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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)

ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2024

SUMMARY AND HIGHLIGHTS

For the year ended 31 December 2024:

- Revenue fell by 18% to RMB558.9 million and there was a reported net loss of RMB12.4 million. The net loss was mainly caused by i) the decrease of the fair value of our investments and ii) the impairment loss on intangible assets.
- If stripping out the unrealized net losses from our investments, the impairment loss of the intangible assets and investment in an associate, our adjusted net profit in 2024 was RMB7.0 million versus an adjusted net loss of RMB5.1 million in 2023.
- The Board does not recommend any payment of final dividend for the year ended 31 December 2024.

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 2024 (the “**reporting year**”) together with comparative figures of the year ended 31 December 2023.

FINANCIAL REVIEW

We principally engage in digital industry and digital life businesses. Our revenue fell by 18% to RMB558.9 million (2023: RMB677.9 million) and our reported net loss decreased by 26% to RMB12.4 million (2023: RMB16.8 million) for the reporting year. If stripping out the unrealized net losses from our investments, the impairment loss of the intangible assets and investment in an associate, our adjusted net profit in 2024 was RMB7.0 million versus an adjusted net loss of RMB5.1 million in 2023.

Inventory and Trade Receivable

As at 31 December 2024, there were approximately RMB123.3 million in inventory (2023: RMB82.7 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 80 days from 73 days as compared to the year of 2023 mainly because of the re-stock of the smart equipment business in late 2024 and the pile up of I.T. equipment for oversea projects.

As at 31 December 2024, there were approximately RMB190.6 million in trade and lease receivables (2023: RMB205.3 million) which consisted of current and non-current portions of RMB188.3 million (2023: RMB201.7 million) and RMB2.3 million (2023: RMB3.6 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 129 days from 115 days as compared to the year of 2023 solely due to the magnitude of the decrease in revenue was much higher than the fall in the average trade and lease receivable balance.

Liquidity and Financial Resources

As at 31 December 2024, we had a net cash position while our cash and cash equivalents were RMB186.3 million (2023: RMB189.8 million). Our total assets of RMB654.2 million (2023: RMB620.1 million) were financed by total liabilities of RMB229.3 million (2023: RMB183.7 million) and shareholders' equity of RMB424.9 million (2023: RMB436.5 million). We had a current ratio of 2.50 (2023: 2.90). Trade payables were repayable within one year. No banking facilities were available to the Group (2023: Nil) and we had no bank borrowing as well (2023: 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 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, Vietnamese dong, Euro and British pounds. We are exposed to foreign exchange risk from various currencies, primarily with respect to US dollars, Euro and Vietnamese dong. 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

During the reporting year, the world's economy was vulnerable with immense uncertainties due to the ongoing Russo-Ukrainian and Israel-Hamas Wars, together with the self-feeding downward spiral in consumer and investor confidence and economy growth in the PRC. Fortunately, major world economies have started loosening their monetary policies since the third quarter of 2024 and bringing some fresh air to the real economy.

Digital Industry Business

With the global and regional industrial players hastened their production capacity diversification strategy from the PRC to the South and Southeast Asia and near-shore destinations in Eastern Europe and Latin Americas, we are falling behind in terms of local staff deployment when operating in new countries. As a result, directing PRC staff to work for projects in new countries increased our operating cost substantially. At the same time, the business faced double bows in wake of the dramatic fall in the business opportunities and increasing competitions in the PRC market. As a result, our segment revenue and profit decreased by 20% and 54% year-on-year to RMB325.2 million and RMB18.8 million respectively.

Digital Life Business

Owing to the robust recovery in the retail sector in Taiwan after the pandemic, our digital signage business has been performing well. New projects, including sizable outdoor digital displays at a number of branches of a renowned department store in Taipei and the digital signages at the new terminal of Taoyuan International Airport, were delivered in 2024. Revenue of this business increased by more than 7 times on a year-on-year basis during the year.

Players in the value chain of the smart office equipment business were digesting the overstock inventory as well as facing challenges of slowing market demand in the first half of 2024. We have made some adjustments in our business in the second half of the year. Although we have witnessed some recovering signs in late 2024, sales still fell by 33% when compared with the year of 2023.

