3.3 issuers should have formal letters of appointment for directors setting out the key terms and conditions for their appointment. The independent non-executive directors of the Company are appointed for a specific term of office of one year while all non-executive directors and all executive directors of the Company have not entered into any service agreements or letters of appointment (as the case may be) with the Company for their directorship and have no fixed term of service therewith. However, they are subject to retirement by rotation at the annual general meeting of the Company in accordance with the Company’s bye-laws. As such the Board considers that sufficient measures have been taken to ensure that the Company’s corporate governance practices are no less exacting than those set out in the Code.

### **Code provision C.6.1**

Mr. TSANG Hing Bun (“**Mr. Tsang**”) was appointed as company secretary of the Company (the “**Company Secretary**”) with effect from 3 November 2015. Although Mr. Tsang is not an employee of the Company as required under Code provision 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 Code provision C.6.1. 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. For the year ended 31 December 2023, Mr. Tsang has duly complied with the relevant professional training requirement under Rule 3.29 of the Listing Rules.

## **Code provision F.2.2**

The Chairman of the Company and all the independent non-executive directors did not attend the annual general meeting of the Company held on 2nd June 2022 due to their overseas and other commitments.

## **COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the “Model Code for Securities Transactions by Directors of Listed Issuers” as set out in Appendix C3 of the Listing Rules (the “**Model Code**”) as its code of conduct regarding directors’ securities transactions. Having made specific enquiry with all directors, the directors of the Company have confirmed compliance with the required standard set out in the Model Code as provided in Appendix C3 of the Listing Rules for the reporting year.

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

Neither the Company nor its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities during the year ended 31 December 2023.

## **AUDIT COMMITTEE**

The Audit Committee comprises three independent non-executive directors, Mr. KAM Chi Sing, Mr. KAN Ji Ran Laurie and Prof. ZHANG Xiaoquan. The Audit Committee has reviewed the accounting policies and practices adopted by the Group with the management and discussed the risk management, internal control and financial reporting matters of the Company, including the review of the Group’s audited consolidated financial results for the reporting year.

## **REVIEW OF ANNUAL RESULTS**

The figures in respect of the Group's consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income and related notes hereto for the year ended 31 December 2023 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by PricewaterhouseCoopers on the preliminary announcement.

## **PUBLICATION OF ANNUAL REPORT**

The annual report for the reporting year containing all the information required by Appendix 16 of the Listing Rules will be despatched to the shareholders and available on the Company's website ([www.maxnerva.com](http://www.maxnerva.com)) and the designated website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) in due course.

By order of the Board  
**Maxnerva Technology Services Limited**  
**CHANG Chuan-Wang**  
*Chairman*

Hong Kong, 26 March 2024

*As at the date of this announcement, the Board comprises two executive directors, namely, Mr. CHANG Chuan-Wang and Mr. CHENG Yee Pun, three non-executive directors, namely, Mr. KIM Hyun Seok, Mr. KUNG Pei-Yuan and Ms. HUANG Pi-Chun and three independent non-executive directors, namely, Mr. KAN Ji Ran Laurie, Professor ZHANG Xiaoquan and Mr. KAM Chi Sing.*