

2024

INTERIM REPORT



China Parenting Network Holdings Limited

中國育兒網絡控股有限公司

(Incorporated in the Cayman Islands with limited liability)

STOCK CODE:1736



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Zhang Lake Mozi (*Chairperson*)
Mr. Cheng Li
Mr. Lin Luofeng (resigned on 13 June 2024)
Ms. Ng Kwok Ying Isabella (resigned on 13 June 2024)

Non-Executive Directors

Mr. Zhang Haihua
Ms. Song Yuanyuan

Independent Non-Executive Directors

Mr. Zhao Zhen
Mr. Ge Ning
Mr. Manley Poon

BOARD COMMITTEES

Audit Committee

Mr. Manley Poon (*Chairperson*)
Ms. Song Yuanyuan
Mr. Ge Ning

Nomination Committee

Mr. Zhang Lake Mozi (*Chairperson*)
Mr. Zhao Zhen
Mr. Ge Ning

Remuneration Committee

Mr. Ge Ning (*Chairperson*)
Mr. Zhao Zhen
Mr. Cheng Li

COMPANY SECRETARY

Mr. Zhang Lake Mozi

AUTHORISED REPRESENTATIVES

Mr. Cheng Li
Mr. Zhang Lake Mozi

AUDITOR

Confucius International CPA Limited

LEGAL ADVISERS TO OUR COMPANY

As to Hong Kong Law

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The Landmark, 15 Queen's Road Central
Hong Kong

REGISTERED OFFICE IN THE CAYMAN ISLANDS

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Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Room 1001, 10th Floor, Wecan Technology Building
21 Andmen Street
Yuhuatai District
Nanjing, Jiangsu Province
The PRC

CORPORATE INFORMATION

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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No. 56 Parkes Street, Jordan
Kowloon
Hong Kong

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road, Hong Kong

PRINCIPAL BANK

Bank of Communications (Xuanwu Branch)
No. 519, Zhujiang Road, Xuanwu District
Nanjing, Jiangsu Province, The PRC

STOCK CODE

1736

COMPANY WEBSITE

www.ci123.com

HIGHLIGHTS

The board (the “Board”) of directors (the “Directors”) of China Parenting Network Holdings Limited (the “Company”, together with its subsidiaries, collectively the “Group” or “we”) hereby announce the unaudited condensed consolidated interim results of the Group for six months ended 30 June 2024 (the “Period”).

	For the six months ended	
	30 June 2024	30 June 2023
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Revenue	16,539	23,813
Gross profit	1,599	4,810
Loss for the Period	(10,262)	(8,359)
Total loss for the Period attributable to Owners of the Company	(10,262)	(8,359)

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For 18 years, CI Web has been at the forefront of innovation, consistently providing information, tools, products, and interactive services to mother-child families, maintaining its industry leadership. In 2024, CI Web expanded its reach across the entire family consumption chain through its four core matrices: e-commerce, content, private domain, and O2O.

By leveraging its platform, audience, content, and activities, CI Web has built deep connections with new-generation mother-child families, laying a solid foundation for commercial growth. By focusing on the entire family consumption chain, CI Web has created a fully open, multi-scenario ecosystem, amplifying the impact of its communication efforts.

Integrating High-Quality Content and Professional Institutions to Continuously Attract New-Generation Mother-Child Families

With deep insights into the diverse parenting needs of Generation Z parents, we offer scientific, professional, and accessible guidance and services, continually enhancing the productivity of high-quality content. First, Enhanced Scientific Content and Deepened Integration with Professional Institutions such as China National Committee for the Well-being of the Next Generation and the National Health Commission. In response to national policies, CI Web and the China Youth Development Research Center of the China National Committee for the Well-being of the Next Generation are working together to alleviate anxiety related to childbirth and child-rearing among Chinese families. This includes developing a curriculum and content for parents of children aged 0-6 and partnering with various social organizations to improve the curriculum and enhance the systematic service capabilities of parent schools. At the same time, the “Scientific Parenting Campaign (科學育兒行)”, which addresses societal challenges such as reluctance to have children and the high cost of child-rearing, is being promoted nationwide through a variety of online and offline guidance, support, and promotional activities. This initiative comprehensively supports the adoption of scientific parenting practices across the entire population. Second, Professional Content Upgrades: CI Web is dedicated to developing its professional mother-child MCN platform and enhancing its comprehensive premium membership service system. It is intensifying collaborations with experts and influencers to optimize the quality of partnerships. With over 3,200 high-quality influencers and more than 800 authoritative parenting experts, CI Web ensures professional oversight. This includes leveraging endorsements from expert doctors to create services such as pregnancy and parenting Q&A sessions, and expert consultations. Third, IP Content Upgrades: Expanding its portfolio of more than 30 original IPs, CI Web is actively incubating new intellectual properties (IPs) like “Shining Moms (發光的媽媽)”, “Institute of Ignorance (不懂研究所)”, and “Magical Human Cubs (神奇的人類幼崽)”. These IPs are concurrently distributed across social platforms like Douyin, Xiaohongshu, and various video platforms.

Upgrading the AI “Smart Parenting Assistant (智育小助理)” and Tools to Launch the Digital Parenting Era

CI Web, harnessing its advanced digital technology, has introduced the AI-powered “Smart Parenting Assistant (智育小助理)”, This cutting-edge AI chatbot, built on advanced language models, is designed to help users address a range of parenting challenges more professionally and conveniently, marking the beginning of the digital parenting era.

The “Smart Parenting Assistant (智育小助理)” not only engages in free-form conversations with users but also offers various intelligent modes such as Pregnancy Q&A, Ultrasound Interpretation, Name Expert, and Chatting Companion to meet user needs, providing more professional, convenient, and engaging services. In the Pregnancy Q&A mode, users can ask the “Smart Parenting Assistant (智育小助理)” any questions about pregnancy, childbirth, postpartum care, and baby development. Leveraging CI Web’s professional knowledge base and embedding technology, the “Smart Parenting Assistant (智育小助理)” provides authoritative, scientifically sound answers to pregnancy-related questions, and supports viewing relevant references. In the Ultrasound Interpretation mode, users can upload ultrasound photos. The “Smart Parenting Assistant (智育小助理)” utilizes CI Web’s self-developed medical document image recognition technology, combined with LLM technology, to automatically parse the data from the ultrasound report and provide an intelligent interpretation report. This report includes information such as the baby’s gender, weight, length, position, possible abnormalities, and

MANAGEMENT DISCUSSION AND ANALYSIS

suggestions, based on data ranges and standards. In the Name Expert mode, users can specify their naming preferences, such as surname, gender, style, and meaning. Using big data and algorithms, the “Smart Parenting Assistant (智育小助理)” provides a variety of Chinese and English name options and name analyses. In the Chatting Companion mode, users have a space for venting. The “Smart Parenting Assistant (智育小助理)” acts like a considerate friend, accompanying users through moments of both tears and laughter, listening attentively, and engaging in conversation. The “Smart Parenting Assistant (智育小助理)” will continue to upgrade and optimize, introducing more intelligent modes to make parenting easier.

Expanding Operational Services to Drive Additional Value

CI Web has consistently worked with channels such as mother-child retail, educational systems, and offline parent-child activities to enhance its operational capabilities. We are continuously broadening our core community matrix to create a highly engaged private traffic ecosystem. Currently, we oversee over 27,300 communities, including more than 12,500 mommy store owner groups, over 7,500 group leader distribution groups, more than 6,000 mother-child exchange groups, over 800 local travel groups, and more than 500 IP fan groups. Additionally, CI Web supports more than 25,000 mother-child stores with the “Mommy Store (媽咪店)” SaaS system and over 40,000 educational institutions with our education system. Our parent-child weekend platform serves over 10,000 offline merchants and has facilitated 30 million family trips. To help brands achieve both direct sales and customer acquisition, CI Web is launching three major e-commerce services in 2024: traditional e-commerce management, live e-commerce management, and content e-commerce management. These services are designed to deliver increased value for brands.

Future Prospects

CI Web has consistently focused on serving young families in China, committed to delivering personalized smart home solutions. The company continues to innovate and enhance the entire family consumption chain to support sustained brand growth.

Aligned with its mission of “serving more families with practical solutions”, CI Web is dedicated to exploring cutting-edge industry developments. Recent research indicates that China has entered a phase of “deep aging”, with many families facing urgent elderly care needs. In response, CI Web has developed the “Silver Age Enjoyment (銀齡悦享)” platform — a comprehensive, one-stop solution for elderly care. This platform is dedicated to offering the most thorough, reliable, and personalized elderly care services. It includes various modules such as a Traditional Chinese Medicine Management Center, online mall, health and wellness services, residential care services, housekeeping services, and travel services. By utilizing digital technology and big data, the platform ensures seamless integration of online and offline elderly care services. This enables seniors to access a broad range of products and services — ranging from health and wellness to residential care, housekeeping, travel, and shopping — ensuring they receive care with greater safety, transparency, and dignity, anytime and anywhere.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

The Group's revenue for the six months ended 30 June 2024 was approximately RMB16.5 million, representing a decrease of approximately 30.7% over approximately RMB23.8 million for the six months ended 30 June 2023, due to the decrease in wholesale of e-commerce business, which is expected to increase in the second half of 2024.

Cost of sales

The Group's cost of sales for the six months ended 30 June 2024 was approximately RMB14.9 million, representing a decrease of approximately 21.6% over approximately RMB19.0 million for the six months ended 30 June 2023, primarily due to the decrease in orders during the Period and less cost of sales incurred as a result.

Gross profit and gross profit margin

The Group's gross profit for the six months ended 30 June 2024 was approximately RMB1.6 million, representing a decrease of approximately 66.7% over approximately RMB4.8 million for the six months ended 30 June 2023. At the same period, the Group's gross profit margin decreased from approximately 20% to approximately 9.7%, primarily due to the decline in the gross profit margin of advertising business as well as the Company's expenditure on maintenance of its APP products being incurred mostly in the first half of the year.

Other income and gains

The Group's other income and gains for the six months ended 30 June 2024 was approximately RMB6.3 million, representing an increase of approximately 350% compared to approximately RMB1.4 million for the six months ended 30 June 2023, primarily due to the disposal of a subsidiary.

Selling and distribution expenses

The Group's selling and distribution expenses for the six months ended 30 June 2024 was approximately RMB6.5 million, representing an increase of approximately 20.4% over approximately RMB5.4 million for the six months ended 30 June 2023, primarily due to increase in marketing and publicity expenses.

Administrative expenses

The Group's administrative expenses for the six months ended 30 June 2024 was approximately RMB7.2 million, representing an increase of approximately 60% over approximately RMB4.5 million for the six months ended 30 June 2023, which was mainly due to the increase in intermediary fees.

Research and development costs

The Group's research and development ("R&D") cost for the six months ended 30 June 2024 was approximately RMB2.1 million, representing a decrease of approximately 25% over approximately RMB2.8 million for the six months ended 30 June 2023, primarily attributable to the decrease in the number of R&D personnel and decrease in technology development inputs.

MANAGEMENT DISCUSSION AND ANALYSIS

Income tax expense

The Group's income tax expense for the six months ended 30 June 2024 was approximately RMB0 million (six months ended 30 June 2023: RMB0 million).

Loss for the Period

As a result of the factors described above, the Group's loss for six months ended 30 June 2024 was approximately RMB10.3 million, representing an increase of approximately 22.6% over approximately RMB8.4 million for the six months ended 30 June 2023.

Gearing ratio

As at 30 June 2024, the gearing ratio of the Group, calculated as total liabilities, divided by total assets, was 97.6% (31 December 2023: 68.6%).