To sum up, segment revenue declined by 14% to RMB233.7 million but we were able to turnaround this segment business and generated a profit of RMB9.1 million during the year despite there was an amount of RMB2.3 million impairment of the remaining intellectual properties (the “IPs”) of the Personify business.

For the Personify business, we licensed the IPs from Hon Hai Precision Industry Company Limited (“**Hon Hai**”) and its subsidiaries (collectively, the “**Hon Hai Technology Group**”) and commenced our trial run operation in February 2020 after the outbreak of COVID-19. The timing was perfect and video conference 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 and settled by the issuance of 46.68 million new shares to Hon Hai Technology Group at HK\$0.5 per share. Details are set out in the announcement and the circular of the Company dated 27 December 2020 and 22 February 2021 respectively. 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 2023, Personify business contributed approximately US\$8 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 its old products lost their appeals to the market in the post pandemic era. As a result, Personify business dried out dramatically and its revenue in 2024 was more than halved from 2023 to about US\$0.4 million. The management decided to make an impairment on the remaining net book value of the IPs.

BUSINESS PROSPECT

The Trump administration of the US government brings new variables to the entire world. On the positive end, Israel and Hamas agreed in early 2025 to cease fire for the Gaza war. US is also in talks with Russia for a peace agreement to end the Russo-Ukrainian War through diplomatic efforts. However, there are huge uncertainties on the global free trade system and the Sino-US relations under the new US government. In addition, the wobbly economy in the PRC remains a major global concern. Market generally believes it may take years if not a decade for the world’s second largest economy to shine again in face of the challenges from debt, demographics and deflation.

Digital Industry Business

We witnessed the business opportunities arising from production capacity diversification from the PRC to other countries. With the strong emphasis of reshoring initiatives by President Trump of the US, we believe there will be interesting development in the US market in the forthcoming years. Besides, many industrial players are investing heavily in new technology initiatives and new capacities in Taiwan. We shall explore opportunities arising in these markets in 2025. At the same time, we are accelerating our local staff deployment and outsourcing strategy in Vietnam whereas our office in Bac Ninh City, Northern Vietnam, has commenced operation since early 2024.

Digital Life Business

We are in talks with other potential new retail clients in Taiwan. With the new and existing projects, we believe the digital signage business will continue to contribute to the performance of the Group in 2025.

For the smart office equipment business, 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 2025.

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 digital industry and digital life 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 businesses beyond the Greater China Region.

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 1.56% of the total diluted shareholding of SigmaSense as at 31 December 2024. 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 decreased to approximately US\$4.2 million, about 4.7% of the total asset value of the Group as at 31 December 2024. The unrealized loss of the investment was approximately RMB16.7 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 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 size is expected to account for approximately 6% of the capital contribution committed by the partners of the GRC Fund. The GRC Fund is 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 2024, the valuation of our investment in GRC Fund was approximately RMB29.9 million, about 4.6% of the total asset value of the Group as at 31 December 2024. The unrealized loss of the investment was approximately RMB0.4 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 2024, there were no charges on the Group's assets and contingent liabilities (2023: Nil) and there were no capital commitments (2023: Nil).

There were no material events after 31 December 2024.

CAPITAL STRUCTURE AND DIVIDENDS

As at 31 December 2024, the Company has a total of 701,543,448 issued shares with a par value of HK\$0.1 each (2023: 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 2023 and 2024.

The Board does not recommend any payment of a final dividend in respect of the reporting year (31 December 2023: Nil).

