



Fulu Holdings Limited 福祿控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 2101

2023 INTERIM REPORT



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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Fu Xi (符熙) (*Chairman and CEO*)
Mr. Zhang Yuguo (張雨果)
Mr. Shui Yingyu (水英聿)
Mr. Zhao Bihao (趙筆浩)

Independent Non-executive Directors

Mr. Li Wai Chung (李偉忠)
Ms. Wang Yuyun (王雨雲)
(alias Wang Yuyun (王雨蘊))
Mr. Wong Sincere (黃誠思)

AUDIT COMMITTEE

Mr. Li Wai Chung (李偉忠) (*Chairman*)
Ms. Wang Yuyun (王雨雲)
Mr. Wong Sincere (黃誠思)

REMUNERATION COMMITTEE

Ms. Wang Yuyun (王雨雲) (*Chairman*)
Mr. Fu Xi (符熙)
Mr. Wong Sincere (黃誠思)

NOMINATION COMMITTEE

Mr. Fu Xi (符熙) (*Chairman*)
Mr. Wong Sincere (黃誠思)
Mr. Li Wai Chung (李偉忠)

JOINT COMPANY SECRETARIES

Mr. Mao Feng (茅峰)
Ms. Ng Ka Man (吳嘉雯) (*ACG, HKACG*)

AUTHORIZED REPRESENTATIVES

Mr. Fu Xi (符熙)
Ms. Ng Ka Man (吳嘉雯) (*ACG, HKACG*)

AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor
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HONG KONG SHARE REGISTER

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PRINCIPAL BANKERS

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The PRC

STOCK CODE

2101

COMPANY'S WEBSITE

www.fulu.com

Financial Summary

	Unaudited For the six months ended June 30,		Change (%)
	2023	2022	
	(RMB in thousands, except for percentage)		
Revenue	250,950	196,400	27.8
Gross profit	184,742	148,110	24.7
Gross profit margin ⁽¹⁾	73.6%	75.4%	(1.8)
Profit before tax	46,025	35,830	28.5
Profit and total comprehensive income for the period	38,464	33,461	15.0
Attributable to:			
Owners of the parent	40,807	35,453	15.1
Non-controlling interests	(2,343)	(1,992)	17.6
Non-IFRS measure adjusted profit attributable to owners of the parent for the period	43,245	47,158	(8.3)

Note:

(1) Gross profit margin is calculated based on gross profit divided by revenue and multiplied by 100%.

	Unaudited	Audited	Change (%)
	As at June 30, 2023	As at December 31, 2022	
	(RMB in thousands)		
Assets			
Current assets	1,636,713	1,487,839	10.0
Non-current assets	82,797	87,638	(5.5)
Total assets	1,719,510	1,575,477	9.1
Liabilities			
Current liabilities	499,683	356,322	40.2
Non-current liabilities	10,211	8,773	16.4
Total liabilities	509,894	365,095	39.7
Net assets	1,209,616	1,210,382	(0.1)
Equity			
Equity attributable to owners of the parent			
Share capital	278	277	0.4
Reserves	1,217,081	1,216,675	0.0
	1,217,359	1,216,952	0.0
Non-controlling interests	(7,743)	(6,570)	17.9
Total Equity	1,209,616	1,210,382	(0.1)

Chairman's Statement

Dear Shareholders,

In the first half of 2023, as the impact of the COVID-19 pandemic gradually dissipated, the domestic economy and consumption started to recover progressively. The new wave of technological revolution and industrial transformation, represented by digital technology, is advancing rapidly. Emerging digital technologies such as cloud computing, big data and artificial intelligence are developing at a fast pace, accelerating the transformation of the traditional economy into a digital one. This digital transformation has swept across all industries, particularly the lifestyle service industry closely related to people's lives. Various favorable policies and measures have also been launched nationwide to promote digital consumption, including e-commerce, the live streaming economy, online leisure and entertainment. These initiatives have enriched cultural and tourism consumption and promoted the intellectualization of digital life, creating new forms of digital consumption and greatly boosting consumer confidence.

Although the social and economic impact of the COVID-19 pandemic has gradually weakened, consumers still approach consumption with caution and rationality due to uncertainties in income and employment. They prefer to reduce their consumption levels and spend time searching for online platforms that offer bigger discounts and more favorable deals choosing the best time for shopping. The pursuit of cost-effective consumption has become a mainstream consumption habit.

In the first half of this year, considering the changes in the economic environment and consumption habits mentioned earlier, we made prompt adjustments to our business strategies. These adjustments aimed to fully capture market opportunities in the digital transformation. We further enhanced the refined operation strategy of e-commerce platforms, which allowed us to successfully reach more C-end consumers through channels such as live streaming and leveraging products and activities with traffic advantages such like Tmall Juhuasuan, Ten Billion Subsidies and Daily Special. Additionally, we established more partnerships with financial institutions such as banks and insurance companies, launched diversified products such as paid coupon packages, which facilitated more digital goods transactions. These positive adjustments to our business strategy resulted in satisfactory operating and financial data across various segments. Revenue from our lifestyle segment achieved rapid growth with a year-on-year increase of 142.3%. Revenue from games segment also increased by 28.1% year-on-year. The revenue from the leisure and entertainment segment remained stable, similar to the corresponding period of last year. Unfortunately, due to the continued impact of the adjustment of upstream and downstream operating policies, revenue from the telecommunications segment decreased significantly by 45.3% year-on-year. Overall, the profit attributable to owners of the parent for the period amounted to RMB40,807 thousand, representing a year-on-year increase of 15.1%. We are pleased to see a steady improvement in profitability. Moving forward, we will continue to strengthen our refined operations and optimize our products and services to better meet consumer needs. Simultaneously, we will seize the opportunity to continuously seek new growth points of business and performance by meeting users' increasing needs.

It is worth noting that since our initial deployment in 2022, our corporate welfare segment has achieved gratifying development. In the first half of 2023, both GMV and revenue of the segment grew significantly, representing a year-on-year increase of 81.1% and 111.3%, respectively. We have further strengthened our corporate service capabilities this year, aiming to provide more comprehensive and high-quality services to our corporate customers and further consolidate our competitive advantages. In the first half of 2023, we expanded and upgraded the service areas and business model of our corporate welfare segment. We established the new corporate business travel service segment to provide one-stop services for business travel of employees, and we effectively reduced the supply cost by virtue of the new cloud warehouses and OEM models. In addition, we also focused on strengthening the supply chain service capabilities of our corporate welfare platform. In the first half of 2023, we cooperated with many popular brands such as Genki Forest, Perfect Diary, HITOMORROW, BY-HEALTH and HEYTEA, committed to providing customers with more diversified and personalized choices. These initiatives have not only further expanded the business scale of our corporate welfare segment, but also brought us more advantages in market competition. As of the first half of 2023, we have continuously provided services to well-known enterprises or medium and large-sized central enterprises and state-owned enterprises in various industries, such as Beijing Yicai Human Resources Consulting Co., Ltd., YYKJ Service Group Co., Ltd., China Mobile Financial Technology Co., Ltd., China Merchants Hoi Tung Trading Company Limited, Volkswagen Group Import (China) Co., Ltd., China Merchants Food (China) Co., Limited and Beijing Damei Natural Culture Communication Co., Ltd. In the meantime, we have also signed new contracts with large state-owned enterprises and central enterprises customers, such as Beijing Zonggoc Automatic Technology Co., Ltd., People's Health Big Data (Tianjin) Co., Ltd., CMA Public Meteorological Service Center and Agency Service Bureau under the Ministry of Commerce. We will continue to strengthen our service capabilities, expand our partners and improve our supply chain management to meet the growing needs of our customers.

Nowadays, live streaming shopping has become a new habit of people's digital life consumption. With the booming development of the live streaming industry, live streaming ecosystem, technology and brand autonomy have become a new trend. In order to better empower more brands through self-streaming, we established a live streaming project team in 2021. As of the first half of 2023, we have established a live streaming team of over 150 people, a live streaming venue of over 3,000 square meters, 73 exclusive live streaming rooms and 1 large-scale event live streaming room that can accommodate 3 different live streaming scenes. Our live streaming team improved the dwell time, interaction rate and conversion rate of brand users in the live streaming rooms through professional content planning and diverse live streaming forms. As of the first half of 2023, we not only continued to provide live streaming services on the TikTok platform for iQiyi, Tencent Video, NetEase Cloud Music, Baidu Netdisk and other leading audio and video brands, tool brands and game accelerator brands to facilitate more digital goods transactions, but also expanded our cooperation with major game developers on live streaming to promote more digital goods transactions related to the popular games operated by providers such as Tencent Games, NUVERSE and LeiTing Games. In terms of the leisure and entertainment segment, we established new live streaming cooperation with brands such as Redfinger, Wanda Film and Xiaomi Video on the TikTok platform compared to the end of last year. With the deep integration of the digital economy and the real economy, live streaming has also been widely applied in areas such as cultural tourism and digital local lifestyle. For example, our special Goddess Day live streaming for Universal Studios Beijing on the Kuaishou platform received an overwhelming response.

In addition, through in-depth understanding of overseas markets, business expansion and experience accumulation, our overseas business operation model has gradually matured, and we have developed our capacity in various aspects such as global supply chain services, overseas risk control and overseas marketing. With domestic online gaming, social media, live streaming, short video and other pan entertainment players targeting overseas markets and launching overseas products, we fully leverage the brand cooperation advantages of Fulu in China and gradually establish cooperation with these leading companies such as Tencent Overseas Games and BIGO Overseas Live-stream Platform in overseas markets. With our channel links, we promote their products overseas. Through the cooperation model, we can fully utilise our respective advantages and achieve a win-win situation with mutual benefits. We are committed to building a more competitive global supply chain platform, providing global users with more high-quality and diversified product choices. By accelerating the pace of business globalization and strengthening close cooperation with partners, we can better meet the needs of global users for digital goods and provide a better service experience.