Liquidity and capital resources

As at 30 June 2024, the net current liabilities of the Group was approximately RMB31.6 million (31 December 2023: approximately RMB9.0 million) and the cash and cash equivalents were approximately RMB7.8 million (31 December 2023: approximately RMB9.3 million).

As at 30 June 2024, the Group had borrowings of approximately RMB24.4 million (31 December 2023: approximately RMB37.7 million), which included guaranteed bank loans denominated in RMB of approximately RMB4 million (31 December 2023: approximately RMB17.5 million) and other borrowings of approximately RMB20.4 million (31 December 2023: approximately RMB20.2 million), details are set out in note 19 to the condensed consolidated financial statements.

Foreign exchange exposure

The Group's transactions are mainly denominated in RMB. Part of the cash and bank deposits of the Group are denominated in Hong Kong dollars. During the Period, the Group did not experience any material impact or liquidity problems in its operation resulting from the changes in exchange rate nor enter into hedging transaction or forward contract arrangement. However, the management closely monitors foreign exchange exposure to ensure appropriate measures are implemented in a timely and effective manner. In this regard, the Group is not exposed to any significant foreign currency exchange risk in its operation.

MANAGEMENT DISCUSSION AND ANALYSIS

Employees, training and remuneration policy

The remuneration committee of the Company will review and determine the remuneration and compensation packages of Directors with reference to their responsibilities, workload, and the time devoted to the Group and the performance of the Group. In general, the Group determines employees' salaries based on their performance and length of services. The Board believes the salaries and benefits provided to the employees are competitive with local market standards. The Group also contributes to the social insurance in the PRC.

The Group has implemented training for new employees during their course of employment in order to ensure that employees are able to meet the job requirements. In addition, the Group will occasionally arrange internal and external trainings for the Group's employees. For external trainings, external speakers who have extensive experience in information technology may be invited to attend the Group's office to perform the training, and for internal trainings, the topics may include finance, accounting, risk management or information technology and such trainings will be conducted by the relevant department. The Group considers these on job trainings are necessary for the employees to handle issues which may arise in their day to day operations and can enhance their ethic and morale.

As at 30 June 2024, the Group had a total of 41 (30 June 2023: 82) employees including executive Directors. Total staff costs were approximately RMB4.8 million for the Period (30 June 2023: approximately RMB7.0 million).

Material acquisitions and disposals of subsidiaries, associates or joint ventures

On 15 January 2024, Nanjing Wanhui Information Technology Company Limited* (南京灣匯信息科技有限公司) ("Nanjing Wanhui"), Xibai (Nanjing) Information Technology Company Limited* (矽柏(南京)信息技術有限公司) ("Nanjing Xibai"), a wholly-owned subsidiary of the Company as vendor and Nanjing Zhiye Enterprise Management Co., Ltd.* (南京智冶企業管理有限公司) ("Nanjing Zhiye") as purchaser entered into a disposal agreement (the "Disposal Agreement"). Pursuant to the Disposal Agreement, Nanjing Zhiye conditionally agreed to acquire and Nanjing Xibai conditionally agreed to dispose of the entire issued share capital of Nanjing Wanhui for the consideration of RMB19,090,000.

Upon completion of the disposal of the entire interest in Nanjing Wanhui pursuant to the Disposal Agreement, the Company will not hold any interests in Nanjing Wanhui and Nanjing Wanhui will cease to be a subsidiary of the Company.

Save as disclosed above, during the Period there was no material acquisition or disposal of subsidiaries, associates or joint ventures by the Group (30 June 2023: Nil).

Charges of assets

As at 30 June 2024, the Group did not make any pledged bank deposit (30 June 2023: Nil).

Contingent liabilities

As at 30 June 2024, the Group did not have any significant contingent liabilities (30 June 2023: Nil).

DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL ASSETS

As at 30 June 2024, details of financial assets designated at fair value through other comprehensive income are as follows:

	Name of the relevant company	Proportion of shares held as at 30 June 2024	Investment amount as at 30 June 2024	Fair value of investment as at 30 June 2024 ⁽¹⁾	Proportion of investment in 2024 to the total asset of the Company as at 30 June 2024	Principal Business	Change of fair value of investment comparing with 31 December 2023
1	Nanjing Jufeng Engine Information Technology Company Limited* (南京颯風引擎信息技術有限公司)	18.10%	RMB13,000,000.00	RMB6,687,882.67	12.97%	Jufeng Engine provides a high performance, high efficiency, drag-and-drop zero-code application development ecosystem based on cloud native.	RMB-3,996,371.56
2	Nanjing Hongdou Information Technology Company Limited* (南京紅豆信息技術有限公司)	12.30%	RMB15,000,000.00	RMB0.00	0.00%	H5 games "Her Majesty" (女皇陛下) and "National Palace" (全民宮斗) developed by Hongdou Information successfully launched on Tencent QQ Games and Qzone Gaming Platform.	RMB-3,196,560.90
3	Nanjing Zhiren Cloud Information Technology Company Limited* (南京智人雲信息技術有限公司)	17.20%	RMB10,000,000.00	RMB0.00	0.00%	Principal activities are the provision of container cloud management platform, artificial intelligence cloud platform, public cloud and private cloud services based on microservices.	RMB0.00
4	Nanjing Free Chain Information Technology Company Limited* (南京自由鏈信息技術有限公司)	17.20%	RMB10,000,000.00	RMB1,534,222.80	2.97%	Establishment of interconnections between internet devices in different regions with its unique solutions, construction of decentralized transmission network to achieve independent collaboration and the expansion of business scale. Such kind of internet is not subject to the limitation of computing power and storage, thus empowers the internet with strong expansion capabilities to achieve true decentralization, openness, self-motivation, privacy and security.	RMB-2,193,000.00
5	Nanjing Youchao Information Technology Co., Ltd.* (南京優潮信息技術有限公司)	19.00%	RMB7,000,000.00	RMB1,658,700.00	3.22%	Provision of enterprise online education platform which focuses on the training of product managers. The business is divided into three aspects: enterprise orientation training, internal enterprise staff training and vocational skill training. A number of well-known internet enterprise product directors acted as lecturers. Using platform technology, users can take online open classes and participate one-on-one tutoring after school so as to achieve offline practical training, internet project practice and innovative teaching processes with internships in famous enterprises.	RMB-860,662.00

MANAGEMENT DISCUSSION AND ANALYSIS

Name of the relevant company	Proportion of shares held as at 30 June 2024	Investment amount as at 30 June 2024	Fair value of investment as at 30 June 2024 ⁽¹⁾	Proportion of investment in 2024 to the total asset of the Company as at 30 June 2024	Principal Business	Change of fair value of investment comparing with 31 December 2023
6 Nanjing Liqi Information Technology Co., Ltd.* (南京立啟信息技術有限公司)	17.00%	RMB6,000,000.00	RMB1,147,585.00	2.22%	Provision of integrated platform system for digital currency exchanges based on block chain technology. This system provides services of issuance, management and trading of digital currencies. On the basis of fully supporting the Bitcoin trading system, this system further improves its digital currency trading mechanism with block chain query and management functions and continuously optimizes its core functions and increases the comprehensive functional advantages of the product by enhancing of security protection level, leveraged financial transaction system and platform promotion and operation mechanism.	RMB-528,326.00
7 Nanjing Suyun Xiupu Information Technology Co., Ltd.* (南京速雲秀普信息科技有限公司)	9.46%	RMB3,000,000.00	RMB0.00	0.00%	Development of a CRM system for training institutions. This system also applies its self-developed face recognition technology to specific CRM scenarios, achieving an innovative combination of "Face Recognition + Education CRM System".	RMB0.00
8 Nanjing Duomai Information Technology Company Limited* (南京多麥信息科技有限公司)	18.08%	RMB16,000,000.00	RMB0.00	0.00%	A service company for mother-child businesses. It provides assistance for privatized customer assets during the Internet era, expanding the Internet customer base and improving operational efficiency through its products and services. In particular, through the provision of integrated solutions such as micromalls, new retailing and mini programs, it provides assistance for the transformation and upgrade towards smart business for small and medium-sized mother-child enterprises, thus helping those enterprises achieve smart business with technology-driven business innovation. Duomai is able to expand CI Web's online and offline retailing channels for large business (大B) customers effectively, therefore playing an important role in securing the CI Web's existing business customer base.	RMB-2,838,885.44

MANAGEMENT DISCUSSION AND ANALYSIS

Name of the relevant company	Proportion of shares held as at 30 June 2024	Investment amount as at 30 June 2024	Fair value of investment as at 30 June 2024 ⁽¹⁾	Proportion of investment in 2024 to the total asset of the Company as at 30 June 2024	Principal Business	Change of fair value of investment comparing with 31 December 2023
9 Nanjing Yunqulu Network Technology Company Limited* (南京雲曲率網絡科技有限公司)	17.20%	RMB10,000,000.00	RMB657,177.60	1.27%	A leading mother-child business incubator company with branches in Australia and the United States. Its core role is to provide effective incubator services for startup mother-child enterprises on the CI Web. Similar to the innovative factory in the mother-child industry, Yunqulu provides angel funding, technical support and staff training for the startup mother-child enterprises.	RMB582,409.20
10 Nanjing Baicheng Medical Technology Company Limited* (南京柏橙醫療科技有限公司)	17.20%	RMB16,000,000.00	RMB675,530.00	1.31%	Provision of one-stop integrated information system construction for hospitals, and the construction of end-to-end medical service platform covering pre-diagnosis, in-diagnosis and post-diagnosis stages. Having leading system capabilities and product advantages in cloud-based family medical and smart medical areas, Baicheng Medical is able to assist CI Web to better connect and serve the mother-child families through the internet.	RMB-338,444.40
11 Shanghai Shijiu Information Technology Co., Ltd.* (上海視九信息科技有限公司)	0.82%	RMB650,000.00	RMB214,554.64	0.42%	Provision of system integration, application development and operation services for devices such as smart TV set-top boxes based on its leading browser technologies such as HTML5.	RMB-82,724.88
12 Shanghai Beijia Network Technology Co., Ltd.* (上海蓓嘉網絡科技有限公司)	5.00%	RMB2,500,000.00	RMB0.00	0.00%	The company cooperated with a number of maternal and child service platforms including ci123.com to launch a maternal and child alliance (W+Club), aiming to provide one-stop knowledge, services, protection and welfare required for childcare.	RMB0.00
13 Shanghai Baiyi Animation Cultural Broadcasting Company Limited* (上海百逸動漫文化傳播有限公司)	10.00%	RMB10,000,000.00	RMB0.00	0.00%	Baiyi has its own professional animation team and can develop, produce, and distribute 2D/3D cartoon and peripheral toy products. Sales channels have expanded to all first and second-tier cities in PRC with more than 100 distributors, covering thousands of primary schools and terminal sales outlet.	RMB0.00
14 Nanjing Qianguang Information Technology Co., Ltd.* (南京千光信息技術有限公司)	17.20%	RMB10,000,000.00	RMB0.00	0.00%	Provision of user-centered system for enterprise intelligence marketing. Based on seven business modules of social business strategy, social experience management, social branding and traffic management, social sales promotion, loyalty operations management, social product innovation and social advertising services, a one-stop platform for enterprise mobile marketing is established to create a rich, open and intelligent mobile marketing ecosystem.	RMB-705,251.60

