快狗打车 | GOGOX

# GOGOX HOLDINGS LIMITED
# 快狗打车控股有限公司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2246)**

# INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2023

## FINANCIAL HIGHLIGHTS

| | **Six months ended June 30,** | | Period-to-period |
|---|---|---|---|
| | **2023** | 2022 | change |
| | ***RMB'000*** | *RMB'000* | *(%)* |
| | ***(Unaudited)*** | *(Unaudited)* | |
| Revenue | **371,758** | 348,755 | 6.6 |
| Gross profit | **119,333** | 112,211 | 6.3 |
| Loss before income tax | **(645,010)** | (1,051,057) | (38.6) |
| Loss for the period | **(642,938)** | (1,049,064) | (38.7) |
| Non-IFRS measure: | | | |
| Adjusted net loss for the period[(1)] | **(121,260)** | (118,179) | 2.6 |
| Adjusted EBITDA for the period[(2)] | **(106,338)** | (105,223) | 1.1 |

*Notes:*

(1) Represents loss for the period before (i) share-based compensation expenses, (ii) changes in fair value of financial liabilities at fair value through profit or loss, (iii) listing expenses and (iv) impairment of goodwill.

(2) Represents adjusted net loss for the period before (i) income tax credit, (ii) depreciation and amortization and (iii) net finance income.

The board (the "**Board**") of directors (the "**Directors**") of GOGOX HOLDINGS LIMITED (the "**Company**") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries and consolidated affiliated entities (the "**Group**", "**we**", "**us**" or "**our**") for the six months ended June 30, 2023 (the "**Reporting Period**") together with the comparative figures for the corresponding period in 2022, as follows:

## UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME

*For the six months ended June 30, 2023*

| | | Six months ended June 30, | |
|---|---|---|---|
| | | **2023** | 2022 |
| | *Notes* | ***RMB'000*** | *RMB'000* |
| | | ***(Unaudited)*** | *(Unaudited)* |
| Revenue | *4* | **371,758** | 348,755 |
| Cost of revenue | *5* | **(252,425)** | (236,544) |
| **Gross profit** | | **119,333** | 112,211 |
| Selling and marketing expenses | *5* | **(110,557)** | (167,941) |
| General and administrative expenses | *5* | **(118,249)** | (646,463) |
| Research and development expenses | *5* | **(22,392)** | (47,510) |
| (Impairment losses)/reversal of impairment losses on financial assets | | **(2,924)** | 550 |
| Impairment of goodwill | *10* | **(513,525)** | – |
| Other income | | **1,162** | 6,031 |
| Other gains/(losses), net | | **1,943** | (869) |
| **Operating loss** | | **(645,209)** | (743,991) |
| Finance income, net | *6* | **803** | 1,114 |
| Changes in fair value of financial liabilities at fair value through profit or loss | | **–** | (308,063) |
| Share of net loss of a joint venture accounted for using the equity method | | **(604)** | (117) |
| **Loss before income tax** | | **(645,010)** | (1,051,057) |
| Income tax credit | *7* | **2,072** | 1,993 |
| **Loss for the period** | | **(642,938)** | (1,049,064) |

**UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME (CONTINUED)**
*For the six months ended June 30, 2023*

| | Notes | Six months ended June 30, 2023 RMB'000 (Unaudited) | 2022 RMB'000 (Unaudited) |
|---|---|---|---|
| **Other comprehensive income/(losses):** | | | |
| *Items that will not be reclassified to profit or loss* | | | |
| Changes in fair value of convertible redeemable preferred shares due to own credit risk | | **–** | (31,039) |
| Currency translation differences | | **11,490** | (175,470) |
| *Items that may be subsequently reclassified to profit or loss* | | | |
| Currency translation differences | | **2,052** | 26,099 |
| **Total other comprehensive income/(losses)** | | **13,542** | (180,410) |
| **Total comprehensive loss for the period** | | **(629,396)** | (1,229,474) |
| Loss for the period attributable to: | | | |
| Equity holders of the Company | | **(642,475)** | (1,045,908) |
| Non-controlling interests | | **(463)** | (3,156) |
| | | **(642,938)** | (1,049,064) |
| Total comprehensive loss for the period attributable to: | | | |
| Equity holders of the Company | | **(628,900)** | (1,226,345) |
| Non-controlling interests | | **(496)** | (3,129) |
| | | **(629,396)** | (1,229,474) |
| **Loss per share attributable to the equity holders of the Company (expressed in RMB per share)** | | | |
| Basic and diluted | *8* | **(1.03)** | (2.69) |

**UNAUDITED CONDENSED CONSOLIDATED INTERIM BALANCE SHEETS**
*As at June 30, 2023*

| | *Notes* | **As at June 30, 2023** ***RMB'000*** ***(Unaudited)*** | As at December 31, 2022 *RMB'000* *(Audited)* |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Right-of-use assets | | **32,303** | 21,046 |
| Property, plant and equipment | | **8,163** | 6,938 |
| Intangible assets | | **43,836** | 52,448 |
| Goodwill | *10* | **536,051** | 1,048,062 |
| Investment in a joint venture | | **1,432** | 2,036 |
| Prepayments, deposits and other receivables | | **4,175** | 7,113 |
| | | **625,960** | 1,137,643 |
| **Current assets** | | | |
| Accounts receivables | *11* | **100,395** | 96,709 |
| Prepayments, deposits and other receivables | | **35,787** | 30,613 |
| Financial assets at fair value through profit or loss | *12* | **268,021** | 258,342 |
| Restricted cash | | **78,458** | 70,839 |
| Cash and cash equivalents | | **202,296** | 330,734 |
| | | **684,957** | 787,237 |
| **Total assets** | | **1,310,917** | 1,924,880 |
| **Equity** | | | |
| Share capital | | **11** | 10 |
| Other reserves | | **7,772,823** | 7,730,903 |
| Accumulated losses | | **(6,906,714)** | (6,246,066) |
| **Equity attributable to equity holders of the Company** | | **866,120** | 1,484,847 |
| **Non-controlling interests** | | **(1,260)** | (764) |
| **Total equity** | | **864,860** | 1,484,083 |

**UNAUDITED CONDENSED CONSOLIDATED INTERIM BALANCE SHEETS (CONTINUED)**
*As at June 30, 2023*

| | Notes | **As at June 30, 2023 *RMB'000* *(Unaudited)*** | As at December 31, 2022 *RMB'000* *(Audited)* |
|---|---|---|---|
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Lease liabilities | | **18,779** | 13,028 |
| Deferred tax liabilities | | **9,475** | 11,402 |
| | | **28,254** | 24,430 |
| **Current liabilities** | | | |
| Accounts payables | *13* | **56,430** | 51,832 |
| Accruals and other payables | | **313,175** | 322,147 |
| Contract liabilities | | **10,923** | 7,710 |
| Current tax liabilities | | **17,659** | 17,791 |
| Other tax liabilities | | **6,222** | 9,238 |
| Lease liabilities | | **13,394** | 7,649 |
| | | **417,803** | 416,367 |
| **Total liabilities** | | **446,057** | 440,797 |
| **Total equity and liabilities** | | **1,310,917** | 1,924,880 |

**UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**
*For the six months ended June 30, 2023*

| | Six months ended June 30, | |
|---|---|---|
| | **2023** | 2022 |
| | ***RMB'000*** | *RMB'000* |
| | ***(Unaudited)*** | *(Unaudited)* |
| **Cash flows from operating activities** | | |
| Cash used in operations | **(125,527)** | (147,318) |
| Increase in client segregated accounts | **(2,477)** | – |
| Income tax paid, net | **(59)** | – |
| **Net cash used in operating activities** | **(128,063)** | (147,318) |
| **Cash flows from investing activities** | | |
| Purchase of property, plant and equipment | **(2,933)** | (4,974) |
| Purchase of intangible assets | **(10)** | - |
| Purchase of financial assets at fair value through profit or loss | **(99,000)** | - |
| Proceeds from disposal of property, plant and equipment | **14** | 14 |
| Proceeds from disposal of financial assets at fair value through profit or loss | **101,297** | - |
| Interest received from bank deposits | **1,543** | 1,316 |
| **Net cash generated from/(used in) investing activities** | **911** | (3,644) |
| **Cash flows from financing activities** | | |
| Proceeds from issuance of ordinary shares relating to initial public offering | **–** | 573,533 |
| Proceeds from exercise of share options | **2,021** | - |
| Repayment of principal portions of lease liabilities | **(6,639)** | (5,134) |
| Repayment of interest portions of lease liabilities | **(740)** | (202) |
| Capital contribution from non-controlling interests | **–** | 3,107 |
| Listing expenses paid | **–** | (4,999) |
| **Net cash (used in)/generated from financing activities** | **(5,358)** | 566,305 |
| **Net (decrease)/increase in cash and cash equivalents** | **(132,510)** | 415,343 |
| Cash and cash equivalents at beginning of the period | **330,734** | 312,997 |
| Exchange differences on cash and cash equivalents | **1,567** | 20,388 |
| **Cash and cash equivalents at end of the period** | **199,791** | 748,728 |
| **Representing:** | | |
| Cash and bank balances as stated in the condensed consolidated interim balance sheets | **202,296** | 748,728 |
| Less: Client segregated accounts | **(2,505)** | – |
| | **199,791** | 748,728 |

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

*For the six months ended June 30, 2023*

## 1 General information

GOGOX HOLDINGS LIMITED (the "**Company**") was incorporated in the Cayman Islands on June 8, 2017 as an exempted company with limited liability. The registered office is at PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries, its controlled structured entities ("**Structured Entities**", "**Variable Interest Entities**" or "**VIEs**") and their subsidiaries ("**Subsidiaries of VIEs**") (collectively, the "**Group**") are principally engaged in the provision of logistic and delivery solution services and platform services which uses technology to connect transacting user and logistic and delivery service provider in Chinese mainland, Hong Kong, Singapore, Republic of Korea ("**Korea**"), and other Asian countries.

The consolidated financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

## 2 Basis of preparation

This condensed consolidated interim financial information of the Group for the six months period ended June 30, 2023 (the "**Interim Financial Information**") has been prepared in accordance with International Accounting Standard ("**IAS**") 34 "Interim Financial Reporting" issued by the International Accounting Standards Board (the "**IASB**").

The Interim Financial Information does not include all the notes of the type normally included in annual financial statements. Accordingly, this Interim Financial Information should be read in conjunction with the consolidated financial statements of the Group (which have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**")) for the year ended December 31, 2022.

The preparation of Interim Financial Information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing this Interim Financial Information, the significant judgements made by management in applying the Group's accounting policies and key sources of estimation uncertainty are consistent with those used in the Accountants' Report.

## 3 Change in accounting policy and disclosures

The accounting policies as adopted by the Group are consistent with those set out in the Accountant's report, except for the adoption of new/amended standards and also the changes in an accounting policy as described below.

### *(a) New and amended standards adopted by the Group*

A number of amended standards became applicable for the current reporting period:

| | |
|---|---|
| Amendments to IFRS 17 | Insurance contracts and related Amendments |
| Amendment to IAS 12 | International tax reform – pillar two model rules |

The amended standards listed above did not have any impact on the amounts recognized in prior period and are not expected to significantly affect the current or future period.

*(b) New Standard and amendments to standards that have been issued but are not yet effective*

Certain new and amended standards have been issued but are not yet effective for the year beginning on January 1, 2023 and have not been early adopted by the Group during the period ended June 30, 2023.

| | | **Effective for accounting periods beginning on or after** |
|---|---|---|
| Amendments to IFRS 16 | Leases on sale and leaseback | January 1, 2024 |
| Amendments to IAS 1 | Non-current liabilities with covenants | January 1, 2024 |
| Amendments to IAS 7 and IFRS 7 | Supplier finance arrangements | January 1, 2024 |
| Amendments to IFRS 10 and IAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | To be determined |

The Group is in the process of making an assessment of the impact of these new and amended standards, and has concluded on a preliminary basis that the adoption of these new and amended standards is not expected to have a significant impact on the Group in the current or future reporting periods and on foreseeable future transactions.

## 4 Segment reporting

The chief operating decision-maker ("**CODM**") of the Group has been identified as the executive directors of the Company. The executive directors regularly review revenue/income and operating results derived from different segments.

The Group's business activities, for which discrete financial information is available, are regularly reviewed and evaluated by the CODM. The CODM, who is responsible for allocating resources and assessing performance of the operating segments, mainly includes the directors of the Company that make strategic decisions. The Group evaluated its operating segments separately, and determined that it has reportable segments as i) Chinese mainland operations and ii) Hong Kong and overseas operations.

The CODM assesses the performance of the operating segments mainly based on revenue of each operating segment. Thus, segment result would present revenues for each segment only, which is in line with the CODM's performance review. There were no material inter-segment revenue during six months ended June 30, 2023 and 2022.

There were no separate segment assets and segment liabilities information provided to the CODM as CODM does not use this information to allocate resources to or evaluate the performance of the operating segments.

| | **Six months ended June 30, 2023 (Unaudited)** | | | Six months ended June 30, 2022 (Unaudited) | | |
|---|---|---|---|---|---|---|
| | **Chinese mainland operations** | **Hong Kong and overseas operations** | **Total** | Chinese mainland operations | Hong Kong and overseas operations | Total |
| | ***RMB'000*** | ***RMB'000*** | ***RMB'000*** | *RMB'000* | *RMB'000* | *RMB'000* |
| Revenue: | | | | | | |
| Logistics services provided to enterprise customers | **52,715** | **175,784** | **228,499** | 64,262 | 150,713 | 214,975 |
| Service income from logistics services platforms | **82,239** | **27,256** | **109,495** | 88,227 | 22,189 | 110,416 |
| Value-added services (Note) | **13,241** | **20,523** | **33,764** | 11,185 | 12,179 | 23,364 |
| Total | **148,195** | **223,563** | **371,758** | 163,674 | 185,081 | 348,755 |
| Timing of revenue recognition for revenue from contracts with customers: | | | | | | |
| Over time | **56,304** | **179,691** | **235,995** | 62,797 | 160,093 | 222,890 |
| A point in time | **91,891** | **43,872** | **135,763** | 100,877 | 24,988 | 125,865 |
| Total | **148,195** | **223,563** | **371,758** | 163,674 | 185,081 | 348,755 |

*Note:* The value-added services included rental income from vehicle rental business amounted to approximately RMB84,000 and RMB15,000 for six months ended June 30, 2023 and 2022, respectively.

Valued-added services also included provision of fuel card services with the gross merchandise volume of approximately RMB72,862,000 and RMB61,561,000 for six months ended June 30, 2023 and 2022, respectively.

## 5 Expenses by nature

| | **Six months ended June 30,** | |
|---|---|---|
| | **2023** | 2022 |
| | ***RMB'000*** | *RMB'000* |
| | ***(Unaudited)*** | *(Unaudited)* |
| Auditor's remuneration | | |
| – Audit services | **3,720** | 5,145 |
| – Non-audit services | **223** | – |
| Depreciation and amortisation | **17,797** | 16,063 |
| Employee benefit expenses (including share-based compensation expenses) | **147,495** | 701,721 |
| Incentives to transacting users from platform services | **35,404** | 43,445 |
| Listing expenses | **–** | 41,023 |
| Payment of processing costs | **3,350** | 3,173 |
| Professional service costs | **15,650** | 12,438 |
| Promotion and advertising | **12,282** | 22,166 |
| Recruitment costs | **1,846** | 1,395 |
| Service charges | **9,590** | 8,395 |
| Short term lease expenses | **1,122** | 5,070 |
| Subcontracting fee | | |
| – logistics services providers | **207,698** | 181,614 |
| – others | **24,444** | 33,001 |
| Travelling expenses | **4,122** | 3,284 |
| Others | **18,880** | 20,525 |
| Total cost of revenue, selling and marketing expenses, research and development expenses and general and administrative expenses | **503,623** | 1,098,458 |

## 6 Finance income, net

| | Six months ended June 30, | |
|---|---|---|
| | **2023** | 2022 |
| | ***RMB'000*** | *RMB'000* |
| | ***(Unaudited)*** | *(Unaudited)* |
| Finance income: | | |
| Interest income from bank deposit | **1,543** | 1,316 |
| Finance costs: | | |
| Interest expense on lease liabilities | **(740)** | (202) |
| Finance income, net | **803** | 1,114 |

## 7 Income tax credit

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

| | Six months ended June 30, | |
|---|---|---|
| | **2023** | 2022 |
| | ***RMB'000*** | *RMB'000* |
| | ***(Unaudited)*** | *(Unaudited)* |
| Current income tax | **(67)** | – |
| Deferred income tax | **(2,005)** | (1,993) |
| | **(2,072)** | (1,993) |

***(a) Enterprise income tax in Chinese mainland ("EIT")***

The income tax provision of the Group in respect of its operations in Chinese mainland was calculated at a tax rate of 25% on the assessable profits for the periods presented, based on the existing legislation, interpretations and practices in respect thereof. The Chinese mainland income tax rate of all Chinese mainland subsidiaries during six months ended June 30, 2023 and 2022 was 25% on their taxable profits.