FINANCIAL SUMMARY

In the first half of 2023, our revenue was RMB250,950 thousand, representing an increase of 27.8% over RMB196,400 thousand during the corresponding period of 2022. Our profit for the period increased by 15.0% from RMB33,461 thousand in the first half of 2022 to RMB38,464 thousand in the first half of 2023, among which, profit attributable to owners of the parent for the period increased by 15.1% from RMB35,453 thousand in the first half of 2022 to RMB40,807 thousand in the first half of 2023. The adjusted profit attributable to the owners of the parent for the period decreased by 8.3% from RMB47,158 thousand in the first half of 2022 to RMB43,245 thousand in the first half of 2023; in the first half of 2023, our cash and cash equivalents amounted to RMB200,089 thousand, with abundant cash reserves maintained.

BUSINESS OVERVIEW

In the first half of 2023, our GMV was RMB8,905,633 thousand, representing an increase of 19.4% over RMB7,456,702 thousand during the corresponding period of 2022. In terms of each business segment, the GMV of the games segment, corporate welfare segment and lifestyle segment has increased significantly, with the GMV of the games segment increasing by 104.8% year-on-year to RMB1,555,029 thousand; the GMV of the corporate welfare segment increasing by 81.1% year-on-year to RMB401,391 thousand; the GMV of the lifestyle segment increasing by 77.6% year-on-year to RMB2,811,371 thousand. The GMV of the leisure and entertainment segment increased by 13.1% year-on-year to RMB2,572,319 thousand, while the GMV of the telecommunications segment decreased significantly by 40.2% year-on-year to RMB1,565,523 thousand.

Lifestyle segment

In the first half of 2023, revenue from the lifestyle segment increased significantly by 142.3% year-on-year to RMB48,871 thousand, accounting for 19.5% of the total revenue. We have facilitated more digital goods-related transactions in lifestyle segment by the way of promoting cooperation on live streaming, absorbing traffic on e-commerce platform and expanding downstream channel customers. With the rapid development of digital local lifestyle and digital consumption, digital products such as catering product vouchers, supermarket gift cards and gas cards have been favored by an increasing number of consumers in the first half of 2023, and the transaction volume of such goods increased, bringing us significant growth in revenue. Meanwhile, we have also actively expanded our supply chain brands, and established cooperative relationships with well-known brands such as GOOD ME, COTTI COFFEE, SWEET7. The gross profit of lifestyle segment increased significantly by 203.1% year-on-year, and the gross profit margin increased by 15.1% year-on-year.

Leisure and entertainment segment

In the first half of 2023, revenue from the leisure and entertainment segment was RMB109,585 thousand, generally the same as that of the corresponding period of 2022, accounting for 43.7% of the total revenue. As our most significant source of revenue, the leisure and entertainment segment has facilitated more digital goods transactions for audio/video and tool brands through live streaming sales. In the first half of 2023, there was a significant increase in transaction volume for membership products such as iQiyi, Baidu Netdisk and WPS. However, due to some clients reducing the marketing budgets, the gross profit and gross profit margin of the leisure and entertainment segment slightly decreased by 9.1% and 7.4% year-on-year, respectively.

Telecommunications segment

In the first half of 2023, revenue from the telecommunications segment decreased significantly by 45.3% year-on-year to RMB7,534 thousand, accounting for 3.0% of the total revenue. This was mainly due to the continued impact of the adjustment of upstream and downstream industry policies, such as the adjustment of agency policies for communication operators and the tightening of marketing expenses for e-commerce platforms. In response to such market change, we have made greater efforts to expand our SIM card promotion business. While this move helped to address market challenges, it also resulted in a decline in gross profit margin. In the first half of 2023, the gross profit margin of the telecommunications segment decreased by 17.0% to 26.3%.

Games segment

In the first half of 2023, revenue from the games segment increased by 28.1% year-on-year to RMB41,016 thousand, accounting for 16.3% of the total revenue. In the first half of 2023, we have cooperated with well-known game developers such as Tencent Games, NUVERSE and LeiTing Games in live streaming channels, and have facilitated more game-related digital goods transactions for over ten popular games such as CrossFire Mobile, Wu Lin Xian Xia and Dragon Knight. These efforts have contributed to a significant increase in both GMV and revenue of our games segment. Meanwhile, the gross profit of the segment increased by 8.0% year-on-year, while its gross profit margin decreased by 11.4% year-on-year. Despite a decrease in the gross profit margin, we believe that our games segment will still maintain a good development momentum by continuously expanding partnerships and providing high-quality services.

Corporate welfare segment

In the first half of 2023, revenue from the corporate welfare segment increased by 111.3% year-on-year to RMB43,944 thousand, accounting for 17.5% of the total revenue, representing an increase of 6.9% in the percentage of revenue as compared to the corresponding period of last year. In the first half of 2023, the corporate welfare segment not only endeavored to ensure the renewal rate of its original business contracts, but also successfully signed nearly 50 new customers, including well-known enterprises such as Beijing Minshang Zhihui E-commerce Co., Ltd. and Zhongdian Huirong Technology (Shenzhen) Co., Ltd. The participation of these partners has further expanded our influence and market share in the corporate welfare field. By providing high-quality welfare services and solutions, we are committed to satisfying the growing demand of our corporate customers for digital employee welfare, thereby further facilitating more digital and physical goods transactions.

FULU OPEN PLATFORM

In the first half of 2023, we continued to iterate and upgrade the functions of our open platform and further strengthened its comprehensive service capabilities and resource advantages, to provide Fulu partners with more refined operational management and product R&D support. In addition to providing rich SaaS application tools, we also actively build an exclusive operation service team, aiming to provide personalized and phased operational guidance for Fulu partners at different stages, helping them to quickly achieve economies of scale and long-term win-win cooperation. Through refined operation and analysis of Fulu partners' profiles and TOP-level products, we will match them with product categories that are more suitable for their business models and with higher returns, and dynamically adjust their product marketing strategies to improve capital turnover efficiency.

The open platform is designed to provide refined services to Fulu partners at different stages, and help them achieve sustainable operation and higher revenue by virtue of our strong platform service capabilities and technical support. We are committed to growing together with our Fulu partners, making constant innovations and breakthroughs during our cooperation, and realizing mutual development and success.

OUTLOOK

Looking ahead to the second half of 2023, although the external economic environment remains challenging, the evident rapid development of the digital economy will also bring us more business opportunities. Digital technology is changing people's lifestyles and consumption habits. As more and more people acquire goods and services primarily through digital channels, a new digital consumption culture is gradually emerging. Under this background, we will actively seize the blue ocean opportunities in the local lifestyle digital consumption scenarios, continue to innovate in the wave of digital transformation, and provide more convenient, efficient and personalized products and services to meet the diversified needs of our consumers.

We will continue to explore digital consumption and live streaming applications in segments such as urban cultural tourism, transportation and performance ticketing, and attract and develop C-end users. Meanwhile, we are actively exploring the possibility of co-creating cultural and tourism projects with local governments, aiming to tap into the unique cultural characteristics of cities and promote the digitalization of local cultural tourism and lifestyle service consumption by leveraging the content and ecological advantages of live streaming.

Moreover, we will continue to strengthen our research on overseas markets, dedicate ourselves to building global payment and risk control capabilities, and continuously optimize our business strategies and supply chain management to adapt to the changes and competition in the global market. By actively tapping into and integrating high-quality traffic channels in local and overseas markets, we will create a private domain ecosystem in the overseas markets and build longer-term brand trust with consumers. Meanwhile, we will further expand our partnerships, strengthen cooperation with domestic brands in overseas businesses, and actively explore new business models and growth opportunities.

CONCLUSION

In the first half of 2023, with the unremitting efforts of all staff and the strong support of our partners, our business has been able to maintain stable development. Looking ahead to the second half of the year, we will follow the trend to pursue greater success, strive to achieve a successful ending to 2023, and present satisfactory results to our shareholders. We firmly believe that the development model driven by innovation and cooperation will achieve even more brilliant results in this era of digital economy.

Fu Xi
Chairman

August 29, 2023

Management Discussion and Analysis

SIX MONTHS ENDED JUNE 30, 2023 COMPARED TO SIX MONTHS ENDED JUNE 30, 2022

The following table sets forth the comparative figures for the first half of 2022 and 2023:

	Unaudited	
	For the six months ended June 30,	
	2023	2022
	(RMB in thousands)	
Revenue	250,950	196,400
Cost of sales	(66,208)	(48,290)
Gross profit	184,742	148,110
Other income and gains	17,796	18,106
Selling and distribution expenses	(71,398)	(62,622)
Administrative expenses	(47,883)	(40,666)
Research and development costs	(32,514)	(25,505)
Impairment losses on financial and contract assets, net	(3,035)	(913)
Other expenses	(152)	(158)
Operating profit	47,556	36,352
Finance costs	(1,531)	(522)
Profit before tax	46,025	35,830
Income tax expense	(7,561)	(2,369)
Profit and total comprehensive income for the period	38,464	33,461
Attributable to:		
Owners of the parent	40,807	35,453
Non-controlling interests	(2,343)	(1,992)
Non-IFRS measure adjusted profit attributable to owners of the parent for the period ⁽¹⁾	43,245	47,158

Note:

- (1) We define "adjusted profit attributable to owners of the parent for the period" as profit attributable to owners of the parent for the period, adding back listing expenses, foreign exchange gains and losses as well as share-based payment expenses. Adjusted profit attributable to owners of the parent for the period is not a measure required by or presented in accordance with IFRSs. The use of adjusted profit attributable to owners of the parent for the period has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for analysis of, our results of operations or financial condition as reported under IFRSs.

REVENUE

Our revenue increased by 27.8% from RMB196,400 thousand in the first half of 2022 to RMB250,950 thousand in the first half of 2023. The increase in revenue was primarily due to an increase in commission income of related services driven by an increase in the GMV of transactions related to lifestyle and corporate welfare business.

Revenue by Nature

Our revenue primarily includes (a) commissions from digital goods-related services; (b) commissions from physical goods-related services; and (c) service fees from online store operation services and other value-added services. The following table sets forth revenue breakdown by types of services in the first half of 2023 and 2022:

	Unaudited			
	For the six months ended June 30,			
	2023		2022	
	RMB	%	RMB	%
	(RMB in thousands, except for percentage)			
Digital goods-related services	196,028	78.1	155,696	79.3
Physical goods-related services	21,458	8.6	11,023	5.6
Value-added services				
Online store operation services	24,224	9.7	25,320	12.9
Others ⁽¹⁾	9,240	3.6	4,361	2.2
Total	250,950	100.0	196,400	100.0

Note:

(1) Include user acquisition, management services (e.g. mini-game development services and platform services) and IT solutions.