MANAGEMENT DISCUSSION AND ANALYSIS

Name of the relevant company	Proportion of shares held as at 30 June 2024	Investment amount as at 30 June 2024	Fair value of investment as at 30 June 2024 ⁽¹⁾	Proportion of investment in 2024 to the total asset of the Company as at 30 June 2024	Principal Business	Change of fair value of investment comparing with 31 December 2023
15 Nanjing Yuanhui Information Technology Co., Ltd.* (南京遠匯信息技術有限公司)	17.20%	RMB10,000,000.00	RMB0.00	0.00%	Provision of software development tool system based on artificial intelligence technology. For those who are not capable of programming, this system can help them to develop internet products easily through PC client, development tool website and mobile APP mode.	RMB0.00
16 Nanjing Mengmiao Education Technology Co., Ltd.* (南京萌苗教育科技有限公司)	18.00%	RMB8,000,000.00	RMB0.00	0.00%	Provision of IM system with complete solution customized for internet education industry. Products are in line with the education industry, suitable for practical educational scenarios, and truly meet the needs of the teachers. In the form of PAAS+SAAS service, the product itself serves as a platform to provide SDK for third parties. At the same time, it also provides services for different users to develop different functions based on its own platform.	RMB0.00
17 Nanjing Duoazan Health Technology Company Limited* (南京多贊健康 科技有限公司)	17.07%	RMB13,000,000.00	RMB0.00	0.00%	Committed to establish the best healthy pregnancy management and knowledge service platform in China. It provides the best paid knowledge and online medical services to Chinese families, enabling the provision of paid knowledge and medical services to more families by the national obstetricians and pediatricians with the removal of institutional constraints.	RMB-965,291.43
18 Nanjing Shengkong Vision Artificial Intelligence Technology Development Company Limited* (南京深空視線人工智能技術研發有限公司)	17.20%	RMB10,000,000.00	RMB0.00	0.00%	Provision of auto-cruise, path planning and other functions for robots with the use of self-developed vSLAM system combined with artificial intelligence technology, and human tracking and educational interaction with natural language understanding with the use of monocular camera.	RMB0.00
19 Nanjing Luobo Information Technology Company Limited* (南京蘿播信息技術有限公司)	15.00%	RMB12,000,000.00	RMB0.00	0.00%	Provision of educational, marketing and social services to its customers across the network for baby-children businesses through the distribution of audio and video contents and the management capabilities of the communities, effectively expanding and making up for the service capabilities of major customers of CI Web under the pan-network conditions.	RMB0.00

MANAGEMENT DISCUSSION AND ANALYSIS

Name of the relevant company	Proportion of shares held as at 30 June 2024	Investment amount as at 30 June 2024	Fair value of investment as at 30 June 2024 ⁽¹⁾	Proportion of investment in 2024 to the total asset of the Company as at 30 June 2024	Principal Business	Change of fair value of investment comparing with 31 December 2023
20 Guangzhou Muyun Electronic Commerce Co., Ltd.* (廣州沐雲電子商務有限公司)	16.00%	RMB4,000,000.00	RMB0.00	0.00%	Provision of services relating to quickly set up a foreign trade independent website of global sales for vendors and offer technical support for corporate and individual online shop and operators and integrated solutions from website building to management and operation. The business is also divided into B2C cross-border e-commerce independent station and B2B export trade independent station.	RMB-3,268,192.00
21 Guangzhou Baxiangluohai Information Technology Co., Ltd.* (廣州八仙過海信息科技有限公司)	18.00%	RMB5,000,000.00	RMB0.00	0.00%	Establishment of an omnichannel marketing and ordering platform for enterprises. This platform helps enterprises to develop collaboration between upstream and downstream business and make real-time data decision in six aspects of order management, inventory management, fund settlement, customer operations, business reporting and procurement management.	RMB-4,143,276.00
22 Nanjing Xianju Information Technology Co., Ltd.* (南京先巨信息技術有限公司)	14.85%	RMB10,000,000.00	RMB0.00	0.00%	Provision of hospital management system platform in four aspects: hospital information and management open platform, mobile clinic, intelligent monitoring module and chronic disease management module. This platform provides all-round medical care from patient admission to discharge; from hospital diagnosis to home monitoring; from computer to mobile terminal; and from infant health monitoring to smart retirement.	RMB-4,423,948.65
23 Nanjing Youke Workshop Information Technology Co., Ltd.* (南京優客工場信息技術有限公司)	17.20%	RMB10,000,000.00	RMB0.00	0.00%	Provision of knowledge sharing platform. This platform provides computer-related professional and technical knowledge for corporate employees and individual members and provides users with mutual learning modules, so that everyone can be a teacher. Members who obtained platform instructor certification can also organize courses to earn commissions.	RMB-765,984.80

Notes:

- (1) Further details of the fair value measurement of the Group are set out in note 27 of the condensed consolidated financial statements. As at the date of this report, the Company has not received any interest distribution for the six months ended 30 June 2024.
- (2) During the Period, the Company has not sold any financial assets.

MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 June 2024, the details of financial assets at fair value through profit or loss and the details of significant investment with a carrying value more than 5% of the total assets of the Group are as follow:

Name of the relevant company	Proportion of shares held as at 30 June 2024	Investment amount as at 30 June 2024	Fair value of investment as at 30 June 2024	Proportion of investment in 2024 to the total asset of the Company as at 30 June 2024	Principal Business	Unrealised gain/(loss) on change in fair value for the six months ended 30 June 2024	Realised gain/(loss) for the six months ended 30 June 2024	Dividend income for the six months ended 30 June 2024
CLOUD TECH LIMITED	17.64%	HK\$50,000,000.00	RMB5,267,006.83	10.21%	Technology development and operation combining block chain technology with the entity economy and the provision of cross-border consumer service platform, cross-border global education platform, cross-border new retail business platform, block chain information service and technology trading platform, high-speed and cross-chain trading system based on intelligence contracts, system testing for block chain security system and block chain service platform.	RMB-282,434.23	-	-

The Company continued to track and monitor its investments and conduct third-party professional evaluation. As most of the Company's investments are emerging market growth companies, some of the entities which the Company invested are in the stage of research and development. The Company considers its investment management in the following aspects:

- effective output from the application of the industrial chain, including technological output;
- operating condition, including the achievement of business objectives, standardization of the corporate governance structure, and the stability of core talents; and
- judgment on the future growth prospects of the industry it located and technology market.

With technological advancement and the changes in needs and behaviors of the new generation consumers in recent years, our investment helps to achieve the upstream and downstream digitalization of the industrial chain. It is also beneficial for us to consolidate new technology and service application scenarios to help brands upgrade their traditional business models, and more enterprises will require digital transformation solutions. Upon the Company's evaluation, the overall investment of the Group in the first half of 2024 is in line with our strategic planning direction.

MANAGEMENT DISCUSSION AND ANALYSIS

LOANS TO OTHER ENTITIES

The balance represents loans extended to independent third parties, bearing interest rates of 6.0% to 8.0% per annum for periods of 6 to 36 months. The aim of entering into these loan facility agreements with these third parties are for the long term interest of the Group.

Details of loans to other entities as at 30 June 2024 are set out below:

Name of the relevant company	Borrowing made to the relevant company as at 30 June 2024	Annual interest rate as at 30 June 2024	Term of loan	Investment Guarantee as at 30 June 2024	Exercise of the priority right of the investment shares	Fair value of Investment as at 30 June 2024	Proportion of investment to the total asset of the Company as at 30 June 2024	Principal Business	Accumulated interest income for the six months ended 30 June 2024
1 Nanjing Qianyu Information Technology Company Limited* (南京千魚信息技術有限公司)	RMB12,000,000.00	6%	36 months	Guaranteed by an A share listed company	No	RMB15,070,848.16	29.22%	A major platform for parent-child consumption.	RMB4,684,931.52
2 Beijing Hongwei Technology Company Limited* (北京宏偉科技有限公司)	RMB4,000,000.00	8%	24 months	N/A	No	RMB3,827,735.15	7.42%	Providing equipment support to medical institution and developing online platform for health consultation.	RMB2,137,863.01

Name of the relevant person	Borrowing made to the relevant person as at 30 June 2024	Remaining term of loan	Investment Guarantee as at 30 June 2024	Carrying value of investment as at 30 June 2024	Proportion of investment to the total asset of the Company as at 30 June 2024	Accumulated interest income for the six months ended 30 June 2024
1 顧能國	RMB201,300.00	24 months	N/A	RMB191,720.53	0.39%	RMB0.00

In 2020, the Company entered into the loan contract with Shenzhen Feishikang Technology Company Limited (hereinafter referred to as "Shenzhen Feishikang"), under which the Group provided a loan of RMB1 million to Shenzhen Feishikang with an interest rate of 6% per annum, and the debt was guaranteed by 7 shareholders of Shenzhen Feishikang according to their shareholding ratio. In 2021, the Group entered into the repayment agreement with 7 shareholders of Shenzhen Feishikang, which provides for the repayment of the principal and interest of RMB1.06 million of the loan debt payable by Shenzhen Feishikang to the Company by the 7 shareholders in accordance with the guarantee ratio within five years. As at 30 June 2024, the Group has received repayment of RMB858,700. Six of the shareholders paid off their responsible part of the loan. Details of the pending repayment of RMB201,300 are noted as above.

MANAGEMENT DISCUSSION AND ANALYSIS

ISSUE OF CONVERTIBLE NOTES UNDER GENERAL MANDATE

On 9 February 2021 and 15 February 2021, the Company entered into subscription agreements and supplemental agreements with Ellwood International Ltd and nine other subscribers (being individual professional investors or companies ultimately owned by professional investors) (the "Investors"), pursuant to which the Company conditionally agreed to issue and Ellwood International Ltd and the other subscribers conditionally agreed to subscribe for convertible notes in an aggregate principal amount not exceeding HK\$35,000,000 (the "Convertible Notes") at an initial conversion price of HK\$0.24 per convertible share. The Company entered into an amendment and restatement deed dated 30 March 2022 (the "Amendment and Restatement Deed") with the Investors to extend the maturity date of the Convertible Notes to 30 April 2023 and the initial conversion price amended to HK\$0.095 per convertible share with principal amount reduced to HK\$14.5 million after partial repayment of the outstanding principal amount of the Convertible Notes, subject to and effective from fulfilment of conditions precedent and conditions subsequent in the Amendment and Restatement Deed. For details of the proposed amendment, please refer to the announcement of the Company dated 30 March 2022.

As the Convertible Notes can only be exercised and converted into Shares during the conversion period, being the first week of June 2022, September 2022 and December 2022 and the maturity date of the Convertible Notes have passed, therefore the Convertible Notes could not be converted into Shares pursuant to the terms and conditions of the Convertible Notes.

The Company is in active negotiation with Convertible Note holder for capitalisation of its debts.

PLACING OF NEW SHARES UNDER GENERAL MANDATE

On 26 April 2024, the Company and Innovax Securities Limited entered into a placing agreement, pursuant to which and subject to the terms and conditions therein, the Company agreed to appoint Innovax Securities Limited as the placing agent, and Innovax Securities Limited agreed to act as placing agent for purpose of procuring on a best efforts basis, as agent of the Company, not fewer than six places to purchase up to 57,610,390 placing shares at the placing price of HK\$0.0503 per placing share.

On 30 April 2024, the Company and Innovax Securities Limited entered into a supplemental placing agreement, pursuant to which the placing agreement shall cease if conditions precedent of the placing were not fulfilled by 17 May 2024 (or such other date as Innovax Securities Limited may agree in writing with the Company), instead of 25 June 2024 pursuant to the placing agreement.

The gross proceeds from the placing were expected to be approximately HK\$2.9 million and the net proceeds (after deducting all applicable costs and expenses, including commission and levies) would be approximately HK\$2.88 million. The Group intended to raise additional funding through the placing to improve the Group's financial position and for general working capital purpose. The Directors considered that the placing represented an opportunity for the Group to broaden the capital base and Shareholder base of the Company.