According to the relevant laws and regulations promulgated by the State Council of the Chinese mainland that was effective from 2008 onwards, enterprises engaging in research and development activities were entitled to claim 150% of their research and development expenses so incurred as tax deductible expenses when determining their assessable profits for that year ("**Super Deduction**"). The State Taxation Administration of the Chinese mainland announced in September 2018 that enterprises engaging in research and development activities would be entitled to claim 175% of their research and development expenses as Super Deduction. The deduction percentage is changed to 200% from October 2022. For the period ended June 30, 2023, the Group decided to claim the Super Deduction for the Tianjin 58 Daojia Technology Co., Ltd..

***(b) Hong Kong***

Pursuant to the enactment of two-tiered profit tax rates by the Inland Revenue Department of Hong Kong, the Group's first HK$2 million of assessable profits under Hong Kong profits tax is subject to tax rate of 8.25%. The Group's remaining assessable profits above HK$2 million will continue to be subject to a tax rate of 16.5%.

No provision for Hong Kong profits tax has been made as the Group did not have any assessable profit subject to Hong Kong profits tax during six months ended June 30, 2023 and June 30, 2022.

**(c) Other countries**

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Act (Cap. 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands and accordingly, is exempted from Cayman Islands income tax. As such, the operating results reported by the Company is not subject to any income tax.

The Group entities established under the International Business Companies Acts of British Virgin Islands ("**BVI**") are exempted from BVI income taxes.

Tax in other countries including Singapore, Korea and Vietnam have been provided for at the applicable rates on the estimated assessable profits less estimated available tax losses.

## 8 Loss per share

***(a) Basic loss per share***

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the period.

| | **Six months ended June 30,** | |
|---|---|---|
| | **2023** | 2022 |
| | ***RMB'000*** | *RMB'000* |
| | ***(Unaudited)*** | *(Unaudited)* |
| Loss attributable to the equity holders of the Company used in calculating basic loss per share (in RMB'000) | **(642,475)** | (1,045,908) |
| Weighted average number of ordinary shares outstanding (in thousands of shares) | **625,541** | 389,131 |
| Basic loss per share | **(1.03)** | (2.69) |

***(b) Diluted loss per share***

During six months ended June 30, 2023, the Company did not have any dilutive potential ordinary shares (six months ended June 30, 2022: same).

As the Group incurred losses for six months ended June 30, 2023 and 2022, the potential ordinary shares were not included in the calculation of dilutive losses per share, which would be anti-dilutive. Accordingly, dilutive losses per share for six months ended June 30, 2023 and 2022 was same as the basic loss per share for the respective periods.

## 9 Dividends

No dividends have been paid or declared by the Company and its subsidiaries during six months ended June 30, 2023 and 2022.

## 10 Goodwill

| | **As at June 30, 2023** *RMB'000* *(Unaudited)* | As at December 31, 2022 *RMB'000* *(Audited)* |
|---|---|---|
| Carrying amount | | |
| Opening net book amount | **1,048,062** | 1,020,338 |
| Impairment | **(513,525)** | – |
| Exchange differences | **1,514** | 27,724 |
| Closing net book amount | **536,051** | 1,048,062 |
| Cost | **1,049,576** | 1,048,062 |
| Impairment | **(513,525)** | – |
| Net book amount | **536,051** | 1,048,062 |

***Impairment test for goodwill***

The goodwill mainly arose from the acquisition of the subsidiaries and Structured Entities of GoGo Tech Holdings Limited (collectively referred to as "**GoGoVan**") in 2017. GoGoVan is primarily engaged in the provision of logistics services and platform services in the Chinese mainland, Hong Kong and other Asian countries. Goodwill is attributable to the acquired market shares, future expansion prospect, economies of scale and synergies expected to be derived from combining the resources and operations of the Group following the acquisition.

Upon completion of the acquisition of GoGoVan, the Group integrated GoGoVan's business in the Chinese mainland into the Group's Chinese mainland operations in order to improve the operational efficiency, while GoGoVan's business in Hong Kong and other Asian countries was monitored separately. Thus, management considers that the operating segment which is the lowest level within the Group at which the goodwill is allocated for internal management purpose.

Management reviews the business performance and monitors goodwill resulted from the acquisition on operating segment level. The Group performed its impairment test on goodwill by comparing the recoverable amounts of CGU or group of CGUs to the respective carrying amounts.

The summary of goodwill allocation for each operating segment is as follows:

| | **As at June 30, 2023** *RMB'000* *(Unaudited)* | As at December 31, 2022 *RMB'000* *(Audited)* |
|---|---|---|
| Chinese mainland operations | **413,824** | 720,902 |
| Hong Kong and overseas operations | **122,227** | 327,160 |
| | **536,051** | 1,048,062 |

An impairment review of the goodwill arising from the acquisition of GoGoVan has been conducted by the management annually or more frequently if events or changes in circumstances indicate a potential impairment. For the purpose of the impairment review, the recoverable amounts of the CGUs are determined by higher of a CGUs fair value less cost of disposal and value-in-use by using the discounted cash flow method. The Group believes that it is appropriate for the cash flow projections to cover a five-years period as at each year end or events or changes in circumstances indicate a potential impairment.

During the six months period ended June 30, 2023, due to the increasingly challenging market conditions faced by its Chinese mainland, Hong Kong and overseas operations. The Group did not meet its originally anticipated growth in revenue and earnings and the on-demand logistics market in Chinese mainland and Hong Kong is suffering from lower than expected post-pandemic compound annual revenue growth. Although both the Group and the market showed optimism towards the post-pandemic economic recovery in 2023, the overall economic rebound, particularly the Chinese mainland market, fell short of expectations in the first half of 2023. Additionally, the market capitalization of the technology sector, which the Group's business situated, experienced a downward trend, indicating a decline in the perceived value of the Group's business by market participants.

The directors assess the recoverable amount of the CGU, based on a FVLCOD calculations which uses cash flow projection based on the revised financial budgets covering five financial years, with reference to the valuation performed by PG Advisory (PGA), an independent professional valuer. In response to the latest market situation, the Group underwent a strategic transformation, shifting its focus away from pursuing revenue growth through high subsidy. Recently, the Board also revised downwards its forecast for revenue growth, the cash flow projections and other valuation parameters including discount rate for logistics services and platform services in Chinese mainland, Hong Kong, and other Asian countries. These revisions were made to reflect the information available to the Board, including the macro-economic environment, the logistics industry outlook and the market interest rates.

*(i)* *Chinese mainland operations*

The directors and management considered financial budgets prepared is appropriate after considering the revised business development plan, sustainability of business growth, stability of core business developments and achievement of business targets. The financial model assumes a compound annual growth rate of revenue of 23% (December 31, 2022: 36%), a compound annual growth rate of operating cost and expenses of 14% (December 31, 2022: 24%) for five financial years budgets, a pre-tax discount rate of 15% (December 31, 2022: 15.5%) per annum and a long term growth rate of 2.2% (December 31, 2022: 3%) per annum beyond the five years period taking into account of long term gross domestic product growth, inflation rate and other relevant economic factors.