Digital goods-related services. Revenue from digital goods-related services increased by 25.9% from RMB155,696 thousand in the six months ended June 30, 2022 to RMB196,028 thousand in the six months ended June 30, 2023. Among them, revenue from digital goods-related services in the lifestyle segment saw a significant increase, while revenue from digital goods-related services in the games and leisure and entertainment segments maintained stable growth. However, revenue from digital goods-related services in the telecommunications segment declined significantly.

Physical goods-related services. Revenue from physical goods-related services increased by 94.7% from RMB11,023 thousand in the six months ended June 30, 2022 to RMB21,458 thousand in the six months ended June 30, 2023. Such a significant increase in revenue from physical goods-related services was due to the rapid development of corporate welfare business.

Value-added services. Our value-added services consist primarily of online store operation services and other value-added services. Revenue from online store operation services decreased by 4.3% from RMB25,320 thousand in the six months ended June 30, 2022 to RMB24,224 thousand in the six months ended June 30, 2023, due to a slight decrease in revenue from the online store operation services. Revenue from our other services increased by 111.9% from RMB4,361 thousand in the six months ended June 30, 2022 to RMB9,240 thousand in the six months ended June 30, 2023, primarily due to the increase in revenue from providing digital welfare platform services and marketing and attracting new users.

Revenue by Segment

We generate revenue from five business segments: (i) leisure and entertainment; (ii) games; (iii) telecommunications; (iv) lifestyle; and (v) corporate welfare. The following table sets forth our revenue by segment in the first half of 2022 and 2023:

	Unaudited			
	For the six months ended June 30,			
	2023		2022	
	RMB	%	RMB	%
	(RMB in thousands, except for percentage)			
Leisure and entertainment	109,585	43.7	109,634	55.8
Games	41,016	16.3	32,022	16.3
Telecommunications	7,534	3.0	13,778	7.0
Lifestyle	48,871	19.5	20,166	10.3
Corporate welfare	43,944	17.5	20,800	10.6
Total	250,950	100.0	196,400	100.0

The following table sets forth the GMV attributable to different segments for the periods indicated:

	Unaudited			
	For the six months ended June 30,			
	2023		2022	
	RMB	%	RMB	%
	(RMB in thousands, except for percentage)			
Leisure and entertainment	2,572,319	28.8	2,274,196	30.5
Games	1,555,029	17.5	759,116	10.2
Telecommunications	1,565,523	17.6	2,618,901	35.1
Lifestyle	2,811,371	31.6	1,582,823	21.2
Corporate welfare	401,391	4.5	221,666	3.0
Total	8,905,633	100.0	7,456,702	100.0

Leisure and entertainment. Revenue from the leisure and entertainment segment remained stable and slightly decreased from RMB109,634 thousand in the six months ended June 30, 2022 to RMB109,585 thousand in the six months ended June 30, 2023. We facilitated more video and audio leisure and entertainment digital goods transactions. The GMV of leisure and entertainment digital goods transactions we facilitated increased by 13.1% from RMB2,274,196 thousand in the six months ended June 30, 2022 to RMB2,572,319 thousand in the six months ended June 30, 2023.

Games. Revenue from the games segment increased by 28.1% from RMB32,022 thousand in the six months ended June 30, 2022 to RMB41,016 thousand in the six months ended June 30, 2023. The increase in the revenue of the game segment was mainly due to the expansion of downstream sales channels, which facilitated more game-related digital goods transactions. The GMV of games-related digital goods transactions we facilitated increased by 104.8% from RMB759,116 thousand in the six months ended June 30, 2022 to RMB1,555,029 thousand in the six months ended June 30, 2023.

Telecommunications. Revenue from the telecommunications segment decreased by 45.3% from RMB13,778 thousand in the six months ended June 30, 2022 to RMB7,534 thousand in the six months ended June 30, 2023, mainly due to adjustments to the agency policies of communication operators, which resulted in lower commission rates and GMV of telecommunications digital goods transactions we facilitated. The GMV of telecommunications digital goods transactions we facilitated decreased by 40.2% from RMB2,618,901 thousand in the six months ended June 30, 2022 to RMB1,565,523 thousand in the six months ended June 30, 2023.

Lifestyle. Revenue from the lifestyle segment increased by 142.3% from RMB20,166 thousand in the six months ended June 30, 2022 to RMB48,871 thousand in the six months ended June 30, 2023, primarily due to a significant increase in digital goods transactions facilitated as a result of expanding the cooperation with some new lifestyle brand owners and strengthening the cooperation with customers in downstream financial channel. The GMV of lifestyle digital goods transactions we facilitated increased by 77.6% from RMB1,582,823 thousand in the six months ended June 30, 2022 to RMB2,811,371 thousand in the six months ended June 30, 2023.

Corporate welfare. Revenue from the corporate welfare segment increased by 111.3% from RMB20,800 thousand in the six months ended June 30, 2022 to RMB43,944 thousand in the six months ended June 30, 2023, primarily due to the rapid development of corporate welfare business, signing new contracts with well-known enterprises such as state-owned and central enterprises, and facilitating more digital and physical goods transactions. The GMV of the corporate welfare digital and physical goods transactions we facilitated increased by 81.1% from RMB221,666 thousand in the six months ended June 30, 2022 to RMB401,391 thousand in the six months ended June 30, 2023.

The following table sets forth the GMV attributable to our key operating entities for the Reporting Period:

	For the six months ended June 30, 2023	
	GMV	% of the Group's total GMV
	(RMB in thousands, except for percentage)	
Wuhan Fulu	3,897,602	43.8%
Tibet Fulu	2,913,189	32.7%
Xinjiang Fulu	559,655	6.3%
Wuhan Lishuo	399,215	4.5%
Wuhan Yiqiyou	373,504	4.2%
Beijing Fulu Fuxi	257,347	2.9%
Kashgar Yiqiwan	131,243	1.5%
Beijing Yiji Qifu Technology Co., Ltd.	108,393	1.2%
Wuhan Souka	94,633	1.1%
Beijing Fortune Travel Service Co., Ltd.	35,651	0.4%
Wuhan Tianshi	32,043	0.4%
Hubei Kejin	31,577	0.4%
Zhongzhi Wuxian (Beijing) Technology Co., Ltd.	27,127	0.3%
Xinjiang Huluwa	22,586	0.3%
Wuhan Yilu	9,961	0.1%
Jiangxi Fulu Network Technology Co., Ltd.	6,539	0.1%
Hainan Fulu Network Technology Co., Ltd.	4,540	0.1%
Henan Fulu Network Technology Co., Ltd.	419	0.0%
Tibet Huluwa	409	0.0%

COST OF SALES

Our cost of sales increased by 37.1% from RMB48,290 thousand in the six months ended June 30, 2022 to RMB66,208 thousand in the six months ended June 30, 2023, primarily due to (i) the increase in the commission service fee required to be paid by the digital goods transactions we facilitated; and (ii) the increase in the labor cost of the corresponding operational team and labor dispatch due to the development of live streaming project and corporate welfare business.

Cost of Sales by Nature

The following table sets forth the components of cost of sales for the six months ended June 30, 2023 and 2022:

	Unaudited			
	For the six months ended June 30,			
	2023		2022	
	RMB	%	RMB	%
	(RMB in thousands, except for percentage)			
Commissions	23,131	34.9	16,247	33.6
Labor-related costs	37,682	56.9	29,248	60.6
Others ⁽¹⁾	5,395	8.2	2,795	5.8
Total	66,208	100.0	48,290	100.0

Note:

(1) Primarily include fixed fees paid to digital goods sales channels and server and software costs.

Commissions increased by 42.4% from RMB16,247 thousand in the six months ended June 30, 2022 to RMB23,131 thousand in the six months ended June 30, 2023, primarily due to the increase in the commission service fee required to be paid as a result of the increase in the digital goods transactions we facilitated.

Labour-related costs increased by 28.8% from RMB29,248 thousand in the six months ended June 30, 2022 to RMB37,682 thousand in the six months ended June 30, 2023, primarily due to the increase in the number of employees driven by the rapid development of lifestyle segment, games segment and leisure and entertainment segment, and the increase in labor costs due to the increase in labor dispatch services.

Other costs increased by 93.0% from RMB2,795 thousand in the six months ended June 30, 2022 to RMB5,395 thousand in the six months ended June 30, 2023, primarily due to the increase in service fees of the online stores operated and server hosting fees.

Cost of sale by segment

The following table sets forth segment cost of sales for the six months ended June 30, 2023 and 2022:

	Unaudited			
	For the six months ended June 30,			
	2023		2022	
	RMB	%	RMB	%
	(RMB in thousands, except for percentage)			
Leisure and entertainment	28,676	43.3	20,606	42.7
Games	15,713	23.7	8,599	17.8
Telecommunications	5,549	8.4	7,806	16.2
Lifestyle	11,979	18.1	7,994	16.5
Corporate welfare	4,291	6.5	3,285	6.8
Total	66,208	100.0	48,290	100.0

Leisure and entertainment. Cost of sales from the leisure and entertainment segment increased by 39.2% from RMB20,606 thousand in the six months ended June 30, 2022 to RMB28,676 thousand in the six months ended June 30, 2023, primarily due to (i) an increase in service commissions and platform usage fees charged by sales channels as a result of the higher GMV in leisure and entertainment segment; and (ii) an increase in labor costs of leisure and entertainment operation team and labor dispatch driven by the development of live streaming projects.

Games. Cost of sales from the games segment increased by 82.7% from RMB8,599 thousand in the six months ended June 30, 2022 to RMB15,713 thousand in the six months ended June 30, 2023, primarily due to (i) an increase in service commissions and platform usage fees charged by sales channels as a result of the higher GMV in games segment; and (ii) an increase in labor costs of game operation team and labor dispatch driven by the development of live streaming projects.

Telecommunications. Cost of sales from the telecommunications segment decreased by 28.9% from RMB7,806 thousand in the six months ended June 30, 2022 to RMB5,549 thousand in the six months ended June 30, 2023, primarily due to a corresponding decrease in commissions charged from us by e-commerce platforms as we facilitated less telecommunications-related digital goods transactions through e-commerce platforms.