On 17 May 2024, all the conditions set out in the placing agreement and the supplemental placing agreement had been fulfilled and the placing was completed.

MANAGEMENT DISCUSSION AND ANALYSIS

INVESTMENT OBJECTIVES AND POLICIES

The Group is a vertical online platform for the CBM market. In relation to its business development, family-related business of the Group refers to business that uses Internet technology to address the needs of new generation home consumers as target customers, such as early education, entertainment, health and services. On the basis of its existing core business, the family-related business of the Group still adheres to the original family-based user groups of its CBM platform, and forms a new maternal and child ecological layout with diversified maternal and child family services. It also extends the traditional and single maternal and child services to several cross-sector segments including health, education, finance and entertainment by way of investment and strategic cooperation, further expanding the types of family services and customer reach, prolonging user life-cycle, and meeting the increasing long-tail demands from the mother-child groups.

There have been rapid changes in the Internet industry and the competition in online advertising and e-commerce market and related O2O business is intense. The Group intends to expand into new core sectors such as new socialized retail, family medical, family education and internet technology with external empowerment. Leveraging the investments in the companies which engaged in the relevant new sectors, the Company will be able to reduce its costs to a certain extent and enter such new sectors in a quicker manner, as well as gain technology reserves and Internet traffic from new resources.

As for its investment strategy, in line with its principal business and for its future business development, the Company targets on investments in entities which are principally engaged in CBM and family related business chain and related technology research and development. The Company has adopted investment policies which it will take into account when making its investment decisions. In general, the Company prefers long-term investments as opposed to short-term ones and usually invests in targeted entities for more than one year. For the Company's mode of investment, the Company may adopt equity investments through acquisition of shareholdings in the targeted entities or loan financings by providing facilities to the targeted entities depending on, among others, potential rate of return which generally shall be not less than 6% per annum or the prevailing one-year fixed deposit interest rate published by the People's Bank of China (whichever is higher), strategic cooperation with the invested entities of the company, negotiation with the counterparties as well as compliance with legal and regulatory requirements. In order to reduce its participation in the operation and management of its investments so as to focus on its existing business, the Company generally does not invest in more than 20% shareholding in the targeted entities.

In addition to financial returns, the Directors expect that the investments will create synergies to the Group's business in terms of upgrade in technologies, enrichment of contents as well as expansion of coverage of value-added services which in turn result in enhancement of operational efficiency, user experience and user base. Depending on the business natures of the invested companies, the Group usually requires the invested companies to share their relevant technologies to offer selected contents such as games, animations and audio and video contents of them for the Platform, to share user data and network for promotion of the Group's APPs, and to support the Group's provision of value-added services to its users. The Group has a certain scale of investment activities. Failure to promptly and effectively manage investment risks may affect realization of investment strategies. The risk resulting from adverse movements in industry market could also impact the Group's investment.

The Group has formed an investment team (the "team"). The team's member consisted of the Group's chief executive officer, chief financial officer, marketing director, technical director and operation director who are experienced in the Internet industry. The team has been continuously paying attention to the market influence and technological development of the investment areas related to the CBM business chain. The Group continuously monitor the status of business development and financial exposure of investees and conducts regular assessments. The Group also strictly requires the invested entities to use the proceeds of the Group's investments for the sole purpose of the planned business development projects as agreed by the Group.

CORPORATE GOVERNANCE AND OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND/OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATION

As at 30 June 2024, interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) held by the Directors and chief executive of the Company which have been notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to Section 352 of the SFO, or otherwise have been notified to the Company and the Hong Kong Stock Exchange pursuant to Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 of the Listing Rules are as follows:

LONG POSITIONS IN THE SHARES OF THE COMPANY

Name of Director	Nature of Interest	Number of Shares or Underlying Shares	Approximate Percentage of Shareholding
Mr. Cheng Li ⁽¹⁾	Interest in a controlled corporation	24,000,000	6.94%
Ms. Song Yuanyuan ⁽²⁾	Interest in a controlled corporation	12,446,537	3.60%

Notes:

- (1) Victory Glory Holdings Limited ("Victory Glory") is directly and wholly owned by Mr. Cheng Li, who is therefore deemed to be interested in all the shares held by Victory Glory.
- (2) XI-F-AI PTE.LTD. is wholly owned by Ms. Song Yuanyuan, who is therefore deemed to be interested in all the shares held by XI-F-AI PTE.LTD..

CORPORATE GOVERNANCE AND OTHER INFORMATION

INTERESTS IN OTHER MEMBERS OF THE GROUP (LONG POSITIONS)

Name of Director	Name of Subsidiary	Nature of Interest	Approximate Percentage of Shareholding
Mr. Cheng Li	Nanjing Xihui ⁽¹⁾	Beneficial owner	15%
	Nanjing Xinchuang ⁽¹⁾	Beneficial owner	0.12%

Note:

(1) Pursuant to the contractual arrangement, Nanjing Xihui is deemed to be a wholly owned subsidiary of the Company.

Save as disclosed above, as at 30 June 2024, none of the Directors nor chief executive of the Company held an interest or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or were recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

CORPORATE GOVERNANCE AND OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as the Directors are aware, as at 30 June 2024, the following persons (not being Directors or chief executive of the Company) have or be deemed or taken to have interests and/or short positions in the shares or the underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register required to be kept under Section 336 of the SFO:

LONG POSITIONS IN THE SHARES OF THE COMPANY

Name	Nature of Interest	Number of Shares or Underlying Shares	Approximate Percentage of Shareholding
Maria Rachel Mai Decolongon Tatoy ⁽¹⁾	Beneficial owner	19,350,282	
	Interest in a controlled corporation	23,920,322	
	Total:	43,270,604	12.52%
Victory Glory ⁽²⁾	Beneficial owner	24,000,000	6.94%
Tan Chiu Lan Francine	Beneficial owner	33,558,009	9.70%
Gan Kwang Lee ⁽³⁾	Interest of spouse	33,558,009	9.70%
Lee Yong Soon ⁽⁴⁾	Beneficial owner	24,794,636	7.17%

Notes:

- (1) Ms. Maria Rachel Mai Decolongon Tatoy holds 23,920,322 Shares through her wholly-owned subsidiary, Prime Wish Limited and directly holds 19,350,282 Shares.
- (2) Victory Glory is directly and wholly owned by Mr. Cheng Li, an executive Director.
- (3) Mr. Gan Kwang Lee is the spouse of Ms. Tan Chiu Lan Francine.
- (4) Mr. Lee Yong Soon holds 16,646,750 Shares through his wholly-owned subsidiary, Dilligent Ally Private Limited and directly holds 8,141,349 Shares.

Save as disclosed above, as at 30 June 2024, no person, other than the Directors and chief executive of the Company whose interests and short positions are set out in the section headed "Directors' and Chief Executive's Interests and/or Short Positions in Shares, Underlying Shares and Debentures" above, had registered an interest or a short position in the shares or underlying shares of the Company as recorded in the register of interests required to be kept pursuant to Section 336 of the SFO.

CORPORATE GOVERNANCE AND OTHER INFORMATION

SHARE OPTION SCHEME

The Company adopted a share option scheme on 19 June 2015 (the “Share Option Scheme”) for the purpose of providing incentive or rewarding eligible persons (including the Directors or employees (whether full time or part time), consultants or advisors of our Group) for their contribution to, and continuing efforts to promote the interests of our Group and for such other purposes as the Board may approve from time to time.

The Share Option Scheme became effective on the date of the Company’s listing (8 July 2015) and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of shares which may be issued upon exercise of all options granted and to be granted under the Share Option Scheme is 100,000,000 shares (20,000,000 shares, upon the Share Consolidation became effective on 19 June 2023), representing 10% of the shares of the Company in issue as at the date of listing of the Company’s shares on GEM (i.e. 8 July 2015) and approximately 5.8% of the shares of the Company in issue as at the date of this report. The maximum number of shares issuable under share options granted to each eligible participant in the Share Option Scheme (including both exercised and outstanding options) within any 12-month period is limited to 1% of the shares of the Company in issue. Any grant or further grant of share options in excess of this limit is subject to Shareholders’ approval in a general meeting. A grant of share options under the Share Option Scheme to a Director, chief executive or substantial Shareholder of the Company, or to any of their associates, is subject to approval in advance by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the Option). In addition, any share options granted to a substantial Shareholder or an independent non-executive Director of the Company, or to any of their associates, which would result in the shares issued and to be issued, upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding), to such person in the 12-month period up to and including the date of the grant in excess of 0.1% of the shares of the Company in issue and with an aggregate value (based on the closing price of the Company’s shares at the date of grant) in excess of HK\$5 million, are subject to Shareholders’ approval in advance at a general meeting.

The offer of a grant of share options may be accepted within 30 days from the date of offer upon payment of a nominal consideration of RMB1 in total by the grantee. The exercise period of the share options granted is determined by the Directors, save that such a period shall not be more than 10 years from the date of offer of the share options and subject to the provisions for early termination as set out in the Share Option Scheme. There is no requirement of a minimum period for which an option must be held before it can be exercised.

The exercise price of the share options shall be not less than the highest of (i) the Hong Kong Stock Exchange closing price of the Company’s shares on the date of offer of the share options, which must be a date on which the Hong Kong Stock Exchange is open for business of dealing in securities; (ii) the average Hong Kong Stock Exchange closing price of the Company’s shares for the five trading days immediately before the date of offer; and (iii) the nominal value of the Company’s shares as at the date of offer.

No share options were granted from the date of adoption up to 30 June 2024. Therefore, no share options were outstanding under the Scheme. 20,000,000 share options were available for grant at the beginning and at the end for the Period.

CORPORATE GOVERNANCE AND OTHER INFORMATION

SHARE AWARD SCHEME

The Board has adopted a share award plan (the “Plan”) on 6 July 2016 so as to recognize and appreciate the contribution of all qualified employees towards the growth and development of the Group. The entire issued share capital of Properous Commitment Holdings Limited (“Properous Commitment”) which in turns holds 10,320,000 Shares, is directly held by TMF Trust (HK) Limited which is a professional trustee. The trustee will hold on trust the award Shares for the benefit of the selected employees in accordance to the terms of the trust deed, until such award Shares are vested in the relevant selected employees in accordance with this Plan.

The plan is discretionary-based, and the Board has authorized the share award plan committee of the Company (“Share Award Plan Committee”) to manage the Plan, members of which include the controlling shareholder and executive Director Mr. Cheng Li, and the independent non-executive Director Mr. Ge Ning. Subject to the requirements of the Main Board Listing Rules and all applicable laws from time to time, the Share Award Plan Committee shall make recommendations for the Board’s approval. The Share Award Plan Committee shall be responsible for the administration of the Plan as well as communication with the trustee and the selected employees, including but not limited to the allocation of the award Shares to the selected employees upon obtaining such approval/authorization from the Board, and purchasing the award Shares on the market, as well as transferring the vested Shares to the selected employees. Before the vesting date, the selected employees have no right or interest in the award Shares (including the right to the dividends).

The maximum number of award Shares shall not exceed 10% of the issued share capital of the Company (including new Shares and existing Shares) from time to time, whereas the maximum number of Shares to be granted to a selected employee shall not exceed one percent (1%) of the issued share capital of the Company from time to time. The Directors have confirmed that the Company does not currently intend to issue any new Shares under the Plan. If new shares are to be issued under the Plan and assuming there are no existing shares to be used under the Plan, the maximum number of new shares to be issued will be 24,246,234 Shares as at the date of this report (taking into account of the current issued share capital of 345,662,343 Shares and 10,320,000 Shares granted and vested), representing approximately 7.0% of the existing issued share capital of the Company. The Company will seek a specific mandate in this regard as the grantees may be connected persons of the Company.