*(ii)* *Hong Kong and overseas operations*

The directors and management considered financial budgets prepared is appropriate after considering the revised business development plan, sustainability of business growth, stability of core business developments and achievement of business targets. The financial model assumes a compound annual growth rate of revenue of 17% (December 31, 2022: 28%), a compound annual growth rate of operating cost and expenses of 11% (December 31, 2022: 22%) for five financial years budgets, a pre-tax discount rate of 15% (December 31, 2022: 15.5%) per annum and a long term growth rate of 2.2% (December 31, 2022: 3%) per annum beyond the five years period taking into account of long term gross domestic product growth, inflation rate and other relevant economic factors.

As a result of the impairment assessment, the Group recognised impairment for goodwill for the (i) Chinese mainland operations and (ii) Hong Kong and overseas operations amounting to RM307,078,000 and RMB206,447,000 respectively.

*(iii)* The following table sets out the key assumptions for those CGUs that have significant goodwill allocated to them:

| | **Chinese mainland operations** | **Hong Kong and overseas operations** |
|---|---|---|
| June 30, 2023 | | |
| Compound annual growth rate of revenue | **23%** | **17%** |
| Compound annual growth rate of operating cost and expenses | **14%** | **11%** |
| Long term growth rate | **2.2%** | **2.2%** |
| Post-tax discount rate | **15%** | **15%** |
| December 31, 2022 | | |
| Compound annual growth rate of revenue | 36% | 28% |
| Compound annual growth rate of operating cost and expenses | 24% | 22% |
| Long term growth rate | 3% | 3% |
| Post-tax discount rate | 15.5% | 15.5% |

## 11 Accounts receivables

| | As at June 30, 2023 *RMB'000* *(Unaudited)* | As at December 31, 2022 *RMB'000* *(Audited)* |
|---|---|---|
| Accounts receivables | **119,072** | 112,398 |
| Less: loss allowance | **(18,677)** | (15,689) |
| Accounts receivables, net | **100,395** | 96,709 |

The Group typically grants credit period ranging from 30 days to 60 days to its customers for different revenue streams. Aging analysis of accounts receivables based on invoice date is as follows:

| | As at June 30, 2023 *RMB'000* *(Unaudited)* | As at December 31, 2022 *RMB'000* *(Audited)* |
|---|---|---|
| 0 to 30 days | **72,093** | 58,266 |
| 31 to 60 days | **14,999** | 21,434 |
| 61 to 90 days | **6,527** | 8,914 |
| Over 90 days | **6,776** | 8,095 |
| | **100,395** | 96,709 |

## 12 Financial assets at fair value through profit or loss

| | As at June 30, 2023 *RMB'000* *(Unaudited)* | As at December 31, 2022 *RMB'000* *(Audited)* |
|---|---|---|
| Wealth management products | **268,021** | 258,342 |

*Note:*

The wealth management products which are unlisted and carry interest at fixed rates ranging from 1.2% to 1.6% per annum and repayable on demand.

The fair values of all of the Group's financial assets at FVPL are categorised as level 2 which are quoted prices available from over-the counter markets.

## 13 Accounts payables

| | **As at June 30, 2023** *RMB'000* *(Unaudited)* | As at December 31, 2022 *RMB'000* *(Audited)* |
|---|---|---|
| Accounts payables | **56,430** | 51,832 |

As at June 30, 2023 and December 31, 2022, the aging of accounts payables based on invoice date are as follows:

| | **As at June 30, 2023** *RMB'000* *(Unaudited)* | As at December 31, 2022 *RMB'000* *(Audited)* |
|---|---|---|
| 0 to 30 days | **46,709** | 41,982 |
| 31 to 60 days | **3,378** | 4,378 |
| 61 to 90 days | **2,132** | 1,333 |
| Over 90 days | **4,211** | 4,139 |
| | **56,430** | 51,832 |

## MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

### Overview

We have maintained a solid growth in revenue due to our years of industry accumulation and further improved overall efficiency, despite the prevailing environment of slow economic recovery. In the first half of 2023, our revenue increased by 6.6% and operating loss decreased by 13.3% as compared to the six months ended June 30, 2022.

We are continually improving our vibrant ecosystem of millions of shippers and drivers. As of June 30, 2023, we had approximately 32.0 million registered shippers and 6.5 million registered drivers. In the first half of 2023, there were 12.1 million shipment orders fulfilled on our platform, generating a total gross transaction volume ("**GTV**") of RMB1,178.5 million. With the gradual phasing out of subsidized competition in the industry, we will continue to enhance our competitiveness in the industry and steadily expand our market share in the inter-city logistics market.

### Our Service Offerings and Platforms

#### *Platform Services*

Our platform services digitalize the traditional shipping transaction process and establish a mechanism promoting honest, transparent and efficient dealings among drivers and shippers. For the six months ended June 30, 2023, we facilitated approximately 11.3 million shipment orders through our platform services, representing a total GTV of approximately RMB945.1 million.

In Chinese mainland, since February 2023, we collaborated with Tencent transportation platform, enabling users of Wechat to access to our intra-city logistics services and moving services conveniently. As the first intra-city logistics services provider on Tencent transportation platform, this collaboration helps us to cover wider user base and more cities.

Propelled by the resurgence of economic vitality in Hong Kong, coupled with the ongoing phased reopening of the city subsequent to a protracted period of COVID-19 restrictions, the demand for our platform services in Hong Kong and overseas markets has increased. As the pandemic's impact gradually subsided and precautionary measures were progressively eased, a revival in commercial undertakings ensued, paralleled by an upliftment in consumer confidence. This, in turn, translated into a gradual recovery in demand for our logistics and delivery solutions.

### *Enterprise Services*

Our enterprise services provide scalable intra-city logistics solutions for complex needs. As of June 30, 2023, we had cumulatively served more than 55,200 small and medium enterprises ("**SMEs**") and large enterprises through our enterprise services. For the six months ended June 30, 2023, we completed approximately 0.8 million logistics deliveries for our enterprise customers, representing a GTV of approximately RMB233.4 million.

In Chinese mainland market, we provide one-stop custodial services tailored to the diversified needs of clients from various industries, including drivers' recruitment and training, as well as on-site management. We have dedicated personnel to monitor the entire process to ensure delivery quality, which has earned us a strong reputation among our clients.

Leveraging our platform advantage, we empower the industry and alleviate financial pressure on downstream fleets and drivers. According to the "Logistics Enterprise Operating Environment Survey Report of 2021" by the China Federation of Logistics & Purchasing, the average credit terms for logistics companies in Chinese mainland are generally three to six months, which could put great pressure on industry participants. By establishing pricing and risk control systems catering to different industries, scenarios, and pricing models, we help to shorten the credit term for fleets and drivers to ease their financial burden.

In Hong Kong and overseas markets, our focus has consistently been enterprise services, which have a number of remarkable developments. In particular, our significant expansion in Vietnam was driven by four major customer segments – fast-moving consumer goods, home Appliances, cosmetics, and healthcare. This strategic approach has allowed us to identify consumer behaviors, generate leads, and enhance customer satisfaction. Furthermore, our Indian operations have sustained their upward trajectory, maintaining triple-digit growth from the robust momentum of 2022, in particular in the north and east regions of India. In Singapore, we have further expanded our Electric Vehicle ("**EV**") fleet support to enterprise clients, underscoring our steadfast commitment to sustainable practices. Our commitment to such environmentally-conscious adaptations is a testament to our broader vision, and we will commit to replicating such endeavors elsewhere when appropriate.

### *Value-added Services*

We offer a diverse range of value-added services to shippers, drivers, and other stakeholders within our ecosystem. These services aim to enhance their engagement with our platform and broaden our revenue sources. In the first half of 2023, our value-added services experienced rapid growth, contributing significantly to the organic development of our platform.

In the Chinese mainland market, we proactively explored the channels for vehicle sales, leading to a substantial increase in the scale of collaborative fleets and dealers. Through our continuously optimized dispatch system, we have provided drivers with stable income security. As a result, an increasing number of drivers have chosen to acquire EVs through our cooperative fleets and dealers and register as drivers on our platform.