Lifestyle. Cost of sales from the lifestyle segment increased by 49.8% from RMB7,994 thousand in the six months ended June 30, 2022 to RMB11,979 thousand in the six months ended June 30, 2023, primarily due to an increase in commissions charged from us by e-commerce platforms as we facilitated more lifestyle-related digital goods transactions.

Corporate welfare. Cost of sales from the corporate welfare segment increased by 30.6% from RMB3,285 thousand in the six months ended June 30, 2022 to RMB4,291 thousand in the six months ended June 30, 2023, primarily due to an increase in labor costs of the corporate welfare operation team driven by the rapid development of corporate welfare business.

GROSS PROFIT AND GROSS PROFIT MARGIN

The following table sets forth our gross profit and gross profit margin by each segment for the six months ended June 30, 2023 and 2022:

	Unaudited			
	For the six months ended June 30,			
	2023		2022	
	RMB	%	RMB	%
	(RMB in thousands, except for percentage)			
Leisure and entertainment	80,909	73.8	89,028	81.2
Games	25,303	61.7	23,423	73.1
Telecommunications	1,985	26.3	5,972	43.3
Lifestyle	36,892	75.5	12,172	60.4
Corporate welfare	39,653	90.2	17,515	84.2
Total	184,742	73.6	148,110	75.4

Our overall gross profits increased by 24.7% from RMB148,110 thousand in the six months ended June 30, 2022 to RMB184,742 thousand in the six months ended June 30, 2023, primarily driven by an increase in revenue from digital goods-related services, reflecting the business growth; and our gross profit margin decreased from 75.4% in the six months ended June 30, 2022 to 73.6% in the corresponding period of 2023, primarily due to a decrease in the gross profit margin of leisure and entertainment and games segment with the higher proportion of gross profit.

The gross profit from the leisure and entertainment segment decreased by 9.1% from RMB89,028 thousand in the six months ended June 30, 2022 to RMB80,909 thousand in the six months ended June 30, 2023, primarily due to the expansion of product categories and the reduction of marketing expenses by some customers.

The gross profit from the games segment increased by 8.0% from RMB23,423 thousand in the six months ended June 30, 2022 to RMB25,303 thousand in the six months ended June 30, 2023, mainly due to an expansion in product categories and increase in volume of transactions.

The gross profit from the telecommunications segment decreased by 66.8% from RMB5,972 thousand in the six months ended June 30, 2022 to RMB1,985 thousand in the six months ended June 30, 2023, mainly due to a significant decrease in the GMV and revenue of telecommunications-related digital goods facilitated.

The gross profit from the lifestyle segment increased by 203.1% from RMB12,172 thousand in the six months ended June 30, 2022 to RMB36,892 thousand in the six months ended June 30, 2023, mainly due to our development of new lifestyle products categories and expansion of the cooperation with customers in downstream financial channel.

The gross profit from the corporate welfare segment increased by 126.4% from RMB17,515 thousand in the six months ended June 30, 2022 to RMB39,653 thousand in the six months ended June 30, 2023, mainly due to the continuous expansion of downstream sales channels and effective cost management of the supply chain.

OTHER INCOME AND GAINS

Our other income and gains decreased by 1.7% from RMB18,106 thousand in the six months ended June 30, 2022 to RMB17,796 thousand in the six months ended June 30, 2023, mainly due to the effects of the changes in preferential tax policies.

SELLING AND DISTRIBUTION EXPENSES

Our selling and distribution expenses increased by 14.0% from RMB62,622 thousand in the six months ended June 30, 2022 to RMB71,398 thousand in the six months ended June 30, 2023. This increase was primarily due to (i) an increase in staff salary and welfare expenses as well as labor dispatch service fees. Our salary and welfare and labor dispatch service fees increased by 27.1% from RMB25,045 thousand in the six months ended June 30, 2022 to RMB31,843 thousand in the six months ended June 30, 2023, primarily due to the expansion of our new business, such as corporate welfare, which resulted in an increase in the number of business staff, and the upgrade of live streaming e-commerce business model and the growth of business led to an increase in labor dispatch services, resulting in higher staff salary and welfare as well as labor dispatch service fees; (ii) the business operation expenses, such as travel expenses and entertainment expenses, also increased due to our business expansion. These expenses rose increased by 181.3% from RMB4,214 thousand in the six months ended June 30, 2022 to RMB11,854 thousand in the six months ended June 30, 2023.

ADMINISTRATIVE EXPENSES

Administrative expenses increased by 17.7% from RMB40,666 thousand in the six months ended June 30, 2022 to RMB47,883 thousand in the six months ended June 30, 2023, primarily due to (i) an increase of RMB2,522 thousand in depreciation of right-of-use assets and short-term leasing fees generated from the office lease; (ii) an increase of RMB2,079 thousand in staff salary and welfare; and (iii) an increase of RMB1,534 thousand in amortisation expenses of intangible assets.

RESEARCH AND DEVELOPMENT COSTS

Research and development costs increased by 27.5% from RMB25,505 thousand in the six months ended June 30, 2022 to RMB32,514 thousand in the six months ended June 30, 2023, primarily due to the amplified investment devoted to enhancing the performance of our self-developed intellectual property platform.

IMPAIRMENT LOSSES ON FINANCIAL AND CONTRACT ASSETS

Impairment losses on financial and contract assets increased by 232.4% from RMB913 thousand in the six months ended June 30, 2022 to RMB3,035 thousand in the six months ended June 30, 2023, mainly because of the increased provision for impairment losses on accounts receivable from downstream consumers in accordance with accounting standards.

OTHER EXPENSES

Other expenses slightly decreased by 3.8% from RMB158 thousand in the six months ended June 30, 2022 to RMB152 thousand in the six months ended June 30, 2023.

OPERATING PROFIT

Our operating profit was RMB47,556 thousand in the six months ended June 30, 2023, compared to operating profit of RMB36,352 thousand in the six months ended June 30, 2022.

FINANCE COSTS

Finance costs increased by 193.3% from RMB522 thousand in the six months ended June 30, 2022 to RMB1,531 thousand in the six months ended June 30, 2023, mainly due to an increase in interest payments after an increase in interest-bearing bank loans.

PROFIT BEFORE TAX

After the deduction of finance costs, our profit before income tax was RMB46,025 thousand in the six months ended June 30, 2023, compared to RMB35,830 thousand in the six months ended June 30, 2022.

INCOME TAX EXPENSES

The income tax expense increased by 219.2% from RMB2,369 thousand in the six months ended June 30, 2022 to RMB7,561 thousand in the six months ended June 30, 2023, mainly due to the increase of deferred tax expenses resulted from utilization of temporary differences.

PROFIT FOR THE PERIOD

As a result of the foregoing, our profit increased by 15.0% from RMB33,461 thousand in the six months ended June 30, 2022 to RMB38,464 thousand in the six months ended June 30, 2023.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

As of the Latest Practicable Date, the Company has no other significant subsequent events.

RECONCILIATION OF NON-IFRS MEASURES TO THE NEAREST IFRS MEASURES

To supplement our consolidated financial statements which are presented in accordance with IFRSs, we use a non-IFRS measure, adjusted profit for the period, which is not required by, or presented in accordance with, IFRSs. We believe that such non-IFRS measure facilitates comparisons of operating performance from period to period and company to company by eliminating projects that our management does not consider to be indicative of our operating performance. We believe that this measure provides useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of adjusted profit attributable to owners of the parent for the period may not be comparable to similarly titled measures presented by other companies. The use of such non-IFRS measure has limitations as an analytical tool, and investors should not consider it in isolation, or as substitute for analysis of, our results of operations or financial position as reported under IFRSs.

We defined adjusted profit attributable to owners of the parent for the period as profit attributable to owners of the parent for the period, adding back listing expenses, foreign exchange gains and losses and share-based payment expenses. The following table reconciles our adjusted profit attributable to owners of the parent for the period presented to the most directly comparable financial measure calculated and presented in accordance with IFRSs:

	Unaudited For the six months ended June 30,	
	2023 (RMB in thousands)	2022
Profit attributable to owners of the parent for the period	40,807	35,453
Adjustments:		
Listing expenses	–	1,550
Share-based payment	2,463	10,604
Foreign exchange gains and losses	(25)	(449)
Non-IFRS measure adjusted profit attributable to owners of the parent for the period	43,245	47,158

OTHER FINANCIAL INFORMATION

Liquidity and Capital Resources

Our principal sources of liquidity were cash from operations, and bank and other borrowings. As of June 30, 2023, we had cash and cash equivalents of RMB200,089 thousand, which were mainly denominated in Renminbi. Going forward, we believe that our liquidity requirements will be satisfied by using a combination of cash generated from our operations, bank loans, net proceeds from the Global Offering and other funds raised from capital markets from time to time, when necessary.

The following table sets forth a summary of our net cash flow for the six months ended June 30, 2023 and 2022:

	Unaudited	
	For the six months ended June 30,	
	2023	2022
	(RMB in thousands)	
Operating cash flow before change in working capital	55,811	50,017
Changes in working capital	(61,963)	63,720
Income tax paid	(7,214)	(5,777)
Net cash (used in)/generated from operating activities	(13,366)	107,960
Net cash used in investing activities	(18,284)	(15,311)
Net cash generated from/(used in) financing activities	81,811	(34,245)
Net increase in cash and cash equivalents	50,161	58,404
Effect of foreign exchange gains and losses	103	125
Cash and cash equivalent at the end of period	200,089	267,974

Net Cash Generated from Operating Activities

Net cash used in operating activities in the six months ended June 30, 2023 was RMB13,366 thousand, primarily attributable to profit before tax of RMB46,025 thousand, as adjusted by:

- (a) non-cash and non-operating items, which primarily comprised RMB2,463 thousand of share-based payment expenses, RMB4,329 thousand of depreciation of right-of-use assets, RMB1,151 thousand of depreciation of fixed assets and RMB2,993 thousand of amortisation of intangible assets; and
- (b) changes in working capital, which primarily comprised:
 - (i) an increase of RMB94,154 thousand in prepayments, other receivables and other assets, primarily driven by the business growth from the lifestyle segment and games segment, which resulted in the increase in the funding for digital goods inventory and stocking;
 - (ii) an increase of RMB9,408 thousand in trade receivables and contract assets, primarily driven by the growth from digital good transactions and the extension of business credit period of customers in the financial channel;
 - (iii) an increase of RMB32,260 thousand in trade payables, primarily due to (i) the business growth from lifestyle segment and the corporate welfare segment; and (ii) the extension of business credit period; and
 - (iv) an increase of RMB6,183 thousand in other payables and accruals, primarily due to an increase in receipts in advance from downstream customers under the goods sales channels.