The Plan shall have valid and effect for ten years from the date of adoption to 5 July 2026.

Details of the awarded shares movement for the six months ended 30 June 2024 are as follows:

Grantee	Date of grant	Average price	Outstanding at 1 January 2024	Granted during period	Awards vested during period	Forfeited during period	Outstanding as at 30 June 2024	Vesting Date
		per share (HK\$) (Note)						
Employees	11 December 2023	-	10,320,000	-	10,320,000	-	-	11 January 2024

Note:

These shares were purchased by Properous Commitment at nil consideration.

DIRECTORS’ RIGHT TO ACQUIRE SHARES OR DEBENTURE

Save as disclosed above, as at 30 June 2024, no rights to acquire benefits by means of the acquisition of shares in or debentures of the Company were granted to any Directors or their respective spouse or children under 18 years of age, or were any such rights exercised by them, or was the Company, its holding company, or any of its subsidiaries and fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

CORPORATE GOVERNANCE AND OTHER INFORMATION

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix C3 of the Listing Rules as its code regarding Directors' dealings in the Company's securities. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the Model Code during the Period.

COMPLIANCE WITH QUALIFICATION REQUIREMENTS AND LAWS AND REGULATIONS

The Group's primary business is considered to be value-added telecommunications service, a sector where foreign investment is subject to significant restrictions under the current PRC laws and regulations. Accordingly, with the restriction of the current PRC laws and regulations and the implementation of local competent authorities, the Company cannot acquire Nanjing Xihui, which holds certain licenses and permits required for our primary business. As a result, the Group entered into a series of contractual arrangement with Nanjing Xihui and their respective registered shareholders (the "Contractual Arrangement") in order to conduct the said business, and to assert management control over the operations of and enjoy the economic benefits derived from Nanjing Xihui. For details of the Contractual Arrangement, please refer to the section headed "Contractual Arrangement" of the 2023 Annual Report.

In addition, under the current PRC laws and regulations, a foreign investor intending to acquire any equity interest in a value-added telecommunications business in the PRC must also demonstrate a good track record and possess operating experience in providing value-added telecommunications services overseas ("Qualification Requirements").

So far as the Directors are aware, as at the date of this report, the Company has taken all reasonable steps to ensure that such Qualification Requirements are met if and when the PRC laws and competent authorities substantially allow foreign investors to invest in value-added telecommunications services in the PRC. The Company will continue to communicate with the relevant governmental authorities and provide updates where necessary.

Due to the nature of our business, the Company is significantly affected by PRC laws and regulations, including laws and regulations relating to telecommunications services, advertising services, information security and privacy protection as well as intellectual property rights. As far as the Directors are aware, the Company had no material breach of any relevant laws and regulations as at 30 June 2024. The Company reduced its potential legal risk through different management and monitoring systems, such as regular review of the effectiveness of internal control system, defined duty division and providing training to employees and management related to such laws and regulations and recruiting legal adviser as professional consultant.

CORPORATE GOVERNANCE AND OTHER INFORMATION

COMPETING INTERESTS

So far as the Directors are aware, as at the date of this report, none of the Directors and their respective close associates has any substantial interests in a business which competes or may compete with the business of the Group or have any other conflict of interests with the Group.

AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

The Company has established an audit committee (the "Audit Committee") with written terms of reference in compliance with Rules 3.21 and 3.22 of the Listing Rules. The primary duties of the Audit Committee are to review the Company's annual reports and accounts and interim reports, the financial reporting, risk management and internal control systems of the Group and to provide advice to the Board. The Audit Committee consists of two independent non-executive Directors, namely Mr. Manley Poon (chairman of the Audit Committee) and Mr. Ge Ning, and one non-executive Director, namely Ms. Song Yuanyuan. The Audit Committee has reviewed the unaudited interim results and interim report of the Group for the Period. The interim condensed consolidated financial statements for the Period have not been audited.

RISKS AND UNCERTAINTIES

Our Group believes that there are certain risks and uncertainties in our operations, some of which are beyond the Group's control, including:

- (i) The Group is unable to guarantee that the Contractual Arrangement with the PRC contractual entities will be deemed by the relevant governmental and judicial authorities to be in compliance with existing PRC laws and regulations or that it will comply with future PRC laws and regulations, including but not limited to the new draft of the Foreign Investment Law of PRC (中華人民共和國外國投資法).

Our Directors have already formulated monitoring measures and examined the risk evaluation and report regularly, the details of which are set out in the Contractual Arrangement.

- (ii) The revenue of the Group relies significantly on the marketing and promotional services provided and new businesses may not be successfully developed and introduced going forward.

Since the operational environment in the Internet industry has never-ending changes and improvements, we believe we should timely keep track of the industry, market and customer demands development to review our business strategies. We jointly make investigation and assessment with industry experts and partners in addition to monitoring the market and industry by ourselves.

We optimize our sales and promotion models constantly through innovation to satisfy the demand of existing customers and explore new customers at the same time.

The Group will develop diversified business actively to anticipate comprehensive income. We will continue to propel industry chain cooperation and upgrade strategies, exploit more demands from mother-child households and formulate project management system to explore high-quality and suitable cooperation projects.

Research and development of technology is our significant support in business development. We have management system in place for technological research and development, so as to facilitate effective business development through technology.

CORPORATE GOVERNANCE AND OTHER INFORMATION

- (iii) The Company's investment scale is expanding which results in the failure to carry out timely and effective management may affect realization of investment expectations.

The Company pays close attention to investment risks and has established an investment team to make recommendations on investment matters. Our financial department, legal advisers and technical team are responsible for the follow-up of post-investment management so as to continuously monitor the status of business development and financial risks of investees. The Company has established an investment management system to implement relevant risk management and internal control measures. The Company also obtains relevant professional experience and knowledge by consulting external experts. Due to the uncertainties of the epidemic, the Group will continue to monitor the development of the epidemic, evaluate its impact, respond in an active manner and make timely disclosures.

- (iv) At the date of this report, the Group expects the COVID-19 will continue to affect part our clients. Due to the uncertainties of the epidemic, it is difficult to estimate its influence in the future. The Group will continue to monitor the development of the epidemic, evaluate its impact, respond in an active manner and make timely disclosures.

CORPORATE GOVERNANCE CODE

The Company has adopted the principles and the code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix C1 to the Listing Rules. To the best knowledge of the Directors, the Company had complied with all the code provisions as set out in the CG Code during the Period.

By order of the Board
China Parenting Network Holdings Limited
CHENG Li
Executive Director and Chief Executive Officer

Nanjing, the PRC, 30 August 2024

As at the date of this report, the executive Directors are Mr. Zhang Lake Mozi and Mr. Cheng Li; the non-executive Directors are Mr. Zhang Haihua and Ms. Song Yuanyuan; and the independent non-executive Directors are Mr. Zhao Zhen, Mr. Ge Ning and Mr. Manley Poon.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024 (Expressed in thousands of Renminbi)

The board of directors (the "Board") of China Parenting Network Holdings Limited (the "Company") submit herewith the unaudited interim report of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2024 prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting".

	Notes	For the six months ended 30 June	
		2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Revenue from contracts with customers	3	16,539	23,813
Cost of sales		(14,940)	(19,003)
Gross profit		1,599	4,810
Other income, gains and losses	4	6,326	1,375
Selling and distribution expenses		(6,507)	(5,387)
Administrative expenses		(7,163)	(4,483)
Research and development costs	5	(2,057)	(2,811)
Impairment loss on financial and contract asset, net	5	(1)	(551)
Fair value changes of financial assets at fair value through profit or loss ("FVTPL")	5	389	600
Finance costs	6	(2,848)	(1,912)
Loss before tax	5	(10,262)	(8,359)
Income tax expense	7	–	–
Loss for the period attributable to Owners of the Company		(10,262)	(8,359)
		RMB cents	RMB cents
Loss per share attributable to Owners of the Company			
Basic and diluted	9	(3.39)	(4.05)

The accompanying notes are an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024 (Expressed in thousands of Renminbi)

	For the six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Loss for the period	(10,262)	(8,359)
Other comprehensive (expense) income for the period, net of tax:		
<i>Item that will not be reclassified to profit or loss in subsequent periods:</i>		
Financial assets designated at fair value through other comprehensive income ("FVTOCI"):		
Change in fair value	(27,725)	3,614
<i>Item that may be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translation of foreign operations	(123)	(174)
Other comprehensive (expense) income for the period, net of tax	(27,848)	3,440
Total comprehensive expense for the period attributable to Owners of the Company	(38,110)	(4,919)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024 (Expressed in thousands of Renminbi)

	Notes	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Non-current assets			
Property, plant and equipment	10	200	161
Right-of-use assets		2,342	582
Long-term receivables	11	229	232
Other financial assets	12	31,474	44,127
		34,245	45,102
Current assets			
Inventories		28	230
Trade receivables	13	943	6,676
Contract assets	14	382	2,314
Prepayments, deposits and other receivables	15	2,888	18,593
Other financial assets	12	5,267	5,549
Cash and cash equivalents	16	7,824	9,277
		17,332	42,639
Assets classified as held for sale	20	–	27,312
		17,332	69,951
Current liabilities			
Trade payables	17	271	5,170
Contract liabilities		3,535	3,569
Other payables and accruals	18	14,106	13,106
Lease liabilities		1,005	703
Borrowings	19	24,369	37,747
Tax payable		5,598	5,598
		48,884	65,893
Liabilities associated with assets classified as held for sale	20	–	13,080
		48,884	78,973
Net current liabilities		(31,552)	(9,022)
Total assets less current liabilities		2,693	36,080

The accompanying notes are an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024 (Expressed in thousands of Renminbi)

	Note	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Non-current liabilities			
Lease liabilities		1,446	–
Net assets			
Equity			
Share capital	21	14,510	11,891
Reserves		(13,263)	24,189
Total equity		1,247	36,080

The accompanying notes are an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024 (Expressed in thousands of Renminbi)

	Attributable to Owners of the Company									
	Share capital RMB'000	Share premium* RMB'000	Reserve fund* RMB'000	Other reserve* RMB'000	Convertible notes equity reserve* RMB'000	Exchange fluctuation reserve* RMB'000	Fair value reserve of financial assets designated at FVTOCI* RMB'000	Share-based payment reserve RMB'000	Accumulated losses* RMB'000	Total equity RMB'000
At 1 January 2024 (Audited)	11,891	231,307	19,960	16,842	-	19,536	(180,751)	-	(82,705)	36,080
Loss for the period	-	-	-	-	-	-	-	-	(10,262)	(10,262)
Other comprehensive expense for the period:										
Exchange differences related to foreign operation	-	-	-	-	-	(123)	-	-	-	(123)
Change in fair value of financial assets designated at FVTOCI, net of tax	-	-	-	-	-	-	(27,725)	-	-	(27,725)
Total comprehensive expense for the period	-	-	-	-	-	(123)	(27,725)	-	(10,262)	(38,110)
Issue of new shares under placing agreement	2,619	(1)	-	-	-	-	-	-	-	2,618
Release upon disposal of a subsidiary	-	-	(6)	-	-	-	-	-	6	-
Share award arrangement	-	-	-	-	-	-	-	659	-	659
Vesting of share held under the Share Award Plan	-	-	-	-	-	-	-	(659)	659	-
At 30 June 2024 (Unaudited)	14,510	231,306	19,954	16,842	-	19,413	(208,476)	-	(92,302)	1,247
At 1 January 2023 (Audited)	8,090	224,688	19,960	16,842	222	19,833	(158,507)	-	(29,875)	101,253
Loss for the period	-	-	-	-	-	-	-	-	(8,359)	(8,359)
Other comprehensive (expense) income for the period:										
Exchange differences related to foreign operation	-	-	-	-	-	(174)	-	-	-	(174)
Change in fair value of financial assets designated at FVTOCI, net of tax	-	-	-	-	-	-	3,614	-	-	3,614
Total comprehensive (expense) income for the period	-	-	-	-	-	(174)	3,614	-	(8,359)	(4,919)
Issue of new shares under subscription agreements	192	366	-	-	-	-	-	-	-	558
Release upon derecognition of financial assets designated at FVTOCI	-	-	-	-	-	-	1,498	-	(1,498)	-
Lapse of convertible notes	-	-	-	-	(222)	-	-	-	222	-
At 30 June 2023 (Unaudited)	8,282	225,054	19,960	16,842	-	19,659	(153,395)	-	(39,510)	96,892