EMPLOYEES, ENVIRONMENTAL POLICIES AND COMPLIANCE

As at 31 December 2024, we employed a total of 270 employees (2023: 567 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 2024

		2024	2023
	Note	RMB'000	RMB'000
Revenue	3	558,939	677,877
Cost of sales	5	<u>(470,998)</u>	<u>(581,098)</u>
Gross profit		87,941	96,779
Other income	4	1,792	2,578
Other gains/(losses), net	4	3,645	(274)
Fair value (losses)/gains on financial assets at fair value through profit or loss, net		(17,087)	964
Impairment loss on intangible assets		(2,325)	(10,634)
Reversal of loss allowance for financial assets		762	1,522
Selling and distribution expenses	5	(34,281)	(37,163)
General and administrative expenses	5	(48,164)	(53,837)
Research and development expenses	5	<u>(3,491)</u>	<u>(9,017)</u>
Operating loss		(11,208)	(9,082)
Finance income – net	6	2,169	1,636
Share of results of associates		(22)	(4,730)
Impairment loss on investment in an associate		<u>–</u>	<u>(2,019)</u>
Loss before income tax		(9,061)	(14,195)
Income tax expense	7	<u>(3,382)</u>	<u>(2,636)</u>
Loss for the year		<u>(12,443)</u>	<u>(16,831)</u>
		2024	2023
		RMB cents	RMB cents
Loss per share for loss attributable to ordinary equity holders of the Company			
Basic loss per share	8	<u>(1.77)</u>	<u>(2.40)</u>
Diluted loss per share	8	<u>(1.77)</u>	<u>(2.40)</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Loss for the year	(12,443)	(16,831)
Other comprehensive income:		
<i>Item that may be reclassified to profit or loss</i>		
Currency translation differences	(3,523)	(735)
<i>Item that may not be reclassified to profit or loss</i>		
Currency translation differences	5,973	2,036
Other comprehensive income for the year	2,450	1,301
Total comprehensive loss for the year	(9,993)	(15,530)

CONSOLIDATED BALANCE SHEET

As at 31 December 2024

		2024	2023
	Note	RMB'000	RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		14,596	6,491
Right-of-use assets		12,278	9,396
Intangible assets		–	3,544
Investments in associates		348	399
Financial assets at fair value through profit or loss		60,439	76,608
Trade and lease receivables	9	2,328	3,629
Prepayments and rental deposits		146	71
Deferred income tax assets		6,814	7,317
		<hr/>	<hr/>
Total non-current assets		96,949	107,455
		<hr/>	<hr/>
Current assets			
Inventories		123,311	82,742
Contract assets		3,164	1,452
Trade and lease receivables	9	188,253	201,661
Prepayments, deposits and other receivables		55,769	37,057
Tax recoverable		456	–
Cash and cash equivalents		186,288	189,756
		<hr/>	<hr/>
Total current assets		557,241	512,668
		<hr/>	<hr/>
Total assets		654,190	620,123
		<hr/>	<hr/>

		2024	2023
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital		68,447	68,447
Share premium		213,865	213,865
Reserves		142,601	154,139
Total equity		424,913	436,451
LIABILITIES			
Non-current liabilities			
Lease liabilities		4,990	2,568
Deferred income tax liabilities		1,509	2,680
Total non-current liabilities		6,499	5,248
Current liabilities			
Trade payables	10	170,711	109,696
Accruals and other payables		27,949	46,272
Contract liabilities		13,852	11,331
Lease liabilities		4,146	3,082
Tax payables		6,120	8,043
Total current liabilities		222,778	178,424
Total liabilities		229,277	183,672
Total equity and liabilities		654,190	620,123

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 corporate 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, and interpretation adopted by the Group

The Group has applied the following new and amended standards, and interpretation for its annual reporting period commencing 1 January 2024:

Amendment to HKAS 1	Classification of liabilities as current or non-current
Amendment to HKAS 1	Non-current liabilities with covenants
Amendment to HKAS 16	Lease liability in a sale and leaseback
Hong Kong Interpretation 5 (Revised)	Presentation of financial statements – Classification by the borrower of a term loan that contains a repayment on demand Clause
Amendments to HKAS 7 and HKFRS 7	Supplier finance arrangements

The management assessed that the new and amended standards, and interpretation 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) New and amended standards, and interpretation not yet adopted by the Group

The following new and amended standards, and interpretation have been issued but are not effective for financial year beginning on 1 January 2024 and have not been early adopted by the Group.:

Amendments to HKAS 21 and HKFRS 1	Lack of exchangeability ¹
Amendments to HKFRS 9 and HKFRS 7	Classification and measurement of financial instruments ²
Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	Annual improvements to HKFRS accounting standards – Volume 11 ²
HKFRS 18	Presentation and disclosure in financial statements ³
HKFRS 19	Subsidiaries without public accountability: disclosure ³
Hong Kong Interpretation 5 (Revised)	Presentation of financial statements – Classification by the Borrower of a term loan that contains a repayment on demand clause ³
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture ⁴

¹ *Effective for annual periods beginning on or after 1 January 2025*

² *Effective for annual periods beginning on or after 1 January 2026*

³ *Effective for annual periods beginning on or after 1 January 2027*

⁴ *A date to be determined*

The Group will adopt the above new and amended standards and interpretation when they become effective. Further information about those HKFRSs that are expected to be applicable to the Group is described below.

HKFRS 18 introduces new requirements for presentation within the consolidated statement of comprehensive income, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new. It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified ‘roles’ of the primary financial statements and the notes. In addition, narrow-scope amendments have been made to HKAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from ‘profit or loss’ to ‘operating profit or loss’ and removing the optionality around classification of cash flows from dividends and interest. There are also consequential amendments to several other standards. HKFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after January 1, 2027, but earlier application is permitted and must be disclosed. HKFRS 18 will apply retrospectively. The new requirements are expected to impact the Group’s presentation of the statement of profit or loss and disclosures of the Group’s financial performance. So far, the Group considers that the adoption of HKFRS 18 is unlikely to have a significant impact on the Group’s results of operations and financial position.

The directors of the Company have performed preliminary assessment and do not anticipate any significant impact on the Group’s financial position and results of operations upon adopting these new and amended standards to existing HKFRS.

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.

To be consistent with the reposition strategy of the Group for the year ended 31 December 2024 and to align the segment presentation in the internal reports provided to the CODM, management determined to change its operating segment presentation into the two operating segments as follows:

1. Digital Industry 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. Digital Life Business

- The provision of sourcing and distribution of branded smart office equipment; and
- The provision of digital retail signage and other solutions.

The comparative figures for the year ended 31 December 2023 have been restated to conform with the current year's presentation.

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 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, tax recoverable, prepayments and other receivables, investment 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, deferred income tax liabilities and tax payables). These are part of the reconciliation to total balance sheet assets and liabilities.

	For the year ended 31 December 2024		
	Digital Industry Business RMB'000	Digital Life Business RMB'000	Total RMB'000
Revenue (Note a)	<u>325,232</u>	<u>233,707</u>	<u>558,939</u>
Results of reportable segments	<u>18,800</u>	<u>9,056</u>	<u>27,856</u>
A reconciliation of results of reportable segments to loss for the year is as follows:			
Results of reportable segments			27,856
Unallocated income/(expenses) (Note b)			<u>(40,299)</u>
Loss for the year			<u>(12,443)</u>
Other segment information:			
Capital expenditures	2,319	8,846	11,165
Depreciation of property, plant and equipment	2,826	814	3,640
Depreciation of right-of-use assets	306	1,470	1,776
Amortisation of intangible assets	446	600	1,046
Impairment loss on intangible assets	–	2,325	2,325
(Reversal of)/provision for loss allowance for financial assets	<u>(1,648)</u>	<u>886</u>	<u>(762)</u>