Net Cash Used in Investing Activities

Net cash used in investing activities in the six months ended June 30, 2023 was RMB18,284 thousand, comprising (i) purchase of financial products of RMB58,000 thousand; (ii) addition to intangible assets of RMB1,819 thousand; and partially net off by (iii) proceeds from disposal of financial products of RMB40,000 thousand; and (iv) interest received of RMB2,374 thousand.

Net Cash Used in Financing Activities

Net cash generated from financing activities in the six months ended June 30, 2023 was RMB81,811 thousand. This was primarily due to the following factors: (i) new bank and other borrowings of RMB229,530 thousand; (ii) repayment of bank and other borrowings of RMB119,583 thousand; (iii) interests paid of RMB1,531 thousand; (iv) shareholders' dividend cash of RMB42,863 thousand; (v) recovery of deposits for interest-bearing bank loans of RMB20,000 thousand; and (vi) lease liabilities of RMB4,912 thousand.

Capital Expenditures

Our capital expenditures primarily consist of expenses on the purchases of property, plant and equipment as well as intangible assets. Our capital expenditures decreased by RMB4,930 thousand from RMB7,588 thousand in the six months ended June 30, 2022 to RMB2,658 thousand in the six months ended June 30, 2023. This decrease can be attributed to the reduction in expenses related to intangible assets in the six months ended June 30, 2023.

Indebtedness, Off-balance Sheet Commitment and Contingent Liabilities

As of June 30, 2023, our total indebtedness amounted to RMB509,894 thousand, as compared with RMB365,095 thousand as of December 31, 2022, of which, our interest-bearing indebtedness consists of lease liabilities of RMB17,705 thousand and interest-bearing bank and other borrowings of RMB149,947 thousand as of June 30, 2023. As of June 30, 2023, all our bank and other borrowings were denominated in Renminbi. For the six months ended June 30, 2023, our bank loans and other borrowings were interest-bearing at rates ranging from 2.90% to 4.80% per annum (for the year ended December 31, 2022: ranging from 4.35% to 4.80%).

As of June 30, 2023, we did not have any off-balance sheet arrangements and material contingent liabilities.

Significant Investments Held

For the six months ended June 30, 2023, we did not have any significant investments.

Material Acquisitions, Disposals and Future Plans for Subsidiaries

For the six months ended June 30, 2023, we did not have any material acquisitions or disposals of subsidiaries.

Gearing Ratio

As of June 30, 2023, we did not have any net debt (represented by interest-bearing borrowings minus cash and cash equivalents), as the Group's cash and cash equivalents were more than its interest-bearing borrowings. As such, the gearing ratio (calculated as net debt divided by total equity plus net debt of the Group) did not apply to us.

Pledge of Assets

As at June 30, 2023, the Group's interest-bearing bank loans amounted to RMB149,947 thousand. Out of this amount, RMB20,000 thousand in interest-bearing bank loans, which were secured by a large-value certificate of deposit of RMB20,000 thousand, while the remaining RMB129,947 thousand were interest-bearing bank credit facilities.

Interim Dividend

The Board did not recommend the payment of interim dividend for the six months ended June 30, 2023.

Foreign Exchange Risk Management

We mainly carry out our operations in the PRC with most transactions settled in Renminbi. As of June 30, 2023, our cash and cash equivalent balance was primarily denominated in Renminbi. Our Management considers that the principal business is not exposed to significant foreign exchange risk as there are no significant financial assets or liabilities denominated in the currencies other than the respective functional currencies of our entities, but some of our funding raised in Hong Kong is subject to foreign exchange risk.

Employee and Remuneration Policy

As of June 30, 2023, we had 1,045 full-time employees, all of whom were based in the PRC.

Our success depends on our ability to attract, retain and motivate excellent personnel. As part of our human resources strategy, we offer employees competitive remuneration packages, which generally include basic wages, variable wages, bonuses and other benefits.

We participate in employee benefit plans mandated by the PRC government, including basic pension insurance, work-related injury insurance, maternity insurance, basic medical insurance, unemployment insurance and housing provident fund scheme.

Other Information

CORPORATE GOVERNANCE

We are committed to maintaining a high standard of corporate governance to safeguard the interests of the Company and its Shareholders. The Company has adopted the Corporate Governance Code as its own code of corporate governance. During the Reporting Period, the Company has complied with all the applicable code provisions under the Corporate Governance Code, except as disclosed below.

The code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Fu Xi currently performs the roles of chairman and chief executive officer and is responsible for the Group's strategies, corporate culture and oversees our senior management team. The Board considers that Mr. Fu Xi acting as both the chairman and the chief executive officer will ensure consistent leadership within the Group and enable more effective and efficient overall strategic planning for the Group, and it is appropriate and beneficial to our business development and prospects that Mr. Fu Xi continues to act as both the chairman and the chief executive officer at the current stage of development of the Company.

The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. Therefore, the Board does not propose to separate these two roles. The Board will continue to review and, where appropriate, consider splitting the roles of chairman and chief executive officer of the Company by taking into account the circumstances of the Group as a whole.

The Board will continue to review and monitor its corporate governance practices in order to ensure the compliance with the Corporate Governance Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries of all Directors, each of the Directors has confirmed that he/she has complied with the required standards as set out in the Model Code during the Reporting Period.

The Company has also adopted its own code of conduct regarding employees' securities transactions on terms no less stringent than the standard set out in the Model Code for the compliance by its relevant employees who are likely to be in possession of unpublished inside information of the Company in respect of their dealings in the Company's securities.

AUDIT COMMITTEE

The Board has established the Audit Committee, comprising of three independent non-executive Directors, namely, Mr. Li Wai Chung (Chairman), Ms. Wang Yuyun and Mr. Wong Sincere. The primary duties of the Audit Committee are to review and supervise our financial reporting process and the internal control system of the Group, manage risk, perform internal audit, provide advice and comments to the Board and perform other duties and responsibilities as may be assigned by the Board.

Other Information

The Audit Committee and the management have reviewed the accounting standards and policies adopted by the Group as well as the interim report of the Group for the six months ended June 30, 2023. The financial results for the six months ended June 30, 2023 have not been audited by the auditors of the Company but have been reviewed by the Audit Committee.

CHANGES TO DIRECTORS' INFORMATION

Mr. Mao Feng resigned as an executive director upon the conclusion of the annual general meeting of the Company held on May 30, 2023. For details, please refer to the announcement of the Company in relation to, among other things, the retirement of director as published on May 30, 2023.

Apart from above, there is no change in Director's biographical details which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

JOINT COMPANY SECRETARY, AUTHORIZED REPRESENTATIVE AND PROCESS AGENT

During the Reporting Period, Mr. Mao Feng and Ms. Ng Ka Man were the joint company secretaries and authorized representatives of the Company. Ms. Ng Ka Man was the process agent of the Company.

The authorized representative of the Company was changed to Mr. Fu Xi and Ms. Ng Ka Man from July 13, 2023.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

USE OF NET PROCEEDS FROM LISTING

The net proceeds from the Listing are approximately HK\$803.42 million, net of underwriting fees, commissions and related total expenses paid and payable in connection thereto.

Other Information

Since the Listing, the Company has gradually utilized the listing proceeds for the purposes consistent with those set out in the section headed “Future Plans and Use of Proceeds” in the Prospectus. The following table sets forth the use of the net proceeds and fund balances as at June 30, 2023:

No.	Use	The net proceeds (HK\$ million)	Unutilized amount as of January 1, 2023 (HK\$ million)	Utilized amount during the period (HK\$ million)	Unutilized amount as of June 30, 2023 (HK\$ million)	Utilized amount from the Listing Date to June 30, 2023 (HK\$ million)	Expected timeline of application of remaining net proceeds
1.	To facilitate digital goods transactions for more digital goods vendors and increase the varieties of digital goods transactions we facilitate;	241.03 (representing approximately 30% of total net proceeds)	–	–	–	241.03	N/A
2.	To increase the number of our digital goods sales channel partners;	160.68 (representing approximately 20% of total net proceeds)	–	–	–	160.68	N/A
3.	To develop our value-added services, such as membership management and interactive advertising services, virtual employee benefit services for corporate customers, game leveling and companion services and professional game account leasing services;	160.68 (representing approximately 20% of total net proceeds)	–	–	–	160.68	N/A
4.	For potential acquisitions of businesses and assets complementary to our business, including companies in games-related industries; and	160.68 (representing approximately 20% of total net proceeds)	160.68	–	160.68	–	On or before December 31, 2024
5.	To fund working capital and other general corporate purposes	80.35 (representing approximately 10% of total net proceeds)	–	–	–	80.35	N/A
		803.42	160.68	–	160.68	642.74	

Other Information

As a wholly foreign-owned enterprise, we will need to make capital contributions and loans to our PRC subsidiaries or through loans to our Consolidated Affiliated Entities such that the proceeds of the Listing can be used in the manner described above. Such capital contributions and loans are subject to a number of limitations and approval processes under PRC laws and regulations. There are no costs associated with registering loans or capital contributions with relevant PRC authorities, other than nominal processing charges. Under PRC laws and regulations, the PRC governmental authorities are required to process such approvals, filings or registrations or deny our application within a prescribed period, such period generally shall be less than 90 days. The actual time taken, however, may be longer due to administrative delay. We cannot assure you that we can obtain the approvals from the relevant governmental authorities, or complete the registration and filing procedures required to use our proceeds of the Global Offering, in each case on a timely basis, or at all. As PRC regulation of loans and direct investment by wholly foreign-owned enterprise to PRC entities may delay or prevent us from using the proceeds of the Listing to make loans or additional capital contributions to our PRC Holdcos or Consolidated Affiliated Entities, this could materially and adversely affect our liquidity and our ability to raise funds and expand our business.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As of June 30, 2023, interests or short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which have been notified to the Company and the 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 taken under such provisions of the SFO), or which were recorded in the register required to be kept pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