* These reserve accounts comprise the negative consolidated reserves of RMB13,263,000 (2023: consolidated reserves of RMB88,610,000) in the condensed consolidated statement of financial position.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024 (Expressed in thousands of Renminbi)

	For the six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Operating activities		
Cash used in operations	(10,091)	(8,457)
Interest portion of lease payments	(42)	(37)
Net cash used in operating activities	(10,133)	(8,494)
Investing activities		
Interest received	955	8
Purchases of property, plant and equipment	(59)	(11)
Repayment of loans from third parties	54	50
Repayment of loans from employees	600	754
Purchases of bank product investments	(3,800)	–
Proceeds from redemption of bank product investment	3,810	–
Proceeds from issue of new shares under subscription agreements	–	558
Proceeds from derecognition of financial assets designed at FVTOCI	–	10
Proceeds from issue of new shares under placing agreement	2,618	–
Net cash inflow arising on disposal of a subsidiary	19,090	–
Net cash generated from investing activities	23,268	1,369
Financing activities		
Bank loans raised	5,000	10,000
Repayment of bank loans	(18,500)	(5,000)
Principal portion of lease payments	(796)	(591)
Interest paid	(205)	(263)
Net cash (used in) generated from financing activities	(14,501)	4,146
Net decrease in cash and cash equivalents	(1,366)	(2,979)
Cash and cash equivalents at beginning of the period	9,277	8,555
Effect on foreign exchange rate changes, net	(87)	(199)
Cash and cash equivalents at end of the period	7,824	5,377

The accompanying notes are an integral part of these condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of Renminbi)

1. GENERAL INFORMATION

China Parenting Network Holdings Limited (the “Company”) was incorporated in the Cayman Islands on 13 October 2014 as an exempted company with limited liability under the Companies Law (2013 Revision) of the Cayman Islands and its shares are listed in the Main Board of The Stock Exchange (the “Stock Exchange”). The address of the registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business in Hong Kong has changed from Room 1905, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong to Unit 2, 7/F, Royal Commercial Centre, No. 56 Parkes Street, Jordan, Kowloon, Hong Kong with effect from 1 July 2024.

The principal activity of the Company is investment holding. The Company and its subsidiaries (collectively referred to as the “Group”) are principally engaged in (i) the provision of marketing and promotional services through the Group’s platform, including CI Web, mobile CI Web, Mobile Application Software (“APPS”) and IPTV APPs and (ii) sale of goods in China. There has been no significant change in the Group’s principal activities during the period.

2.1 BASIS OF PREPARATION

The condensed consolidated financial statements for the six months ended 30 June 2024 have been prepared in accordance with the International Accounting Standards (“IAS”) 34 Interim Financial Reporting and applicable disclosure requirements under the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

The condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with those of the annual report for the year ended 31 December 2023.

The condensed consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the annual report for the year ended 31 December 2023.

The consolidated results for the six months ended 30 June 2024 have not been audited by the Company’s auditors, but have been reviewed by the Company’s audit committee.

Going concern basis

The Group incurred a net loss attributable to owners of the Company of approximately RMB10,262,000 for the six months ended 30 June 2024, and as at the same date, the Group’s current liabilities exceeded its current assets by approximately RMB31,552,000. The directors of the Company are of the opinion that the Group would be able to continue as a going concern as the Group has sufficient financial resources to support the operation of the Group in the foreseeable future, after taking into consideration of the followings:

- (a) A shareholder of the Company has granted a loan facility to the Group and undertaken to provide adequate funds to enable the Group to meet its liabilities and to pay financial obligations to third parties as and when they fall due so that the Group can continue as a going concern and carry on its business without a significant curtailment of operations for the twelve months from the date of this report. Up to the date of this report, the loan facility has not been utilised under the arrangement;
- (b) The Group plans to dispose of the financial assets at FVTPL and financial assets designated at FVTOCI to generate operating cash inflow;

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of Renminbi)

2.1 BASIS OF PREPARATION (CONTINUES)

Going concern basis (Continues)

- (c) The directors of the Company will strengthen and implement measures aiming at improving the working capital and cash flows of the Group, including closely monitoring the general administrative expenses and operating cost; and
- (d) The Group will seek to obtain additional new financial support including but not limited to borrowing loans, issuing additional equity or debt securities.

In view of the above measures, the directors of the Company are of the opinion that the Group will have adequate funds to meet its liabilities as and when they fall due for at least twelve months from the date of this report.

2.2 CHANGES IN ACCOUNTING POLICIES

In the accounting period beginning from 1 January 2024, the Group has adopted, for the first time, the following amendments to International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board (the “IASB”) that affect the Group and are adopted for the current period’s financial information:

Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

These amendments have had no material effect on how the Group’s results and financial position for the current or prior periods have been presented in this unaudited condensed consolidated financial information. The Group has not applied any other new standards or interpretations that are not yet effective for the current accounting period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of Renminbi)

3. REVENUE FROM CONTACTS WITH CUSTOMERS AND SEGMENTAL INFORMATION

(a) Revenue from contacts with customers

The Group is principally engaged in the provision of marketing and promotional services through the Group's platform and sale of goods.

(i) Disaggregation of revenue

Revenue of the Group are all from contracts with customers within the scope of IFRS 15. The amount of each significant category of revenue is as follows:

	For the six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Marketing and promotional services	14,179	11,548
Sale of goods	2,360	12,265
	16,539	23,813

(ii) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date.

Contracts with provision of marketing and promotional services customers always have an original expected duration of less than one year. And contracts with individual customers for sales of goods are always satisfied within one month.

The Group has applied the practical expedient in paragraph 121 of IFRS 15 and therefore the information about remaining performance obligations is not disclosed for contracts that have an original expected duration of one year or less.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of Renminbi)

3. REVENUE FROM CONTACTS WITH CUSTOMERS AND SEGMENTAL INFORMATION (CONTINUED)

(b) Segment information

The Group determines its operating segments based on internal reports reviewed by the chief operating decision makers, which are the executive directors of the Company, for the purpose of allocating resources to the segments and to assess their performance.

The Group's reportable and operating segments have been identified as follows:

- (i) Marketing and promotional services; and
- (ii) Sale of goods

The amount of each significant category of revenue recognised during the reporting period is as follows:

	For the six months ended 30 June 2024		
	Marketing and promotional services (Unaudited) RMB'000	Sales of goods (Unaudited) RMB'000	Total (Unaudited) RMB'000
Disaggregated by timing of revenue recognition			
Over time	14,179	–	14,179
Point in time	–	2,360	2,360
Segment revenue	14,179	2,360	16,539
Segment results	1,592	7	1,599
	For the six months ended 30 June 2023		
	Marketing and promotional services (Unaudited) RMB'000	Sales of goods (Unaudited) RMB'000	Total (Unaudited) RMB'000
Disaggregated by timing of revenue recognition			
Over time	11,548	–	11,548
Point in time	–	12,265	12,265
Segment revenue	11,548	12,265	23,813
Segment results	2,333	2,477	4,810

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of Renminbi)

3. REVENUE FROM CONTACTS WITH CUSTOMERS AND SEGMENTAL INFORMATION (CONTINUED)

(b) Segment information (Continued)

	For the six months ended	
	30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Segment results	1,599	4,810
Unallocated		
Other income, gains and losses	6,326	1,375
Selling and distribution expenses	(6,507)	(5,387)
Administrative expenses	(7,163)	(4,483)
Research and development costs	(2,057)	(2,811)
Impairment loss on financial and contract assets, net	(1)	(551)
Fair value changes of financial assets at FVTPL	389	600
Finance costs	(2,848)	(1,912)
Loss before tax	(10,262)	(8,359)

Segment results during the period represents the gross profit of each segment without allocation of other income, gains and losses, selling and distribution expenses, administrative expenses, research and development costs, impairment loss on financial and contract assets, net, fair value changes of financial assets at FVTPL and finance costs. This is the measure reported to the Group's chief operating decision makers, for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

No segment assets and segment liabilities and other segment information are presented as such amounts are not reviewed by the Group's chief operating decision makers for the purpose of resource allocation and performance assessment or otherwise regularly provided to the Group's chief operating decision makers.

Geographical information

During the period, the Group operated within one geographical segment because substantially all of its revenue was generated in the Mainland China and all of its long-term assets/capital expenditure were located/incurred in the Mainland China. Accordingly, no geographical information is presented.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of Renminbi)

4. OTHER INCOME, GAINS AND LOSSES

	For the six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Bank interest income	12	8
Other interest income	580	606
Foreign exchange loss, net	–	(40)
Government grants (note)	860	12
Investment income from bank product investments	10	–
Income from office sharing	–	231
Gain on disposal of a subsidiary	4,858	–
Sundry income	6	558
	6,326	1,375

Note: Government grants were received from the government of the Mainland China mainly to encourage the Group's efforts on development and innovation. There are no unfulfilled or contingencies relating to the grants.

5. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging (crediting):

	For the six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Cost of inventories sold	2,353	9,788
Cost of services provided	12,587	9,215
Depreciation of property, plant and equipment	20	27
Depreciation of right-of-use assets	783	921
Research and development costs:		
Current period expenditure	2,057	2,811
Employee benefit expense (excluding directors' and chief executive's remuneration):		
Wages and salaries	3,445	5,642
Share-based payment expenses	659	–
Pension scheme contributions (defined contribution scheme)	289	600
Impairment loss (reversal of impairment loss) on financial and contract assets, net:		
— Trade receivables	(15)	125
— Contract assets	(12)	532
— Financial assets included in prepayments, deposits and other receivables	28	(106)
Fair value changes of financial assets at FVTPL	(389)	(600)
Foreign exchange loss, net	–	40

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of Renminbi)

6. FINANCE COSTS

	For the six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Effective interest on convertible notes	–	468
Interest on bank loan	205	263
Interest on other borrowing	2,601	1,144
Interest on lease liabilities	42	37
	2,848	1,912

7. INCOME TAX EXPENSE

The Group is subject to income tax on an entity basis on assessable profit arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and accordingly is not subject to income tax.

Under the relevant income tax law, the Mainland China subsidiaries are subject to income tax at a statutory rate of 25% on their respective taxable income.

The income tax expense of the Group is analysed as follows:

	For the six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Current tax		
— PRC Enterprise Income Tax	–	–
Under-provision in prior periods		
— PRC Enterprise Income Tax	–	–
	–	–

8. DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2024 and 2023.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of Renminbi)

9. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic loss per share is based on the loss attributable to Owners of the Company and the weighted average number of ordinary shares in issue during the six months ended 30 June 2024 and 2023.

There were no potential ordinary shares in issue during the six months ended 30 June 2024, and therefore the diluted loss per share is same as the basic loss per share.