	For the year ended 31 December 2023		
	(Restated)		
	Digital Industry Business RMB'000	Digital Life Business RMB'000	Total RMB'000
Revenue (Note a)	<u>406,549</u>	<u>271,328</u>	<u>677,877</u>
Results of reportable segments	<u>41,126</u>	<u>(26,877)</u>	<u>14,249</u>
A reconciliation of results of reportable segments to loss for the year is as follows:			
Results of reportable segments			14,249
Unallocated income/(expenses) (Note b)			<u>(31,080)</u>
Loss for the year			<u>(16,831)</u>
Other segment information:			
Capital expenditures	549	942	1,491
Depreciation of property, plant and equipment	3,042	312	3,354
Depreciation of right-of-use assets	4,973	1,042	6,015
Amortisation of intangible assets	655	2,626	3,281
Impairment loss on intangible assets	–	10,634	10,634
(Reversal of)/provision for loss allowance for financial assets	<u>7</u>	<u>(1,529)</u>	<u>(1,522)</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 2024		
	Digital	Digital	Total
	Industry	Life	
	Business	Business	
Timing of revenue recognition	RMB'000	RMB'000	RMB'000
I. T. projects			
– At a point of time	142,698	69,094	211,792
– Over time	114,231	5,489	119,720
Maintenance and consulting services			
– Over time	50,214	1,089	51,303
Sales of goods			
– At a point of time	15,729	158,035	173,764
Finance lease income	178	–	178
Operating lease income (Note)	2,182	–	2,182
	<u>325,232</u>	<u>233,707</u>	<u>558,939</u>

	For the year ended 31 December 2023		
	(Restated)		
	Digital	Digital	Total
	Industry	Life	
Timing of revenue recognition	Business	Business	RMB'000
	RMB'000	RMB'000	
I. T. projects			
– At a point of time	162,301	29,098	191,399
– Over time	118,927	4,571	123,498
Maintenance and consulting services			
– Over time	109,655	33	109,688
Sales of goods			
– At a point of time	12,653	237,626	250,279
Finance lease income	297	–	297
Operating lease income (Note)	2,716	–	2,716
	<u>406,549</u>	<u>271,328</u>	<u>677,877</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:

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
The PRC	271,769	315,892
Europe	81,768	108,508
Taiwan	62,625	73,324
The United States	53,019	63,603
Singapore	38,940	52,776
Other countries	50,818	63,774
	558,939	677,877

For the year ended 31 December 2024, no revenue was derived from transactions with a single customer representing 10% or more of the Group's revenue (2023: revenue of approximately RMB91,564,000, representing 14% of the Group's total revenue, is derived from a single customer). For the year ended 31 December 2024, sales to the five largest customers of the Group in total accounted for approximately 27% (2023: 37%) of the Group's total revenue.

For the year ended 31 December 2024, revenue of approximately RMB238,433,000 (2023: RMB335,241,000), representing 43% (2023: 49%) 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, net exchange gains/(losses), fair value (losses)/gains on financial assets at fair value through profit or loss, net, finance income, employment benefit expenses, depreciation of property, plant and equipment, depreciation of right-of-use assets, share of results of associates, impairment loss on investment in an associate, legal and professional fees, income tax expense and other operating expenses incurred at corporate level.

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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Segment results	27,856	14,249
Unallocated income/(expenses):		
– Government subsidies	1,252	1,870
– Finance income	2,442	1,842
– Fair value (losses)/gains on financial assets at fair value through profit or loss, net	(17,087)	964
– Net exchange gains/(losses)	1,265	(214)
– Share of results of associates	(22)	(4,730)
– Impairment loss on investment in an associate	–	(2,019)
– Depreciation of property, plant and equipment	(130)	(96)
– Depreciation of right-of-use assets	(3,285)	(2,874)
– Legal and professional fees	(2,174)	(2,391)
– Employment benefit expenses	(12,849)	(14,437)
– Auditors' remuneration	(1,858)	(2,562)
– Income tax expense	(3,382)	(2,636)
– Others	(4,471)	(3,797)
Loss for the year	<u>(12,443)</u>	<u>(16,831)</u>

During the year ended 31 December 2024, all capital expenditure were incurred in the PRC, Taiwan and Vietnam (2023: the PRC, Taiwan and the United States).