(a) Interests in Shares

Name of Director	Capacity	Nature of interest	Number of Shares	Approximate percentage of the issued share capital of the Company (%)
Mr. Fu Xi	Interest of controlled corporations ⁽¹⁾	Long position	141,094,800	34.53
	Trust beneficiary and founder ⁽²⁾	Long position	14,852,050	3.63
	Total interest of Mr. Fu Xi		155,946,850	38.16
Mr. Zhang Yuguo	Interest of controlled corporations ⁽³⁾	Long position	45,999,600	11.26
	Beneficial interest	Long position	1,238,466	0.30
	Total interest of Mr. Zhang Yuguo		47,238,066	11.56
Mr. Shui Yingyu	Interest of controlled corporations ⁽⁴⁾	Long position	19,763,000	4.84
	Beneficial interest	Long position	140,956	0.03
	Total interest of Mr. Shui Yingyu		19,903,956	4.87
Mr. Zhao Bihao	Interest of controlled corporations ⁽⁵⁾	Long position	16,828,800	4.12
	Beneficial interest	Long position	272,533	0.07
	Total interest of Mr. Zhao Bihao		17,101,333	4.18

Notes:

- (1) Mr. Fu Xi holds the entire share capital of FuXi Limited, which in turn directly holds 141,094,800 Shares. Mr. Fu Xi is the sole shareholder of FuXi Limited. Under the SFO, Mr. Fu Xi is deemed to be interested in the Shares held by FuXi Limited.
- (2) Fuze Holdings Limited holds 99.99% and 94.10% of the shares in Fuxu Holdings and Fuzhi Holdings, respectively, which in turn hold 852,050 and 14,000,000 Shares, respectively. Under the SFO, Fuze Holdings Limited is deemed to be interested in the 14,852,050 Shares held by Fuxu Holdings and Fuzhi Holdings, while the entire interest in the 14,852,050 Shares is held by Fuze Holdings Limited through a trust established by Mr. Fu Xi (as principal). Under the SFO, Mr. Fu Xi is deemed to be interested in the Shares held by Fuze Holdings Limited.
- (3) Mr. Zhang Yuguo holds the entire share capital of Zhangyuguo Holdings, which in turn directly holds 45,999,600 Shares. Under the SFO, Mr. Zhang Yuguo is deemed to be interested in the Shares held by Zhangyuguo Holdings.
- (4) Mr. Shui Yingyu holds the entire share capital of Shuiyingyu Holdings, which in turn directly holds 19,763,000 Shares. Under the SFO, Mr. Shui Yingyu is deemed to be interested in the Shares held by Shuiyingyu Holdings.
- (5) Mr. Zhao Bihao holds the entire share capital of Zhaobihao Holdings, which in turn directly holds 16,828,800 Shares. Under the SFO, Mr. Zhao Bihao is deemed to be interested in the Shares held by Zhaobihao Holdings.

(b) Interests in Associated Corporations

Name of Director	Capacity	Associated corporations	Nature of interest	Amount of registered capital (RMB)	Percentage of shareholding in the associated corporation (%)
Mr. Fu Xi	Beneficial interest	Wuhan Fulu	Long position	9,850,000	50.03
	Interest of controlled corporations ⁽¹⁾	Wuhan Fulu	Long position	4,759,091	24.17
	Total interest of Mr. Fu Xi in Wuhan Fulu			14,609,091	74.20
Mr. Zhang Yuguo	Beneficial interest	Wuhan Fulu	Long position	2,968,324	15.08
	Beneficial interest ⁽²⁾	Kashgar Yiqiwan	Long position	9,900,000	99.00
Mr. Shui Yingyu	Beneficial interest	Wuhan Fulu	Long position	1,384,998	7.03
Mr. Zhao Bihao	Beneficial interest	Wuhan Fulu	Long position	726,522	3.69

Notes:

- (1) Mr. Fu Xi is the general partner of Tibet Fuxu and Tibet Fulong, which in turn hold 12.72% and 11.45% of the equity interests in Wuhan Fulu, respectively. Under the SFO, Mr. Fu Xi is deemed to be interested in the 24.17% together held by Tibet Fuxu and Tibet Fulong in Wuhan Fulu.
- (2) Mr. Zhang Yuguo holds 99% equity interest in Kashgar Yiqiwan as a registered shareholder of Kashgar Yiqiwan as designated by WFOE.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As of June 30, 2023, to the best knowledge of the Directors, the following persons (other than the Directors or chief executives of the Company) had interests or short positions in the Shares or underlying Shares which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of Shareholders	Capacity	Nature of interest	Number of Shares	Approximate percentage of the issued share capital of the Company (%)
FuXi Limited ⁽¹⁾	Beneficial interest	Long position	141,094,800	34.53
Zhangyuguo Holdings ⁽²⁾	Beneficial interest	Long position	45,999,600	11.26
Luzhi Holdings ⁽³⁾	Beneficial interest	Long position	35,276,800	8.63
Mr. Xu Jian (徐健) ⁽⁴⁾	Beneficial interest	Long position	1,534,872	0.38
	Interest of controlled corporations	Long position	35,276,800	8.63
	Total interest of Mr. Xu Jian		36,811,672	9.01

Notes:

- (1) Mr. Fu Xi holds the entire share capital of FuXi Limited, which in turn directly holds 141,094,800 Shares. Mr. Fu Xi is the sole shareholder of FuXi Limited. Under the SFO, Mr. Fu Xi is deemed to be interested in the Shares held by FuXi Limited.
- (2) Mr. Zhang Yuguo holds the entire share capital of Zhangyuguo Holdings. Under the SFO, Mr. Zhang Yuguo is deemed to be interested in the Shares held by Zhangyuguo Holdings.
- (3) Luzhi Holdings is owned as to 14.52%, 3.65%, 2.99%, 2.72%, 2.72%, 34.36%, 10.24%, 3.39%, 3.21%, 7.14%, 11.00% and 4.06% by Mr. Yang Yuquan, Mr. Liu Lufeng, Ms. Shen Yaling, Mr. Wang Qiang, Ms. Guo Chenxi, Mr. Xu Jian, Mr. Ren Wei, Mr. Mei Qiaojun, Mr. Li Jun, Mr. Ding Chao, Mr. Chen Tianjun and Mr. Tian Xuan, respectively. Under the SFO, Mr. Xu Jian holds 34.36% of the total issued share capital of Luzhi Holdings, and is therefore deemed to be interested in the Shares held by Luzhi Holdings. In addition, Mr. Xu Jian also holds 1,534,872 Shares as a beneficial owner.
- (4) According to Section 336 of the SFO, the Shareholders of the Company are required to file disclosure of interest forms when certain criteria are fulfilled. When the shareholdings of the Shareholders in the Company change, it is not necessary for the Shareholders to notify the Company and the Stock Exchange unless certain criteria are fulfilled. Therefore, the latest shareholdings of the Shareholders in the Company may be different from the shareholdings in the disclosure of interest forms filed with the Stock Exchange.

Save as disclosed above, as of June 30, 2023, the Company is not aware of any other person (other than the Directors or chief executives of the Company) who had an interest or short position in the Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

SHARE INCENTIVE SCHEME

The Company adopted a restricted share unit scheme (the "Scheme") on August 19, 2021. The purpose and the principal terms of the Scheme are as below.

1. Purpose

The purpose of the Scheme is to recognize and reward eligible persons for their contribution to the Group, to attract best available personnel, and to provide additional incentives to them so as to align the interests of these eligible persons with those of the Group and to further promote the success of the Group's business.

2. Participants in the scheme

Persons eligible to receive RSUs under the Scheme include employees, Directors (including executive Directors, non-executive Directors and independent non-executive Directors), officers, consultants, advisors, distributors, contractors, customers, suppliers, agents, business partners, joint venture business partners or service providers of any member of the Group or any affiliate (including nominees and/or trustees of any employee benefit trust established for them) whom the Board or its delegate(s) considers, in its sole discretion, to have contributed or will contribute to the Group and is eligible to receive an award.

On and subject to the terms of the Scheme, the Board or its delegate(s), in its absolute discretion, shall be entitled at any time during the term of the Scheme to make a grant to any participant.

3. Administration

The Scheme shall be subject to the administration of the Board. The Board shall have the sole and absolute right to:

- (a) interpret and construe the provisions of the Scheme;
- (b) determine the persons who will be granted awards under the Scheme, the terms and conditions on which awards are granted and when the RSUs granted pursuant to the Scheme may vest;
- (c) make such appropriate and equitable adjustments to the terms of the awards granted under the Scheme as it deems necessary; and
- (d) make such other decisions or determinations as it shall deem appropriate in the administration of the Scheme.

The Board may by resolution delegate any or all of its powers in the administration of the Scheme to the administration committee or any other committee as authorized by the Board for such purpose. The Board or its delegate(s) may also appoint one or more independent third party contractors to assist in the administration of the Scheme as they think fit.

The Board may establish one or more separate programs under the Scheme for the purpose of issuing particular forms of awards to one or more classes of grantees.

4. Term

Subject to early termination by the Board or its delegate(s), the Scheme shall be valid and effective for ten (10) years commencing on the adoption date, i.e., it will expire on August 19, 2031. As at the date of this interim report, the remaining term of the Scheme is approximately 8 years.

5. Maximum number of shares pursuant to RSUs

Unless otherwise duly approved by the Shareholders, the total number of Shares underlying the Scheme shall not exceed 20,000,000 Shares (excluding RSUs that have lapsed, been cancelled or forfeited in accordance with the Scheme Rules) subject to an annual limit of 3% of the total number of issued Shares of the Company at the relevant time. The total number of Shares available for issue under the Scheme is 11,359,113, which represents approximately 2.78% of the issued share capital of the Company as at the Latest Practicable Date.

6. Maximum entitlement of each participant

The Scheme does not set a maximum number of awarded shares that each participant can receive. Since the commencement of the Scheme, the actual number of award shares granted to each participant in a year has not exceeded 1% of the Shares in issue.

7. Purchase price

Nil.

8. Appointment of the RSU Trustee

The Company may, at its sole discretion, establish a Trust in connection with the Scheme and appoint a Trustee prior to the grant of any award by the Board or its delegate(s), which may vest (a) in the form of the award Shares; or (b) in the form of cash equivalent to the actual selling price of the award Shares in cash in accordance with the Scheme.