In the first half of 2023, we also observed impressive expansion and development of our value-added services in Hong Kong and overseas markets. Our fuel card service has achieved more than significant increases in revenue in both Hong Kong and Singapore due to high fuel prices and an increase in marketing and sales efforts, allowing us to acquire a great number of new customers looking to better manage their fuel costs. In Hong Kong, the successful launch of the insurance business continues to gain traction and we have entered into a strategic cooperation relationship with a multinational insurance corporation. This collaboration is aimed at enhancing insurance agency services offered to our platform ecosystem participants. Our partner will provide comprehensive insurance solutions, including but not limited to motor, personal accident, and business insurance. This partnership aligns with our commitment to ensuring the safety and well-being of our ecosystem participants, while also reinforces our partner's position as a leading insurance provider in the digital space.

The outstanding performance of our value-added services is a testament to our relentless focus on customer satisfaction and our commitment to delivering innovative and tailored solutions. By continuously enhancing our service portfolio and anticipating the evolving needs of our clients, we have solidified our position as a leading provider of comprehensive logistics solutions.

## BUSINESS OUTLOOK

As we venture into the second half of 2023, we are well poised to capitalize on the momentum gained in the first half of 2023. With a customer-centric approach, continuous technological advancements, and strategic expansion plans, we are confident in achieving sustainable and high-quality growth, improving our competitiveness and creating lasting value for all stakeholders.

## FINANCIAL REVIEW

### Overview

For the six months ended June 30, 2023, the Company achieved total revenue of RMB371.8 million, increased by 6.6% as compared to the corresponding period of last year. In the same reporting period, gross profit achieved growth to RMB119.3 million, representing a 6.3% period-to-period increase. During six months ended June 30, 2023, the adjusted net loss and adjusted earnings before interest, taxes, depreciation and amortization ("**EBITDA**")[1] were RMB121.3 million and negative RMB106.3 million, respectively. The basic and diluted losses per share were 103 cents and 269 cents for the six months ended June 30, 2023 and 2022, respectively.

In the first half of 2023, the Company's net cash used in operating activities was RMB128.1 million. Capital expenditure was RMB2.9 million for the six months ended June 30, 2023.

[1] Adjusted net loss represents loss for the period before (i) share-based compensation expenses, (ii) changes in fair value of financial liabilities at fair value through profit and loss, (iii) listing expenses, and (iv) impairment of goodwill. Adjusted EBITDA represents adjusted net loss for the period before (i) income tax credit, (ii) depreciation and amortization, and (iii) net finance income.

**Revenue**

In the first half of 2023, the Company's revenue was RMB371.8 million, increased by 6.6% from RMB348.8 million for the six months ended June 30, 2022.

The following table sets forth a breakdown of our revenue by business line and geographical region in absolute terms of our revenue for the periods indicated.

**Revenue Reporting**

| | **Six months ended June 30, 2023** | | | Six months ended June 30, 2022 | | | Period-to-period change | | |
|---|---|---|---|---|---|---|---|---|---|
| | **Chinese mainland operations** | **Hong Kong and overseas operations** | **Total** | Chinese mainland operations | Hong Kong and overseas operations | Total | Chinese mainland operations | Hong Kong and overseas operations | Total |
| | ***RMB'000*** | ***RMB'000*** | ***RMB'000*** | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| | ***(Unaudited)*** | ***(Unaudited)*** | ***(Unaudited)*** | *(Unaudited)* | *(Unaudited)* | *(Unaudited)* | | | |
| Revenue: | | | | | | | | | |
| Logistics services provided to enterprise customers | **52,715** | **175,784** | **228,499** | 64,262 | 150,713 | 214,975 | (11,547) | 25,071 | 13,524 |
| Service income from logistics services platforms | **82,239** | **27,256** | **109,495** | 88,227 | 22,189 | 110,416 | (5,988) | 5,067 | (921) |
| Value-added services | **13,241** | **20,523** | **33,764** | 11,185 | 12,179 | 23,364 | 2,056 | 8,344 | 10,400 |
| **Total** | **148,195** | **223,563** | **371,758** | 163,674 | 185,081 | 348,755 | (15,479) | 38,482 | 23,003 |

***Enterprise services***

The revenue from enterprise services increased by 6.3% from RMB215.0 million for the six months ended June 30, 2022 to RMB228.5 million for the six months ended June 30, 2023, primarily due to (i) the significant business growth in Hong Kong and overseas markets, in particular, in India (274.8%), Singapore (16.7%), and Korea (14.5%), (ii) the consistent rising demand for logistics services in E-commerce industry, and (iii) the organic growth of our business to acquire new clients spanning various industries.

***Platform services***

The revenue from platform services remained stable, amounting to RMB110.4 million and RMB109.5 million for the six months ended June 30, 2022 and 2023, respectively.

***Value-added services***

Revenue from value-added services increased by 44.5% from RMB23.4 million for the six months ended June 30, 2022 to RMB33.8 million for the six months ended June 30, 2023, primarily due to (i) our partnership with dealerships and fleets to facilitate the sale of vehicles in Chinese mainland, and (ii) the increase of sales of fuel card services and insurance agency services partner with insurance corporations in Hong Kong and overseas markets.

**Cost of revenue**

Our cost of revenue increased by 6.7% from RMB236.5 million for the six months ended June 30, 2022 to RMB252.4 million for the six months ended June 30, 2023, mainly driven by the rise in subcontracting fees in line with the increased number of shipment orders. Our cost of revenue excluding share-based compensation expenses increased by 9.1% from RMB231.8 million for the six months ended June 30, 2022 to RMB252.8 million for the six months ended June 30, 2023.

The following table sets forth a breakdown of our cost of revenue (including and excluding the share-based compensation expenses) for the periods indicated.

| | **Six months ended June 30,** | | | |
|---|---|---|---|---|
| | **2023** | 2022 | Period-to-period change | |
| | ***RMB'000*** | *RMB'000* | *RMB'000* | *%* |
| | ***(Unaudited)*** | *(Unaudited)* | | |
| Subcontracting fee | | | | |
| – logistics services providers | **207,698** | 181,614 | 26,084 | 14.4 |
| – others | **5,436** | 13,473 | (8,037) | (59.7) |
| Employee benefit expenses (including share-based compensation expenses) | **8,389** | 11,958 | (3,569) | (29.8) |
| Depreciation and amortization | **9,328** | 8,957 | 371 | 4.1 |
| Payment of processing cost | **3,250** | 3,138 | 112 | 3.6 |
| Others | **18,324** | 17,404 | 920 | 5.3 |
| **Total** | **252,425** | 236,544 | 15,881 | 6.7 |
| *Deduction:* | | | | |
| Share-based compensation expenses | **(395)** | 4,719 | (5,114) | (108.4) |
| **Total (excluding share-based compensation expenses)** | **252,820** | 231,825 | 20,995 | 9.1 |

**Gross profit and gross profit margin**

As a result of the foregoing, we recorded (i) a gross profit of RMB112.2 million and RMB119.3 million for the six months ended June 30, 2022 and 2023, respectively, and (ii) a gross profit margin of 32.2% and 32.1% for the same periods, respectively. Excluding the share-based compensation expenses, we recorded (i) a gross profit of RMB116.9 million and RMB118.9 million for the six months ended June 30, 2022 and 2023, respectively, and (ii) a gross profit margin of 33.5% and 32.0% for the same periods, respectively.