No adjustment was made in calculating diluted loss per share for the six months ended 30 June 2023 as the conversion of convertible notes would result in decrease in loss per share. Accordingly, the diluted loss per share is same as the basic loss per share.

The calculations of basic and diluted loss per share are based on:

	For the six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Loss		
Loss attributable to Owners of the Company	(10,262)	(8,359)
	For the six months ended 30 June	
	2024 (Unaudited) '000	2023 (Unaudited) '000
Number of shares		
Weighted average number of ordinary shares	302,375	206,509
	For the six months ended 30 June	
	2024 (Unaudited) RMB cents	2023 (Unaudited) RMB cents
Loss per share attributable to Owners of the Company — Basic and diluted	(3.39)	(4.05)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of Renminbi)

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2024, the Group acquired assets with a cost of approximately RMB59,000 (six months ended 30 June 2023: RMB2,067,000).

11. LONG-TERM RECEIVABLES

	Notes	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Rental deposit		165	–
Loans to employees	(i)	–	168
Loans to third parties	(ii)	64	64
		229	232

Notes:

- (i) Since September 2016, the Group had begun to offer certain employees' interest-free loans which amounted to no more than RMB15,000,000 in aggregate. The employees, including key management personnel, who have served the Group for more than three years can apply for such interest-free loans to purchase home properties. The balance, there is no balance for interest-free loan to key management personnel for the six months ended 30 June 2024 (31 December 2023: including interest-free loan to key management personnel of RMB700,000), represents the interest-free loans to employees (note 25(a) to the condensed consolidated financial statements) which will be repaid within two to five years. The current portion which will be repaid within one year is presented in note 15 to the condensed consolidated financial statements.
- (ii) The loans to third parties are unsecured, bearing interest rate at 6% per annum and repayable within two to five years. The current portion which will be repaid within one year is presented in note 15 to the condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of Renminbi)

12. OTHER FINANCIAL ASSETS

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Financial assets designated at FVTOCI:		
— Unlisted equity securities	12,575	40,300
Financial assets at FVTPL:		
— Unlisted equity securities	5,267	5,549
— Convertible loans to third parties	18,899	3,827
	36,741	49,676
Analysed into:		
— Non-current	31,474	44,127
— Current	5,267	5,549
	36,741	49,676

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of Renminbi)

13. TRADE RECEIVABLES

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Trade receivables	2,885	10,133
Less: Impairment allowance	(1,942)	(3,457)
	943	6,676

The Group's trading terms with its customers are mainly on credit. The credit period is generally 90 to 180 days after date of invoices, depending on contracts with individual customers.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the date of invoices and net of loss allowance, is as follows:

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Within 3 months	347	3,444
3 to 6 months	–	2,112
6 months to 1 year	–	324
1 to 2 years	596	796
	943	6,676

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of Renminbi)

14. CONTRACT ASSETS

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Contract assets arising from marketing and promotional services	1,186	3,170
Less: Impairment allowance	(804)	(856)
	382	2,314

Contract assets are initially recognised for revenue earned from the marketing and promotional services as the receipt of consideration is conditional on successful completion of services. Included in contract assets for marketing and promotional services are retention receivables. Upon completion of services and acceptance by the customer, the amounts recognised as contract assets are reclassified to trade receivables.

During the six months ended 30 June 2024, impairment loss of approximately RMB12,000 were reversed (six months ended 30 June 2023: RMB532,000 were recognised) for expected credit losses on contract assets.

The expected timing of recovery or settlement for contract assets as at the end of the reporting period is as follows:

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Within 1 year	382	2,314

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of Renminbi)

15. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Notes	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Advance payment to suppliers		741	1,230
Prepayments		299	457
Deposits		967	1,047
Other receivables		626	16,630
Loans to third parties	11(ii)	138	192
Loans to employees	11(i)	240	672
		3,011	20,288
Less: Impairment allowance		(123)	(1,635)
		2,888	18,593

16. CASH AND CASH EQUIVALENTS

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Cash and bank balances	7,824	9,277

At the end of the reporting period, the cash and bank balances of the Group denominated in RMB amounted to approximately RMB5,894,000 (31 December 2023: RMB6,479,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of Renminbi)

17. TRADE PAYABLES

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

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Within 1 month	79	5,068
1 to 3 months	15	1
Over 3 months	177	101
	271	5,170

Trade payables are non-interest-bearing and normally settled within 30 days.

18. OTHER PAYABLES AND ACCRUALS

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Other payables and accruals	11,401	9,724
Receipt in advance	55	212
Other tax payables	2,035	2,409
Employee related payables	615	761
	14,106	13,106

Other payables are non-interest-bearing and repayable on demand.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of Renminbi)

19. BORROWINGS

	Notes	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Bank loans	(i)	4,000	17,500
Other borrowings	(ii)	20,369	20,247
		24,369	37,747

Notes:

- (i) The bank loans of RMB4,000,000 (31 December 2023: RMB17,500,000) are unsecured, repayable within one year and guaranteed by personal guarantees given by an executive director of the Company, Mr. Cheng Li and a former non-executive director of the Company, Ms. Li Juan who resigned on 28 March 2024 (31 December 2023: Mr. Cheng Li, Ms. Li Juan and a former non-executive director of the Company, Mr. Wu Haiming who resigned on 9 August 2023). The relevant directors did not receive any fees for such guarantees from the Group and the Group did not provide any collateral for the aforesaid guarantees to the relevant directors for the six months ended 30 June 2024 and year ended 31 December 2023. The bank loans carry interest rate of 3.70% (31 December 2023: ranging from 3.25% to 4.45%) per annum.
- (ii) The other borrowings of approximately RMB3,250,000 and HK\$18,756,000 (equivalent to approximately of RMB17,119,000) (31 December 2023: RMB3,250,000 and HK\$18,756,000 (equivalent to approximately of RMB16,997,000)) are unsecured and repayable on demand, which carry interest rate at 26% and 23% respectively (31 December 2023: 26% and 23% respectively) per annum.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of Renminbi)

20. ASSETS CLASSIFIED AS HELD FOR SALE/LIABILITIES ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE

As at 31 December 2023, the Group was in the process of disposing its entire equity interests in its indirect wholly-owned subsidiary, Nanjing Wanhui Information Technology Company Limited (“Nanjing Wanhui”), that was principally engaged in provision of technical support and consultancy related services.

Negotiations with an interested party have already taken place, and the directors of the Company were committed to sell the equity interests in Nanjing Wanhui within twelve months from 31 December 2023. During the six months ended 30 June 2024, the disposal of the subsidiary has been completed. Details of the disposal are set out in note 24 to the condensed consolidated financial statements.

The assets and liabilities of Nanjing Wanhui were classified as “Assets classified as held for sale” and “Liabilities associated with assets classified as held for sale” respectively in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations as at 31 December 2023 and were presented separately in the consolidated statement of financial position (see below).

The net proceeds of disposal were expected to exceed the carrying amount of the interest in Nanjing Wanhui. Accordingly, no impairment losses have been recognised.

The major classes of assets and liabilities of Nanjing Wanhui classified as held for sale are as follows:

	31 December 2023 (Audited) RMB'000
Construction in progress	21,796
Right-of-use assets	5,071
Other receivables	445
Total assets classified as held for sale	27,312
Other payables and accruals	13,080
Total liabilities classified as held for sale	13,080

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of Renminbi)

21. SHARE CAPITAL

	30 June 2024			31 December 2023		
	Number of shares	HK\$'000	Equivalent to RMB'000	Number of shares	HK\$'000	Equivalent to RMB'000
Ordinary shares of HK\$0.05 each						
Authorised:						
At beginning of period/year	2,000,000,000	100,000		10,000,000,000	100,000	
Share consolidation (note (iii))	–	–		(8,000,000,000)	–	
At end of period/year	2,000,000,000	100,000		2,000,000,000	100,000	
Issued and fully paid:						
At beginning of period/year	288,051,953	14,402	11,891	1,025,662,000	10,257	8,090
Issue of new shares under subscription agreement (note (i))	–	–	–	7,317,073	73	64
Issue of new shares under subscription agreement (note (ii))	–	–	–	14,347,826	143	128
Share consolidation (note (iii))	–	–	–	(837,861,520)	–	–
Issue of new shares under subscription agreement (note (iv))	–	–	–	18,346,750	917	845
Issue of new shares under loan capitalisation agreement (note (v))	–	–	–	18,346,750	917	845
Issue of new shares under subscription agreement (note (vi))	–	–	–	41,893,074	2,095	1,919
Issue of new shares under placing agreement (note (vii))	57,610,390	2,881	2,619	–	–	–
At end of period/year	345,662,343	17,283	14,510	288,051,953	14,402	11,891

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of Renminbi)

21. SHARE CAPITAL (CONTINUED)

Notes:

- (i) On 29 March 2023, the Company entered into a subscription agreement with a third party (the "Subscriber A"), pursuant to which the Subscriber A has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue a total of 7,317,073 ordinary shares at the subscription price of HK\$0.041 per share. Those subscription shares issued by the Company rank pari passu in all respects with the issued ordinary shares of the Company on the date of issue. Details of which are disclosed in the Company's announcements dated 29 March 2023.
- (ii) On 4 May 2023, the Company entered into a subscription agreement with the Subscriber A, pursuant to which the Subscriber A has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue a total of 14,347,826 ordinary shares at the subscription price of HK\$0.023 per share. Those subscription shares issued by the Company rank pari passu in all respects with the issued ordinary shares of the Company on the date of issue. Details of which are disclosed in the Company's announcements dated 4 May 2023.
- (iii) Pursuant to an ordinary resolution passed by shareholders at the annual general meeting held on 15 June 2023, every five issued and unissued ordinary shares with a par value of HK\$0.01 each in the authorised and issued share capital of the Company be consolidated into one ordinary share with a par value of HK\$0.05 each, which became effective on 19 June 2023. Details of the Share Consolidation are disclosed in the Company's announcements dated 29 March 2023 and circular dated 16 May 2023 respectively.
- (iv) On 12 June 2023, the Company entered into a subscription agreement with the Subscriber A, pursuant to which the Subscriber A has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue a total of 18,346,750 ordinary shares at the subscription price of HK\$0.023 per share (or HK\$0.115 as adjusted by share consolidation). Those subscription shares issued by the Company rank pari passu in all respects with the issued ordinary shares of the Company on the date of issue. Details of which are disclosed in the Company's announcements dated 12 June 2023.
- (v) On 12 June 2023, the Company entered into a loan capitalisation agreement with a third party (the "Creditor"), pursuant to which the Creditor has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue 18,346,750 ordinary shares (at par value of HK\$0.05) at the issue price of HK\$0.023 per share (or HK\$0.115 as adjusted by share consolidation). The subscription amount payable by Creditor under the loan capitalisation agreement shall be satisfied by capitalising the outstanding loan. Those subscription shares issued by the Company rank pari passu in all respects with the issued ordinary shares of the Company on the date of issue. Details of which are disclosed in the Company's announcements dated 12 June 2023.