The Company shall provide sufficient funds to the Trustee by whatever means as the Board may in its absolute discretion determine to enable the Trustee to satisfy its obligations in connection with the administration and vesting of RSUs granted pursuant to the Scheme.

If a Trust has been established for the purposes of the Scheme and if so required by the Company, the Company shall, as soon as reasonably practicable, (i) issue and allot the Shares to the Trustee under general or specific mandates sought from the Shareholders during the general meeting and/or (ii) transfer to the Trustee the necessary funds and instruct the Trustee to acquire the Shares through on-market transactions at the prevailing market price, so as to satisfy the awards.

9. Outstanding RSUs granted pursuant to the scheme

The Company has granted 8,640,887 RSUs as of June 30, 2023. The following table sets forth details of RSUs granted to senior management and other employees pursuant to the Scheme:

Name	Date of grant	Number of Restricted Shares		Purchase price (HK\$)	Restricted Shares					Outstanding as of June 30, 2023 (Units)	Closing price of Share on the Hong Kong Stock Exchange before the date of grant (Units)	Fair value at the date of grant (Units)	Weighted average price immediately preceding the vesting date (Units)
		Shares granted	Vesting period		As at January 1, 2023 (Units)	Granted during the period (Units)	Vested during the period (Units)	Lapsed during the period (Units)	Cancelled during the period (Units)				
Senior management	June 2, 2023	203,031	0-44 months ^(Note)	0	-	203,031	-	-	-	203,031	4.75	4.79	-
	May 27, 2022	361,669	0-4 years	0	204,209	-	19,636	184,573	-	-	5.38	5.54	5.39
	September 1, 2021	544,567	0-4 years	0	128,350	-	23,457	-	-	104,893	7.48	7.21	5.18
Other employees	June 2, 2023	1,970,812	0-44 months ^(Note)	0	-	1,970,812	46,950	-	-	1,923,862	4.75	4.79	4.68
	May 27, 2022	2,789,447	0-4 years	0	828,225	-	178,242	-	-	649,983	5.38	5.54	5.39
	September 1, 2021	2,771,361	0-4 years	0	586,601	-	29,321	11,597	-	545,683	7.48	7.21	5.18
Total		8,640,887			1,747,385	2,173,843	297,606	196,170	-	3,427,452			

Note:

Of the 468,181 RSUs granted during the Reporting Period, the vesting period was less than 12 months as the restricted shares were originally scheduled to be granted in the second half of 2022 but for administrative and compliance reasons were only granted in June 2023 together with a subsequent tranche of RSUs. For this reason, the Remuneration Committee considers that a shorter vesting period for this portion of RSUs is appropriate and consistent with the purpose of the Scheme.

As at January 1, 2023 and as at June 30, 2023, the awards available for grant under the authority of the Scheme (including shares that have lapsed but can be granted under the Scheme) were 14,397,887 and 12,420,214 Shares respectively. The total number of Shares that may be issued under all awards granted under the Company's schemes during the Reporting Period divided by the weighted average number of Shares in issue during the Reporting Period is 0.54%.

MATERIAL LITIGATION

During the Reporting Period, the Company was not involved in any material litigation or arbitration. Nor were the Directors aware of any material litigation or claims that were pending or threatened against the Company.

Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2023

	<i>Notes</i>	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
REVENUE	4	250,950	196,400
Cost of sales		(66,208)	(48,290)
Gross profit		184,742	148,110
Other income and gains		17,796	18,106
Selling and distribution expenses		(71,398)	(62,622)
Administrative expenses		(47,883)	(40,666)
Research and development costs		(32,514)	(25,505)
Impairment losses on financial and contract assets, net		(3,035)	(913)
Other expenses		(152)	(158)
Finance costs		(1,531)	(522)
PROFIT BEFORE TAX	5	46,025	35,830
Income tax expense	6	(7,561)	(2,369)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		38,464	33,461
Attributable to:			
Owners of the parent		40,807	35,453
Non-controlling interests		(2,343)	(1,992)
		38,464	33,461
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted			
For profit for the period (RMB)	8	0.10	0.09

Interim Condensed Consolidated Statement of Financial Position

30 June 2023

		30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment		3,348	3,660
Right-of-use assets		18,591	14,511
Goodwill		674	674
Other intangible assets		25,000	26,174
Deferred tax assets		15,184	22,619
Pledged deposits		20,000	20,000
Total non-current assets		82,797	87,638
CURRENT ASSETS			
Trade receivables	9	477,652	475,747
Contract assets		63,498	55,995
Prepayments, other receivables and other assets	10	816,216	722,040
Due from related parties	13	34,280	34,289
Financial assets at fair value through profit or loss	14	44,803	26,621
Restricted cash		175	23,322
Cash and cash equivalents		200,089	149,825
Total current assets		1,636,713	1,487,839
CURRENT LIABILITIES			
Trade payables	11	132,892	100,632
Other payables and accruals		202,101	195,918
Interest-bearing bank and other borrowings		149,947	40,000
Lease liabilities		7,494	5,435
Tax payable		7,249	14,337
Total current liabilities		499,683	356,322
NET CURRENT ASSETS		1,137,030	1,131,517
TOTAL ASSETS LESS CURRENT LIABILITIES		1,219,827	1,219,155

Interim Condensed Consolidated Statement of Financial Position

30 June 2023

	<i>Notes</i>	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
NON-CURRENT LIABILITIES			
Lease liabilities		10,211	8,773
Total non-current liabilities		10,211	8,773
NET ASSETS			
EQUITY			
Equity attributable to owners of the parent			
Share capital	12	278	277
Reserves		1,217,081	1,216,675
		1,217,359	1,216,952
Non-controlling interests		(7,743)	(6,570)
TOTAL EQUITY		1,209,616	1,210,382

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2023

	Attributable to owners of the parent								
	Share capital RMB'000 (Note 12)	Share premium RMB'000	Merger reserve and others RMB'000	Share-based payment reserve RMB'000	Statutory surplus reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2023 (audited)	277	564,390	19,416	155,312	32,520	445,037	1,216,952	(6,570)	1,210,382
Profit/(Loss) for the period	-	-	-	-	-	40,807	40,807	(2,343)	38,464
Equity-settled share-based payments	1	(1)	-	2,463	-	-	2,463	-	2,463
Final 2022 dividend declared	-	(42,863)	-	-	-	-	(42,863)	-	(42,863)
Capital contribution from non-controlling shareholders of a subsidiary	-	-	-	-	-	-	-	1,170	1,170
At 30 June 2023 (unaudited)	278	521,526	19,416	157,775	32,520	485,844	1,217,359	(7,743)	1,209,616

	Attributable to owners of the parent								
	Share capital RMB'000 (Note 12)	Share premium RMB'000	Merger reserve and others RMB'000	Share-based payment reserve RMB'000	Statutory surplus reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2022 (audited)	275	625,329	19,416	139,233	23,559	356,117	1,163,929	-	1,163,929
Profit/(Loss) for the period	-	-	-	-	-	35,453	35,453	(1,992)	33,461
Equity-settled share-based payments	2	(2)	-	10,604	-	-	10,604	-	10,604
Final 2021 dividend declared	-	(60,937)	-	-	-	-	(60,937)	-	(60,937)
At 30 June 2022 (unaudited)	277	564,390	19,416	149,837	23,559	391,570	1,149,049	(1,992)	1,147,057

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2023

	<i>Notes</i>	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		46,025	35,830
Adjustments for:			
Depreciation of property, plant and equipment	5	1,151	845
Amortization of intangible assets	5	2,993	1,460
Depreciation of right-of-use assets	5	4,329	2,905
Interest income		(2,396)	(1,677)
Equity-settled share-based payment expenses		2,463	10,604
Finance costs		1,531	522
Financial assets at fair value through profit or loss		(182)	(197)
Foreign exchange gain		(103)	(275)
		55,811	50,017
Increase in trade receivables		(1,905)	(89,493)
(Increase)/Decrease in contract assets		(7,503)	4,576
(Increase)/Decrease in prepayments, other receivables and other assets		(94,154)	137,620
Decrease/(Increase) in due from related parties		9	(1,501)
Decrease/(Increase) in restricted cash		3,147	(5,932)
Increase in trade payables		32,260	25,395
Increase/(Decrease) in other payables and accruals		6,183	(6,945)
		(6,152)	113,737
Cash (used in)/generated from operations		(7,214)	(5,777)
Income tax paid			
Net cash flows (used in)/from operating activities		(13,366)	107,960
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(839)	(746)
Addition to intangible assets		(1,819)	(6,842)
Interest received		2,374	1,677
Proceeds from disposal of financial products		40,000	20,600
Purchase of financial products		(58,000)	(30,000)
Net cash flows used in investing activities		(18,284)	(15,311)

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2023

	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital contribution from non-controlling shareholders of a subsidiary	1,170	–
Decrease/(Increase) in pledged deposits	20,000	(20,000)
New bank and other borrowings	229,530	109,990
Principal portion of lease payments	(4,912)	(2,786)
Repayment of bank and other borrowings	(119,583)	(59,990)
Dividends paid	(42,863)	(60,937)
Interest paid	(1,531)	(522)
Net cash flows from/(used in) financing activities	81,811	(34,245)
NET INCREASE IN CASH AND CASH EQUIVALENTS	50,161	58,404
Effect of foreign exchange rate changes, net	103	125
Cash and cash equivalents at beginning of the period	149,825	209,445
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	200,089	267,974
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	200,264	296,536
Pledged bank balances and restricted cash	(175)	(28,562)
	200,089	267,974

Notes to Interim Condensed Consolidated Financial Information

30 June 2023

1 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2023 has been prepared in accordance with IAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2022.

2 CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of the following new and revised International Financial Reporting Standards ("IFRSs") for the first time for the current period's financial information.

Amendments to IAS 1 and IFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to IAS 8	<i>Definition of Accounting Estimates</i>
Amendments to IAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to IAS 12	<i>International Tax Reform — Pillar Two Model Rules</i>

The nature and impact of the new and revised IFRSs that are applicable to the Group are described below:

- (a) Amendments to IAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has applied the amendments since 1 January 2023. The amendments did not have any impact on the Group's interim condensed consolidated financial information but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.