As at 31 December 2024			
	Digital Industry Business RMB'000	Digital Life Business RMB'000	Total RMB'000
Segment assets			
Segment assets	<u>205,407</u>	<u>176,510</u>	381,917
Other unallocated assets (<i>Note a</i>)			<u>272,273</u>
Total assets per consolidated balance sheet			<u>654,190</u>
Segment liabilities			
Segment liabilities	<u>94,576</u>	<u>101,462</u>	196,038
Other unallocated liabilities (<i>Note b</i>)			<u>33,239</u>
Total liabilities per consolidated balance sheet			<u>229,277</u>

As at 31 December 2023 (Restated)			
	Digital Industry Business RMB'000	Digital Life Business RMB'000	Total RMB'000
Segment assets			
Segment assets	<u>188,496</u>	<u>146,940</u>	335,436
Other unallocated assets (<i>Note a</i>)			<u>284,687</u>
Total assets per consolidated balance sheet			<u>620,123</u>
Segment liabilities			
Segment liabilities	<u>72,526</u>	<u>61,885</u>	134,411
Other unallocated liabilities (<i>Note b</i>)			<u>49,261</u>
Total liabilities per consolidated balance sheet			<u>183,672</u>

Notes:

- (a) As at 31 December 2024 and 2023, other unallocated assets mainly included cash and cash equivalents, property, plant and equipment, right-of-use assets, tax recoverable, prepayments and other receivables, financial assets at fair value through profit or loss, investments in associates and deferred income tax assets for corporate usage.

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

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Segment assets for reportable segments	381,917	335,436
Unallocated assets		
– Cash and cash equivalents	186,288	189,756
– Property, plant and equipment	1,648	1,102
– Right-of-use assets	7,469	2,886
– Prepayments and other receivables	8,811	6,619
– Tax recoverable	456	–
– Investments in associates	348	399
– Financial assets at fair value through profit or loss	60,439	76,608
– Deferred income tax assets	6,814	7,317
	<hr/>	<hr/>
Total assets per consolidated balance sheet	654,190	620,123
	<hr/> <hr/>	<hr/> <hr/>

During the year, the addition to property, plant and equipment in unallocated assets was RMB866,000 (2023: RMB41,000).

At 31 December 2024 and 2023, majority of the Group's non-current assets were located in the PRC with others located in Hong Kong, Taiwan, the United States and Vietnam (2023: mainly in the PRC with others located in Hong Kong, Taiwan and the United States).

- (b) As at 31 December 2024 and 2023, other unallocated liabilities mainly included accruals, other payables, lease liabilities, deferred income tax liabilities and tax payables for corporate usage.

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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Segment liabilities for reportable segments	196,038	134,411
Unallocated liabilities		
– Accruals and other payables	18,449	35,858
– Lease liabilities	7,161	2,680
– Tax payables	6,120	8,043
– Deferred income tax liabilities	1,509	2,680
	<u>229,277</u>	<u>183,672</u>
Total liabilities per consolidated balance sheet	<u><u>229,277</u></u>	<u><u>183,672</u></u>

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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Government subsidies	1,252	1,870
Others	540	708
	<u>1,792</u>	<u>2,578</u>
Other income	<u><u>1,792</u></u>	<u><u>2,578</u></u>
Gain on disposal of property, plant and equipment	129	–
Net exchange gains/(losses)	2,544	(214)
Others	972	(60)
	<u>3,645</u>	<u>(274)</u>
Other gains/(losses), net	<u><u>3,645</u></u>	<u><u>(274)</u></u>

5 EXPENSES BY NATURE

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Costs of hardware and software for I.T. projects and cost of goods sold	436,606	480,771
Employment benefit expenses (including directors' emoluments)	79,465	133,582
Sub-contracting fee	311	790
Depreciation of property, plant and equipment	3,770	3,450
Depreciation of right-of-use assets	5,061	8,889
Expenses relating to short term leases	194	98
Travelling expenses	4,324	5,737
Legal and professional fees	3,525	3,159
Consultancy fees	11,863	18,128
Office expenses	2,873	3,215
Amortisation of intangible assets	1,046	3,281
Auditors' remuneration – Audit services	1,858	2,562
(Reversal of)/provision for impairment of inventories	(3,276)	4,846
Advertising expenses	800	1,230
Logistic and warehouse expenses	2,935	4,525
Other expenses	5,579	6,852
	556,934	681,115
Representing:		
Cost of sales	470,998	581,098
Selling and distribution expenses	34,281	37,163
General and administrative expenses	48,164	53,837
Research and development expenses	3,491	9,017
	556,934	681,115

6 FINANCE INCOME – NET

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Finance income		
Interest income from bank deposits	2,442	1,842
Finance cost		
Interest expenses for lease liabilities	(273)	(206)
Net finance income	<u>2,169</u>	<u>1,636</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% (2023: 16.5%) on the estimated assessable profits arising in or derived from Hong Kong. Group companies established and operating in the PRC, Taiwan, the United States and Vietnam are subject to corporate income tax at the rate of 25%, 20%, 30% and 20% (2023: 25%, 20%, 30% and Nil) respectively, for year ended 31 December 2024, 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.