On 4 July 2023, all of the conditions precedent under the loan capitalisation agreement have been fulfilled and the completion of the share subscription has taken place, whereby 18,346,750 subscription shares were allotted and issued to the Creditor at the subscription price of HK\$0.023 per share (or HK\$0.115 as adjusted by share consolidation) per subscription share pursuant to the terms of the loan capitalisation agreement. The difference between the fair value of the issued shares based on the market price of HK\$0.136 per share on 4 July 2023 and the amount owing by the Company to the Creditor in an aggregate amount of approximately HK\$385,000 (equivalent to approximately of RMB347,000) was accounted for as a loss on extinguishment of financial liabilities by issue of shares for the year ended 31 December 2023.
- (vi) On 11 July 2023, the Company entered into a subscription agreement with the subscribers (the "Subscribers"), pursuant to which the Subscribers has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue a total of 41,893,074 ordinary shares (at par value of HK\$0.05) at the subscription price of HK\$0.1525 per share. Those subscription shares issued by the Company rank pari passu in all respects with the issued ordinary shares of the Company on the date of issue. Details of which are disclosed in the Company's announcements dated 11 July 2023.
- (vii) On 26 April 2024, the Company and the placing agent entered into a placing agreement pursuant to which the Company has conditionally agreed to place through the placing agent, up to an aggregate of 57,610,390 placing shares at a price of HK\$0.0503 per placing shares (the "Placing"). The Placing has been completed on 17 May 2024. The net proceeds from the Placing amounted to approximately HK\$2.9 million.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of Renminbi)

22. CONTINGENT LIABILITIES

As at the end of the reporting period, neither the Group nor the Company had any significant contingent liabilities.

23. COMMITMENT

The Group had the following capital commitment at the end of the reporting period:

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Contracted, but not provided for:		
Land and buildings	–	40,383

The commitment related to the construction in progress of Nanjing Wanhui. During the six months ended 30 June 2024, the disposal of Nanjing Wanhui has been completed. Details of the disposal are set out in note 24 to the condensed consolidated financial statements.

24. DISPOSAL OF A SUBSIDIARY

In March 2024, the Group completed the disposal of its entire interests in Nanjing Wanhui whose assets and liabilities were classified as held for sale as at 31 December 2023 as disclosed in note 20 to the condensed consolidated financial statements for consideration of RMB19,090,000.

The respective amounts of assets and liabilities of the subsidiary disposed of on the relevant dates of disposal were as follows:

	RMB'000
Analysis of assets and liabilities over which control was lost:	
Construction in progress	25,972
Right-of-use assets	5,071
Other receivables	818
Other payables and accruals	(17,629)
Net assets disposed of	14,232
Gain on disposal of a subsidiary:	
Consideration received	19,090
Net assets disposed of	(14,232)
Gain on disposal	4,858
Net cash inflow arising on disposal:	
Cash consideration received	19,090
Less: cash and cash equivalents disposed of	–
	19,090

The subsidiary disposed of during the period did not contribute significantly to the revenue, operating results or cash flows of the Group for the six months ended 30 June 2024.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of Renminbi)

25. RELATED PARTY TRANSACTIONS

- (a) Material transactions with related parties:

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
For the period/year		
Maximum aggregate amount of loan to key management personnel	–	790

The loan granted to key management personnel who are not directors of the Company is interest-free loan and has fixed terms of repayment within one year to five years, which are included in loans to employees in notes 11 and 15 to the condensed consolidated financial statements.

- (b) Compensation of key management personnel of the Group:

	For the six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Salaries, allowances and benefits in kind	990	754
Discretionary bonus	–	–
Pension scheme contributions	66	43
	1,056	797

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of Renminbi)

26. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

As at 30 June 2024

Financial assets

	Financial assets at amortised cost RMB'000	Financial assets at FVTPL RMB'000	Financial assets designated at FVTOCI RMB'000	Total RMB'000
Long-term receivables	229	–	–	229
Other financial assets	–	24,166	12,575	36,741
Trade receivables	943	–	–	943
Financial assets included in prepayments, deposits and other receivables	1,848	–	–	1,848
Cash and cash equivalents	7,824	–	–	7,824
	10,844	24,166	12,575	47,585

Financial liabilities

	Financial liabilities at amortised cost RMB'000
Trade payables	271
Financial liabilities included in other payables and accruals	11,401
Borrowings	24,369
Lease liabilities	2,451
	38,492

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of Renminbi)

26. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: (Continued)

As at 31 December 2023

Financial assets

	Financial assets at amortised cost RMB'000	Financial assets at FVTPL RMB'000	Financial assets designated at FVTOCI RMB'000	Total RMB'000
Long-term receivables	232	–	–	232
Other financial assets	–	9,376	40,300	49,676
Trade and bills receivables	6,676	–	–	6,676
Financial assets included in prepayments, deposits and other receivables	16,906	–	–	16,906
Cash and cash equivalents	9,277	–	–	9,277
	33,091	9,376	40,300	82,767

Financial liabilities

	Financial liabilities at amortised cost RMB'000
Trade payables	5,170
Financial liabilities included in other payables and accruals	9,724
Borrowings	37,747
Lease liabilities	703
	53,344

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of Renminbi)

27. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

(a) Fair value of the Group's financial assets and liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13 Fair Value Measurement.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer and the audit committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair value of financial assets at FVTPL and financial assets designated at FVTOCI with significant unobservable under Level 3 which have been assessed by the valuer using the valuation techniques of (i) market approach, discounted cash flows and asset-based approach for growing and well-developed companies and (ii) Black Scholes Model for financial assets with derivative embedded.

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments for which fair values are disclosed:

Fair value hierarchy at 30 June 2024

	Level 1 (Unaudited) RMB'000	Level 2 (Unaudited) RMB'000	Level 3 (Unaudited) RMB'000	Total (Unaudited) RMB'000
Financial assets				
Other financial assets				
Financial assets designated at FVTOCI				
— Unlisted equity securities	—	—	12,575	12,575
Financial assets at FVTPL				
— Unlisted equity securities	—	—	5,267	5,267
— Convertible loans to third parties	—	—	18,899	18,899
	—	—	36,741	36,741

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of Renminbi)

27. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Fair value of the Group's financial assets and liabilities that are measured at fair value on a recurring basis (Continued)

Fair value hierarchy at 31 December 2023

	Level 1 (Audited) RMB'000	Level 2 (Audited) RMB'000	Level 3 (Audited) RMB'000	Total (Audited) RMB'000
Financial assets				
Other financial assets				
Financial assets designated at FVTOCI				
— Unlisted equity securities	—	—	40,300	40,300
Financial assets at FVTPL				
— Unlisted equity securities	—	—	5,549	5,549
— Convertible loans to third parties	—	—	3,827	3,827
	—	—	49,676	49,676

Below is a summary of significant unobservable inputs to the valuation of financial instruments as at the end of the reporting period:

As at 30 June 2024 and 31 December 2023

Financial assets	Valuation techniques	Significant unobservable input
Financial assets at FVTPL		
Unlisted equity securities and convertible loans to third parties	Discounted Cash Flows	Effective interest rate, taking into account of risk-adjusted return, is 7% (31 December 2023: Nil) (note (i))
	Hypothetical liquidation method (note (ii))	Debt allocation is 62% (31 December 2023: 64%) (note (iii))
	Black Scholes Model	Expected volatility of 38% (31 December 2023: 38%), taking into account volatility in entities in similar industries extracted from the financial database of Wind (萬得信息技術股份有限公司) ("Wind") (note (iv))

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(Expressed in thousands of Renminbi)

27. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Fair value of the Group's financial assets and liabilities that are measured at fair value on a recurring basis (Continued)

As at 30 June 2024 and 31 December 2023 (Continued)

Financial assets	Valuation techniques	Significant unobservable input
Financial assets designed at FVTOCI		
Unlisted equity securities	Market approach	Price/book ratio ranging from 4.09 to 4.40 (31 December 2023: 5.16 to 6.19) taking into account price/book ratio of entities in similar industries extracted from database of Wind, adjusted for discount for lack of marketability (note (v)) Enterprise value/sales ratio of 2.77 (31 December 2023: ranging from 5.08 to 5.32), taking into account enterprise value/sales ratio of entities in similar industries extracted from database of Wind, adjusted for discount for lack of marketability (note (vi))

Notes:

- (i) An increase in the effective interest rate used in isolation would result in a decrease in the fair value measurement of the financial assets at FVTPL and vice versa. 5% increase/decrease in the effective interest rate holding all other variables constant would decrease/increase the carrying amount of financial assets at FVTPL of approximately RMB1,347,000 and RMB1,578,000 respectively (31 December 2023: Nil).
- (ii) As at 31 December 2023, the management considered Beijing Hongwei occurred significant deterioration of financial position, therefore the valuation technique is changed to hypothetical liquidation method from discounted cash flows method used in previous years.
- (iii) An increase in debt allocation used in isolation would result in an increase in the fair value measurement of the financial assets at FVTPL, and vice versa. 5% increase/decrease in the debt allocation holding all other variables constant would increase/decrease the carrying amount of financial assets at FVTPL of approximately RMB307,000 and RMB307,000, respectively. (31 December 2023: RMB299,000 and RMB299,000, respectively).
- (iv) An increase in the expected volatility used in isolation would result in an increase in the fair value measurement of the financial assets at FVTPL and vice versa. 10% increase/decrease in the volatility holding all other variables constant would increase/decrease the carrying amount of financial assets at FVTPL by Nil (31 December 2023: Nil).
- (v) An increase in the price/book ratio used in isolation would result in an increase in the fair value measurement of the financial assets designated at FVTOCI, and vice versa. 2% increase/decrease in the price/book ratio holding all other variables constant would increase/decrease the carrying amount of the financial assets designated at FVTOCI of approximately RMB313,000 and RMB313,000, respectively (31 December 2023: RMB1,579,000 and RMB1,579,000, respectively).
- (vi) An increase in the enterprise value/sales ratio used in isolation would result in an increase in the fair value measurement of the financial assets designated at FVTOCI, and vice versa. 2% increase/decrease in the enterprise value/sales ratio holding all other variables constant would increase/decrease the carrying amount of the financial assets designated at FVTOCI of approximately RMB15,000 and RMB15,000, respectively (31 December 2023: RMB450,000 and RMB450,000, respectively).

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(Expressed in thousands of Renminbi)

27. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)

(b) Reconciliation of Level 3 fair value measurements

	Financial assets at FVTPL		Financial assets designated at FVTOCI	Total RMB'000
	Unlisted equity securities RMB'000	Convertible loans to third parties RMB'000	Unlisted equity securities RMB'000	
At 1 January 2023 (Audited)	14,985	19,151	68,926	103,062
Loan interest receivable	–	1,040	–	1,040
Exchange realignment	155	–	–	155
Derecognition	–	–	(11)	(11)
Disposal	–	–	(1,500)	(1,500)
Changes in fair value recognised in profit and loss	(9,591)	(38)	–	(9,629)
Changes in fair value recognised in other comprehensive income	–	–	(27,115)	(27,115)
Reclassified to prepayments, deposits and other receivables	–	(16,326)	–	(16,326)
At 31 December 2023 (Audited)	5,549	3,827	40,300	49,676
At 1 January 2024 (Audited)	5,549	3,827	40,300	49,676
Loan interest receivable	–	520	–	520
Interest received	–	(943)	–	(943)
Exchange realignment	38	–	–	38
Changes in fair value recognised in profit and loss	(320)	709	–	389
Changes in fair value recognised in other comprehensive income	–	–	(27,725)	(27,725)
Reclassified from prepayments, deposits and other receivables	–	14,786	–	14,786
At 30 June 2024 (Unaudited)	5,267	18,899	12,575	36,741

The Group did not have any financial liabilities measured at fair value as at 30 June 2024 and 31 December 2023.

During the six months ended 30 June 2024 and year ended 31 December 2023, there were no transfers of fair value measurements between Level 1 and Level 2, and no transfers into or out of Level 3 for both financial assets and financial liabilities.

28. EVENTS AFTER THE REPORTING PERIOD

There was no material subsequent event during the period from 30 June 2024 to the date of these condensed consolidated financial statements.