The following table sets forth our gross profit and gross profit margin (including and excluding share-based compensation expenses) for the periods indicated.

| | Six months ended June 30, | | | |
|---|---|---|---|---|
| | **2023** | 2022 | Period-on-period change | |
| | ***RMB'000*** | *RMB'000* | *RMB'000* | *%* |
| | ***(Unaudited)*** | *(Unaudited)* | | |
| Revenue | **371,758** | 348,755 | 23,003 | 6.6 |
| Cost of revenue | **(252,425)** | (236,544) | (15,881) | 6.7 |
| **Gross profit** | **119,333** | 112,211 | 7,122 | 6.3 |
| Gross profit margin | **32.1%** | 32.2% | – | (0.1) |

**Excluding share-based compensation**

| | Six months ended June 30, | | | |
|---|---|---|---|---|
| | **2023** | 2022 | Period-on-period change | |
| | ***RMB'000*** | *RMB'000* | *RMB'000* | *%* |
| | ***(Unaudited)*** | *(Unaudited)* | | |
| Revenue | **371,758** | 348,755 | 23,003 | 6.6 |
| Cost of revenue (excluding share-based compensation expenses) | **(252,820)** | (231,825) | (20,995) | 9.1 |
| **Gross profit (excluding share-based compensation expenses)** | **118,938** | 116,930 | 2,008 | 1.7 |
| Gross profit margin (excluding share-based compensation expenses) | **32.0%** | 33.5% | – | (1.5) |

**Selling and marketing expenses**

Our selling and marketing expenses decreased by 34.2% from RMB167.9 million for the six months ended June 30, 2022 to RMB110.6 million for the six months ended June 30, 2023. The decrease was primarily due to the decrease of share-based compensation expenses arising from the decrease of vested share options. Our selling and marketing expenses excluding share-based compensation expenses decreased by 17.0% from RMB136.9 million for the six months ended June 30, 2022 to RMB113.7 million for the six months ended June 30, 2023.

The following table sets forth a breakdown of our selling and marketing expenses (including and excluding the share-based compensation expenses) for the periods indicated.

| | **Six months ended June 30,** | | | |
|---|---|---|---|---|
| | **2023** | 2022 | Period-to-period change | |
| | ***RMB'000*** | *RMB'000* | *RMB'000* | *%* |
| | ***(Unaudited)*** | *(Unaudited)* | | |
| Subcontracting fee | | | | |
| – Others | **19,007** | 19,197 | (190) | (1.0) |
| Employee benefit expenses (including share-based compensation expenses) | **32,145** | 67,906 | (35,761) | (52.7) |
| Depreciation and amortization | **3,701** | 3,211 | 490 | 15.3 |
| Incentives to transacting users from platform services | **35,404** | 43,445 | (8,041) | (18.5) |
| Promotion and advertising | **12,282** | 22,166 | (9,884) | (44.6) |
| Professional service costs | **2,669** | 2,130 | 539 | 25.3 |
| Short term lease expenses | **703** | 3,181 | (2,478) | (77.9) |
| Travelling expenses | **1,856** | 1,978 | (122) | (6.2) |
| Office expenses | **868** | 1,606 | (738) | (46.0) |
| Others | **1,922** | 3,121 | (1,199) | (38.4) |
| **Total** | **110,557** | 167,941 | (57,384) | (34.2) |
| *Deduction:* | | | | |
| Share-based compensation expenses | **(3,112)** | 31,059 | (34,171) | (110.0) |
| **Total (excluding share-based compensation expenses)** | **113,669** | 136,882 | (23,213) | (17.0) |

**General and administrative expenses**

Our general and administrative expenses decreased by 81.7% from RMB646.5 million for the six months ended June 30, 2022 to RMB118.2 million for the six months ended June 30, 2023, primarily due to a decrease of share-based compensation expenses arising from the decrease of vested share options and listing expenses in relation to listing of the shares of the Company (the "**Shares**") on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") in June 2022 (the "**Listing**"). Our general and administrative expenses excluding share-based compensation expenses and listing expenses increased by 19.9% from RMB87.1 million for the six months ended June 30, 2022 to RMB104.5 million for the six months ended June 30, 2023.

The following table sets forth a breakdown of our general and administrative expenses (including and excluding the share-based compensation expenses and listing expenses) for the periods indicated.

| | Six months ended June 30, | | | |
|---|---|---|---|---|
| | **2023** | 2022 | Period-to-period change | |
| | ***RMB'000*** | *RMB'000* | *RMB'000* | % |
| | ***(Unaudited)*** | *(Unaudited)* | | |
| Employee benefit expenses (including share-based compensation expenses) | **85,979** | 576,334 | (490,355) | (85.1) |
| Depreciation and amortization | **4,040** | 3,041 | 999 | 32.9 |
| Professional service cost | **12,297** | 9,246 | 3,051 | 33.0 |
| Listing expenses | **–** | 41,023 | (41,023) | (100.0) |
| Auditor's remuneration | **3,943** | 5,145 | (1,202) | (23.4) |
| Office expenses | **3,906** | 3,298 | 608 | 18.4 |
| Short term lease expenses | **344** | 1,660 | (1,316) | (79.3) |
| Travelling expenses | **2,147** | 1,228 | 919 | 74.8 |
| Recruitment costs | **1,812** | 1,370 | 442 | 32.3 |
| Others | **3,781** | 4,118 | (337) | (8.2) |
| **Total** | **118,249** | 646,463 | (528,214) | (81.7) |
| *Deduction:* | | | | |
| Share-based compensation expenses | **13,784** | 518,337 | (504,553) | (97.3) |
| Listing expenses | **–** | 41,023 | (41,023) | (100.0) |
| **Total (excluding share-based compensation expenses & listing expenses)** | **104,465** | 87,103 | 17,362 | 19.9 |

**Research and development expenses**

Our research and development expenses decreased by 52.9% from RMB47.5 million for the six months ended June 30, 2022 to RMB22.4 million for the six months ended June 30, 2023. The decrease was primarily attributable to a decrease of share-based compensation expenses arising from the decrease of vested share options. Our research and development expenses excluding share-based compensation expenses increased by 23.6% from RMB19.8 million for the six months ended June 30, 2022 to RMB24.5 million for the six months ended June 30, 2023.

The following table sets forth a breakdown of our research and development expenses (including and excluding the share-based compensation expenses) for the periods indicated.

| | Six months ended June 30, | | | |
|---|---|---|---|---|
| | **2023** | 2022 | Period-to-period change | |
| | ***RMB'000*** | *RMB'000* | *RMB'000* | *%* |
| | ***(Unaudited)*** | *(Unaudited)* | | |
| Employee benefit expenses (including share-based compensation expenses) | **20,982** | 45,523 | (24,541) | (53.9) |
| Depreciation and amortization | **728** | 853 | (125) | (14.7) |
| Professional service costs | **533** | 939 | (406) | (43.2) |
| Others | **149** | 195 | (46) | (23.6) |
| **Total** | **22,392** | 47,510 | (25,118) | (52.9) |
| *Deduction:* | | | | |
| Share-based compensation expenses | **(2,124)** | 27,683 | (29,807) | (107.7) |
| **Total (excluding share-based compensation expenses)** | **24,516** | 19,827 | 4,689 | 23.6 |

**(Impairment losses)/reversal of impairment losses on financial assets**

We recorded a reversal of impairment losses on financial assets of RMB0.6 million for the six months ended June 30, 2022. Our impairment losses on financial assets amounted to RMB2.9 million for the six months ended June 30, 2023, primarily due to the increased long-aging accounts receivables.

**Impairment of goodwill**

We recorded impairment of goodwill of RMB513.5 million for the six months ended June 30, 2023, as compared to nil for the corresponding period in 2022. Our goodwill mainly arose from the acquisition of subsidiaries of GoGo Tech Holdings Limited in 2017. Given that the overall post-pandemic economic recovery fell short of expectation, the growth in revenue and earnings of the Group's business for the first half of 2023 did not meet the original growth expectation. In light of the above, after taking into account the changes in macro-economic environment and the increasingly challenging market trends in intra-city logistics industry faced by the Company in Chinese mainland, Hong Kong and overseas markets, the management of the Company adopted a conservative forecast of future revenue growth for our enterprise services and platform services with the expectation that the recoverable amounts of such cash generating units will decline and become lower than the carrying amounts, resulting in an impairment loss on goodwill. For details of such goodwill, please refer to "Financial Information – Discussion of Selected Items from the Consolidated Statements of Financial Position – Assets – Goodwill" in the prospectus of the Company dated June 14, 2022 (the "**Prospectus**") and 2022 Annual Report of the Company.

**Other income**

Our other income decreased by 80.7% from RMB6.0 million for the six months ended June 30, 2022 to RMB1.2 million for the six months ended June 30, 2023, primarily due to the decrease of government subsidies we received in Chinese mainland and Hong Kong in the first half of 2023.