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Current taxation		
– Current year	3,890	4,102
– Under provision in prior year	248	839
	4,138	4,941
Deferred income tax expenses	(756)	(2,305)
	<u>3,382</u>	<u>2,636</u>

As the Group's total revenue is less than EUR 750million for the year ended 31 December 2024 and all entities within the Group have an effective tax rate that exceeds 15%, the Group has no related current or deferred tax exposure under OECD Pillar Two model rules.

8 LOSS PER SHARE

(a) Basic

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue excluding treasury shares, during the year.

	2024	2023
Loss attributable to equity holders of the Company (RMB'000)	<u>(12,443)</u>	<u>(16,831)</u>
Weighted average number of ordinary shares in issue ('000)	<u>701,543</u>	<u>701,543</u>
Basic loss per share (rounded to RMB cents)	<u>(1.77)</u>	<u>(2.40)</u>

(b) Diluted

Diluted losses 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 2024 and 2023, diluted loss per share was of the same amount as the basic loss per share as the share options were anti-dilutive.

9 TRADE AND LEASE RECEIVABLES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Trade receivables		
– third parties	173,490	148,850
– related parties	<u>82,728</u>	<u>120,382</u>
	----- 256,218	----- 269,232
Finance leases receivables – total	----- 3,629	----- 4,869
Trade and lease receivables – gross	259,847	274,101
Less: loss allowance	<u>(69,266)</u>	<u>(68,811)</u>
Trade and lease receivables – net	190,581	205,290
Less: trade and lease receivables – non-current portion	<u>(2,328)</u>	<u>(3,629)</u>
Trade and lease receivables – current portion	<u><u>188,253</u></u>	<u><u>201,661</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:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Less than 60 days	132,033	155,549
60 days to 120 days	31,107	29,040
121 days to 360 days	19,865	15,250
Over 360 days	<u>73,213</u>	<u>69,393</u>
	----- <u><u>256,218</u></u>	----- <u><u>269,232</u></u>

10 TRADE PAYABLES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Trade payables		
– third parties	165,520	106,424
– related parties	<u>5,191</u>	<u>3,272</u>
	<u>170,711</u>	<u>109,696</u>

The majority of the suppliers grant credit period ranging from 30 to 90 days (2023: 30 to 75 days).

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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Less than 60 days	149,575	103,557
60 days to 120 days	18,718	3,860
Over 120 days	<u>2,418</u>	<u>2,279</u>
	<u>170,711</u>	<u>109,696</u>

11 DIVIDENDS

During the year ended 31 December 2024 and 2023, 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 2024, 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, save for Mr. CHENG Yee Pun and Mr. KIM Hyun Seok, have entered into a service agreement or a letter of appointment (as the case may be) with the Company for their directorship and have no fixed term of service therewith. Given they are subject to retirement by rotation at the annual general meeting of the Company in accordance with the Company’s bye-laws, 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 2024, 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 did not attend the annual general meeting of the Company held on 30 January 2024 due to his overseas 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 2024.

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 2024 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 D2 of the Listing Rules will be despatched to the shareholders and available on the Company's website (www.maxnerva.com) and the designated website of the Stock Exchange (www.hkexnews.hk) in due course.

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

Hong Kong, 27 March 2025

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. CHANG Kuo-Chin and Ms. HUANG Pi-Chun, and three independent non-executive directors, namely, Mr. KAN Ji Ran Laurie, Prof. ZHANG Xiaoquan and Mr. KAM Chi Sing.