**Other net gains/(losses)**

We recorded other net losses of RMB0.9 million for the six months ended June 30, 2022, primarily due to exchange rate losses and the sale of fixed assets. We recorded other net gains of RMB1.9 million for the six months ended June 30, 2023, primarily representing fair value gains from financial assets at fair value through profit or loss.

**Operating loss**

As a result of the foregoing, our operating loss decreased by 13.3% from RMB744.0 million for the six months ended June 30, 2022 to RMB645.2 million for the six months ended June 30, 2023.

**Net finance income**

Our net finance income decreased by 27.9% from RMB1.1 million for the six months ended June 30, 2022 to RMB0.8 million for the six months ended June 30, 2023, primarily due to the increase of interest expenses on lease liabilities.

**Changes in fair value of financial liabilities at fair value through profit or loss**

We recorded loss in fair value of financial liabilities at fair value through profit or loss of RMB308.1 million for the six months ended June 30, 2022, because of the increased valuation of the Company due to the Listing and nil for the six months ended June 30, 2023, primarily because the financial liabilities at fair value through profit or loss amounted to nil in relation to the Listing.

**Income tax credit**

Our income tax credit remains stable, amounting to RMB2.0 million and RMB2.1 million for the six months ended June 30, 2022 and 2023, respectively.

**Loss for the period**

Our loss for the period decreased by 38.7% from RMB1,049.1 million for the six months ended June 30, 2022 to RMB642.9 million for the six months ended June 30, 2023.

**Non-IFRS Measures**

To supplement this announcement, which is presented in accordance with IFRSs, we also presented the adjusted net loss and adjusted EBITDA as additional financial measures. The management believes that the presentation of adjusted net loss (a non-IFRS measure) and adjusted EBITDA (a non-IFRS measure) would facilitate comparisons of operating performance from period to period and comparisons with other comparable companies with similar business operations by eliminating the potential impact of certain items.

In the first half of 2023, our adjusted net loss was RMB121.3 million, up by 2.6% as compared to the corresponding period of 2022. We define adjusted net loss (a non-IFRS measure) as loss for the period adjusted for (i) share-based compensation expenses, (ii) changes in fair value of financial liabilities at fair value through profit or loss, (iii) listing expenses, and (iv) impairment of goodwill. In particular, we consider these non-IFRS measures as an additional analytical tool for you to assess our operating results without the effect of certain non-cash items, such as share-based compensation expenses, changes in fair value of financial liabilities at fair value through profit or loss and impairment of goodwill. Further, changes in fair value of financial liabilities at fair value through profit or loss, listing expenses and impairment of goodwill are typically one-off and non-recurring in nature. Share-based compensation expenses consist of non-cash expenses arising from granting share options, restricted shares and restricted share units to eligible individuals under the share incentive plan of the Company adopted on August 18, 2021 (the "**Share Incentive Plan**"). The convertible redeemable preferred shares have been automatically converted into ordinary shares upon the Listing, and we did not record any further gains or losses in relation to valuation changes in such instruments since June 24, 2022. For details of our goodwill impairment, see "Management Discussion and Analysis – Financial Review – Impairment of Goodwill" in this announcement.

In the first half of 2023, our adjusted EBITDA was negative RMB106.3 million, up by 1.1% as compared to the corresponding period of 2022. We define adjusted EBITDA as adjusted net loss for the period adjusted for the netting of the following: (i) income tax credit, (ii) depreciation and amortization, and (iii) net finance income.

The following table reconciles our adjusted net loss (a non-IFRS measure) and adjusted EBITDA for the period presented to the most directly comparable financial measure calculated and presented under IFRS, which is loss for the periods.

| | Six months ended June 30, | |
|---|---|---|
| | **2023** | 2022 |
| | ***RMB'000*** | *RMB'000* |
| | ***(Unaudited)*** | *(Unaudited)* |
| **Loss for the period** | **(642,938)** | (1,049,064) |
| Adjusted for: | | |
| Share-based compensation expenses | **8,153** | 581,799 |
| Changes in fair value of financial liabilities at fair value through profit or loss | **–** | 308,063 |
| Listing expenses | **–** | 41,023 |
| Impairment of goodwill | **513,525** | – |
| **Non-IFRS measures:** | | |
| **Adjusted net loss for the period[(1)]** | **(121,260)** | (118,179) |
| **Adjusted net loss for the period** | **(121,260)** | (118,179) |
| Adjusted for: | | |
| Income tax credit | **(2,072)** | (1,993) |
| Depreciation and amortization | **17,797** | 16,063 |
| Finance income, net | **(803)** | (1,114) |
| **Non-IFRS measures:** | | |
| **Adjusted EBITDA for the period[(2)]** | **(106,338)** | (105,223) |

*Notes:*

(1) Represents loss for the period before (i) share-based compensation expenses, (ii) changes in fair value of financial liabilities at fair value through profit or loss, (iii) listing expenses and (iv) impairment of goodwill.

(2) Represents adjusted net loss for the period before (i) income tax credit, (ii) depreciation and amortization and (iii) net finance income.

### Capital Structure, Liquidity and Capital Resources

As at June 30, 2023, the Company's issued share capital was approximately US$1,567.2 divided into 626,863,057 shares of US$0.0000025 each, and the total equity of the Group was approximately RMB864.9 million.

For the six months ended June 30, 2023, we satisfied our cash requirements principally from cash generated from daily operations and equity financing activities in relation to the Listing. Our cash and cash equivalents represent cash and bank balances. We had cash and cash equivalents of RMB202.3 million as of June 30, 2023.

For the six months ended June 30, 2023, our capital expenditures were approximately RMB2.9 million (six months ended June 30, 2022: approximately RMB5.0 million) and were primarily related to purchase of property, plant and equipment and intangible asset.

The following table provides information regarding our cash flows for the six months ended June 30, 2023 and 2022:

| | **For the six months ended June 30,** | |
|---|---|---|
| | **2023** | 2022 |
| | ***RMB'000*** | *RMB'000* |
| | ***(Unaudited)*** | *(Unaudited)* |
| Net cash used in operating activities | **(128,063)** | (147,318) |
| Net cash generated from/(used in) investing activities | **911** | (3,644) |
| Net cash (used in)/generated from financing activities | **(5,358)** | 566,305 |
| Net (decrease)/increase in cash and cash equivalents | **(132,510)** | 415,343 |
| Cash and cash equivalents at the beginning of the period | **330,734** | 312,997 |
| Exchange differences on cash and cash equivalents | **1,567** | 20,388 |
| **Cash and cash equivalents at the end of the period** | **199,791** | 748,728 |
| **Representing:** | | |
| Cash and bank balances as stated in the condensed consolidated interim balance sheets | **202,296** | 748,728 |
| Less: Client segregated accounts | **(2,505)** | – |
| | **199,791** | 748,728 |

Going forward, we believe that our liquidity requirements will be satisfied by using the cash generated from operating activities and the net proceeds received from the global offering of the Company (the "**Global Offering**"). We currently do not have any other plans for material additional external financing.

**Significant Investments Held**

We recorded financial assets at fair value through profit or loss amounting to approximately RMB268.0 million as of June 30, 2023 (as of December 31, 2022: RMB258.3 million). The financial assets at fair value through profit or loss primarily include wealth management products previously purchased from different segregated portfolio companies that are independent from the Company and independent from each other. Such wealth management products are principal-guaranteed and carry interest at fixed rates ranging from 1.2% to 1.6% per annum. The investment scope of such products is primarily cash, bank deposits, U.S. treasury bonds and other money market instruments.

Information about the relevant wealth management products with a carrying amount that accounts for 5% or more of the Group's total assets as of June 30, 2023 are set out as follows:

| Subscription date | Type of product | Currency of subscription | Principal amount of subscription *(US$'000)* | Interest rate per annum *(%)* | Expiry date of the lock-up period *(Note 1)* | Fair value gain for the Reporting Period *(RMB'000)* *(Note 2)* | Carrying amount as of June 30, 2023 *(RMB'000)* *(Note 3)* |
|---|---|---|---|---|---|---|---|
| July 4, 2022 | Principal-guaranteed with fixed rate of return | US dollar | 11,000 | 1.20 | August 3, 2022 | 453 | 79,693 |
| July 19, 2022 | Principal-guaranteed with fixed rate of return | US dollar | 11,000 | 1.25 | August 18, 2022 | 472 | 79,661 |
| July 19, 2022 | Principal-guaranteed with fixed rate of return | US dollar | 10,000 | 1.40 | August 18, 2022 | 481 | 72,438 |

*Notes:*

*Note 1:* Upon the expiry date of the lock-up period, the Company is free to redeem any or all part of its subscription for the respective products.

*Note 2:* Calculated based on the monthly average exchange rate for US dollars to Renminbi for the first six months of 2023. The monthly average exchange rate for any given month is the average of the medium exchange rates for all business days within the relevant month as published on the website of the State Administration of Foreign Exchange.

*Note 3:* Calculated based on the medium exchange rate for US dollars to Renminbi on June 30, 2023 as published on the website of the State Administration of Foreign Exchange.

Save as disclosed above, the Group did not make or hold any significant investments during the six months ended June 30, 2023.

**Future Plans for Material Investments and Capital Assets**

As of June 30, 2023, we did not have any other plans for material investments and capital assets.

**Material Acquisitions and/or Disposals of Subsidiaries and Affiliated Companies**

The Group did not have any material acquisitions and/or disposals of subsidiaries and affiliated companies for the six months ended June 30, 2023.

**Employee and Remuneration Policy**

As of June 30, 2023, we had 1,004 (June 30, 2022: 1,071) full-time employees (inclusive of outsourced personnel) located in various jurisdictions in which we operate.

The following table sets forth the number of our employees categorized by function as of June 30, 2023.

| Function Area | Number of Employees | % of Total |
|---|---|---|
| Sales and marketing | 418 | 41.6 |
| User services and operations | 334 | 33.3 |
| Research and development | 127 | 12.6 |
| Management and administration | 125 | 12.5 |
| **Total** | 1,004 | 100.0 |

As required under PRC regulations, we participate in employee social security plans complied with the requirements of local and provincial governments, including provident fund, pension, medical, work-related injury and unemployment benefit plans. We are required under PRC laws to make contributions to employee benefit plans at specific percentages of employee salaries, bonuses and certain allowances of our employees, up to a maximum amount specified by the local government from time to time. We participate in and make contributions to those social security plans and employee benefit plans. The Company also makes payments to other defined contribution plans and defined benefit plans for the benefit of employees employed by subsidiaries outside of the Chinese mainland as required by the applicable laws.

Our success depends on our ability to attract, retain and motivate high-quality talents. As part of our human resources strategy, we offer employees competitive salaries, performance-based cash bonuses and other incentives. In order to recognize and acknowledge the contributions made by certain of management members, employees and consultants, the Company has also adopted the Share Incentive Plan on August 18, 2021.

We have adopted a training protocol in Chinese mainland, pursuant to which we provide pre-employment and ongoing management and technical training to our employees.

The employee benefit expenses, including share-based compensation expenses, for the six months ended June 30, 2023 were RMB147.5 million, as compared to RMB701.7 million for the six months ended June 30, 2022, representing a period-to-period decrease of 79.0%.

**Gearing Ratio**

As of June 30, 2023, the gearing ratio, calculated as total borrowings divided by total equity attributable to owners of the Company, was not applicable as the Company's borrowing amounted to nil as of the same date.

### Foreign Exchange Risk

We operate in Asian countries and are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to US dollars, Hong Kong dollars, Singapore dollars, South Korean Won and Vietnamnese Dong. Foreign exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not the respective functional currency of our subsidiaries. We currently do not hedge transactions undertaken in foreign currencies.

### Pledge of Assets

As of June 30, 2023, restricted cash of RMB78.5 million was pledged, as compared with RMB70.8 million as of December 31, 2022.

### Contingent Liabilities

As of June 30, 2023, we did not have any material contingent liabilities or guarantees.

### Subsequent Events

As of the date of this announcement, the Group had no other significant event subsequent to the Reporting Period.

### Borrowings

As of June 30, 2023, our outstanding borrowings amounted to nil.

## USE OF PROCEEDS FROM THE GLOBAL OFFERING

The Shares were listed on the Stock Exchange on June 24, 2022. The net proceeds raised from the Global Offering, after deduction of the underwriting fees and commissions and other estimated expenses payable by the Company in connection with the Global Offering, were approximately HK$554.5 million.

As of the date of this announcement, there was no change in the intended use of net proceeds and the expected timeline as previously disclosed in the section headed "Future Plans and Use of Proceeds" in the Prospectus. The following table sets forth a summary of the utilization of the net proceeds from the Global Offering as of June 30, 2023:

| | | Net proceeds (HK$ in million) | | | | |
|---|---|---|---|---|---|---|
| **Purpose** | **Percentage to total amount** | **Net proceeds incurred from the Global Offering** | **Actual use of proceeds up to December 31, 2022** | **Actual use of proceeds up to June 30, 2023** | **Unutilized amount as of June 30, 2023** | **Expected timeline for full utilization of the remaining net proceeds** |
| Enlarge our user base and strengthen our brand awareness | 40% | 221.8 | 109.8 | 180.0 | 41.8 | December 31, 2025 |
| Develop new services and products to enhance our monetization capabilities | 20% | 110.9 | 29.0 | 69.8 | 41.1 | December 31, 2025 |
| Pursue strategic alliances, investments and acquisitions in overseas markets | 20% | 110.9 | 0.7 | 2.2 | 108.7 | December 31, 2025 |
| Advance our technological capabilities and enhance our research and development capabilities, including upgrade our information and technology systems and procure advanced technologies from third-party service providers | 10% | 55.5 | 15.4 | 39.3 | 16.2 | June 30, 2025 |
| Working capital and general corporate purposes | 10% | 55.4 | 34.4 | 52.0 | 3.4 | December 31, 2025 |
| | 100% | 554.5 | 189.3 | 343.3 | 211.2 | |

## INTERIM DIVIDEND

The Board resolved not to declare any interim dividends for the six months ended June 30, 2023.

## CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the shareholders of the Company and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the "**Corporate Governance Code**") set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") as its own code of corporate governance. The Company has, to the best knowledge of the Directors, complied with all applicable code provisions as set out in Part 2 of the Corporate Governance Code during the Reporting Period.

The Company will continue to regularly review and monitor its corporate governance practices to ensure compliance with the Corporate Governance Code, and maintain a high standard of corporate governance practices of the Company.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiry to all Directors, each of the Directors confirmed that he/she has complied with the required standards as set out in the Model Code during the Reporting Period.

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

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

## AUDIT COMMITTEE

The Company has established the audit committee (the "**Audit Committee**"), which comprises three independent non-executive Directors, namely Mr. ZHAO Hongqiang, Mr. TANG Shun Lam and Mr. NI Zhengdong. Mr. ZHAO Hongqiang is the chairman of the Audit Committee. The primary functions of the Audit Committee are to review and supervise the financial reporting process, internal control and risk management system of the Group, oversee the audit process, provide advice and comments to the Board, perform other duties and responsibilities as may be assigned by the Board, and review and oversee the risk management of the Company.

The Audit Committee has discussed with the management of the Company and reviewed the unaudited interim consolidated financial statements of the Group for the six months ended June 30, 2023 and this interim results announcement.

## PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (gogoxholdings.com), and the interim report of the Company for the six months ended June 30, 2023 containing all the information required under the Listing Rules will be dispatched to the shareholders of the Company and published on the respective websites of the Stock Exchange and the Company in due course.

On behalf of the Board
**GOGOX HOLDINGS LIMITED**
**CHEN Xiaohua**
*Chairman and Executive Director*

Hong Kong, August 24, 2023

*As at the date of this announcement, the executive Directors are Mr. Chen Xiaohua, Mr. He Song, Mr. Lam Hoi Yuen and Mr. Hu Gang; the non-executive Directors are Mr. Leung Ming Shu and Mr. Wang Ye; and the independent non-executive Directors are Mr. Ni Zhengdong, Mr. Tang Shun Lam, Mr. Zhao Hongqiang and Ms. Mi Wenjuan.*