2 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

The nature and impact of the revised IFRSs are described below: (continued)

- (b) Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The Group has applied the amendments to changes in accounting policies and changes in accounting estimates that occur on or after 1 January 2023. Since the Group's policy of determining accounting estimates aligns with the amendments, the amendments did not have any impact on the financial position or performance of the Group.
- (c) Amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in IAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The Group has applied the amendments on temporary differences related to leases as at 1 January 2022, with any cumulative effect recognised as an adjustment to the balance of retained profits or other component of equity as appropriate at that date. In addition, the Group has applied the amendments prospectively to transactions other than leases that occurred on or after 1 January 2022, if any. The amendments are not expected to have any significant impact on the Group's financial statements.
- (d) Amendments to IAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organization for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. Entities are required to disclose the information relating to their exposure to Pillar Two income taxes in annual periods beginning on or after 1 January 2023, but are not required to disclose such information for any interim periods ending on or before 31 December 2023. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

3 OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their services and has five reportable operating segments as follows:

- (a) Leisure and entertainment, which primarily includes commissions earned from facilitating the sale of digital goods offered by leisure and entertainment content providers, operating services for online stores and other services provided to leisure and entertainment content providers;
- (b) Games, which primarily includes commissions earned from facilitating the sale of digital goods offered by game producers, operating services for online stores and other services provided to game producers;
- (c) Telecommunications, which primarily includes commissions earned from providing digital goods related agency services and other services to telecom providers;
- (d) Lifestyle, which primarily includes commissions earned from facilitating the sale of digital goods offered by lifestyle services providers and other services provided to lifestyle services providers; and
- (e) Corporate welfare, which primarily includes commissions earned from providing employee benefits solutions to corporate clients.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment operating profit which is calculated based on gross profit. No analysis of the Group's assets and liabilities by operating segment is disclosed as it is not regularly provided to the chief operating decision-maker for review.

Six months ended 30 June 2023	Leisure and entertainment RMB'000 (Unaudited)	Games RMB'000 (Unaudited)	Telecommuni- cations RMB'000 (Unaudited)	Lifestyle RMB'000 (Unaudited)	Corporate welfare RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Segment revenue						
External customers (Note 4)	109,585	41,016	7,534	48,871	43,944	250,950
Segment cost	(28,676)	(15,713)	(5,549)	(11,979)	(4,291)	(66,208)
Gross profit	80,909	25,303	1,985	36,892	39,653	184,742
<i>Reconciliation:</i>						
Unallocated income and gains						17,796
Corporate and unallocated expense						(154,982)
Finance costs						(1,531)
Profit before tax						46,025

3 OPERATING SEGMENT INFORMATION (CONTINUED)

Six months ended 30 June 2022	Leisure and entertainment RMB'000 (Unaudited)	Games RMB'000 (Unaudited)	Telecommuni- cations RMB'000 (Unaudited)	Lifestyle RMB'000 (Unaudited)	Corporate welfare RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Segment revenue						
External customers (Note 4)	109,634	32,022	13,778	20,166	20,800	196,400
Segment cost	(20,606)	(8,599)	(7,806)	(7,994)	(3,285)	(48,290)
Gross profit	89,028	23,423	5,972	12,172	17,515	148,110
<i>Reconciliation:</i>						
Unallocated income and gains						18,106
Corporate and unallocated expense						(129,864)
Finance costs						(522)
Profit before tax						35,830

(a) Revenue from external customers

All significant external customers of the Group are located in Mainland China. Accordingly, no geographical information of external customers is presented.

(b) Non-current assets

All significant non-current assets of the Group are located in Mainland China. Accordingly, no geographical information of segment assets is presented.

4 REVENUE

An analysis of revenue is as follows:

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
<i>Revenue from contracts with customers</i>		
Digital goods-related services – acted as an agent	196,028	155,696
Physical goods-related services – acted as an agent	21,458	11,023
Online stores operating services – acted as an agent	24,224	25,320
Others – acted as a principal	9,240	4,361
	250,950	196,400

Disaggregated revenue information for revenue from contracts with customers Six months ended 30 June 2023

Segments	Leisure and entertainment RMB'000 (Unaudited)	Games RMB'000 (Unaudited)	Telecomm- unications RMB'000 (Unaudited)	Lifestyle RMB'000 (Unaudited)	Corporate welfare RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Type of services						
Provision of digital goods-related services	93,187	31,694	6,910	42,987	21,250	196,028
Provision of physical goods-related services	-	-	-	-	21,458	21,458
Provision of online stores operating services	14,803	8,256	624	541	-	24,224
Others	1,595	1,066	-	5,343	1,236	9,240
Total revenue from contracts with customers	109,585	41,016	7,534	48,871	43,944	250,950
Timing of revenue recognition						
Services transferred at a point in time	109,585	41,016	7,534	48,871	43,944	250,950

4 REVENUE (CONTINUED)

Disaggregated revenue information for revenue from contracts with customers (Continued)

Six months ended 30 June 2022

Segments	Leisure and entertainment RMB'000 (Unaudited)	Games RMB'000 (Unaudited)	Telecomm-unications RMB'000 (Unaudited)	Lifestyle RMB'000 (Unaudited)	Corporate welfare RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Type of services						
Provision of digital goods-related services	95,788	20,167	13,777	17,022	8,942	155,696
Provision of physical goods-related services	–	–	–	–	11,023	11,023
Provision of online stores operating services	13,458	11,378	1	483	–	25,320
Others	388	477	–	2,661	835	4,361
Total revenue from contracts with customers	109,634	32,022	13,778	20,166	20,800	196,400
Timing of revenue recognition						
Services transferred at a point in time	109,634	32,022	13,778	20,166	20,800	196,400

The Group's revenue was derived solely from its operation in Mainland China.

5 PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Employee benefit expense* (including directors' and chief executive's remuneration):		
Wages and salaries	91,151	76,387
Equity-settled share-based payment expenses	2,463	10,604
Pension scheme contributions	7,138	7,267
Social security contributions and accommodation benefits	10,078	9,249
	110,830	103,507
Promotion and marketing expenses	26,019	27,440
Commission to third party platforms	23,131	16,247
Foreign exchange gain	(25)	(449)
Platform usage fees and others	5,395	2,795
Auditor's remuneration	600	600
Depreciation of right-of-use assets	4,329	2,905
Depreciation of property, plant and equipment	1,151	845
Impairment losses on financial and contract assets, net	3,035	913
Amortisation of intangible assets	2,993	1,460

* Employee benefit expenses of RMB29,772,000 and RMB23,294,000 were included in the research and development costs for the six months ended 30 June 2023 and 2022, respectively.

6 INCOME TAX

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

The majority of the Company's subsidiaries are domiciled in the PRC. Pursuant to the PRC Corporate Income Tax Law (the "PRC Tax Law") effective on 1 January 2008, the PRC corporate income tax rate of the Group's subsidiaries operating in the PRC during the Relevant Periods was 25% of their taxable profits.

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Current – PRC Charge for the year	126	4,633
Deferred tax	7,435	(2,264)
Total tax charge for the period	7,561	2,369

7 DIVIDENDS

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Final declared and paid – HKD0.116 (2022: HKD0.176) per ordinary share	42,863	60,937

On 30 May 2023, the final dividend of HKD0.116 (six months ended 30 June 2022: HKD0.176) per ordinary share of the Company for the year ended 31 December 2022 was approved and declared payable by the shareholders at the annual general meeting of the Company, and had been fully paid as of the date of this report.

8 EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 405,012,224 (For six months ended 30 June 2022: 402,159,904) in issue during the year.

The calculation of the diluted earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the Company. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed unlocking of all dilutive potential ordinary shares into ordinary shares.

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

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Earnings Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation	40,807	35,453

	Number of shares Six months ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)
Shares Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	405,012,224	402,159,904
Effect of dilution – weighted average number of ordinary shares: – Restricted share unit scheme	1,015,136	729,123
	406,027,360	402,889,027

	Six months ended 30 June	
	2023	2022
Basic earnings per share (RMB)	0.10	0.09
Diluted earnings per share (RMB)	0.10	0.09

9 TRADE RECEIVABLES

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Trade receivables	484,066	480,744
Impairment allowance	(6,414)	(4,997)
	477,652	475,747

An ageing analysis of the trade receivables as at the end of the Reporting Period, based on the transaction date and net of impairment allowance, is as follows:

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Within 3 months	357,838	359,162
4 to 6 months	76,512	92,942
7 to 12 months	38,106	16,680
Over 1 year	5,196	6,963
	477,652	475,747

10 PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Prepayments to digital goods providers		
Non-refundable	502,802	449,071
Refundable	27,893	27,744
Other receivables	103,316	74,364
Deposits to digital goods providers	105,135	102,898
Prepaid value-added tax	75,094	68,830
Prepayments for various services	7,403	3,769
	821,643	726,676
Impairment allowance	(5,427)	(4,636)
	816,216	722,040

Refundable prepayments, deposits and other receivables mainly represent refundable prepayments and deposits to digital goods providers, receivables from online platform operators (such as Tmall and JD) and other receivables from third parties. Where applicable, an impairment analysis is performed at the end of each Reporting Period by considering the probability of default of the industry. Except for specific balances for which a 100% ECL rate is determined, as at 30 June 2023 and 31 December 2022, the probability of default rate applied both ranged from 0.001% to 1.17%, respectively. The loss given default during each Reporting Period was estimated to be 64.50%. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate. The loss rate applied where there were no comparable companies in the industry as at 30 June 2023 ranged from 1.30% to 1.93%.

11 TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the Reporting Period, based on the transaction date, is as follows:

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Within 3 months	109,411	92,375
4 to 6 months	7,582	5,268
7 to 12 months	14,231	1,006
Over 1 year	1,668	1,983
	132,892	100,632

12 SHARE CAPITAL

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Share capital RMB'000
At 31 December 2021 and 1 January 2022	403,315,928	275
Issue of shares under the restricted share unit scheme	3,151,116	2
At 30 June 2022	406,467,044	277
At 31 December 2022 and 1 January 2023	406,467,044	277
Issue of shares under the restricted share unit scheme (i)	2,173,843	1
At 30 June 2023	408,640,887	278

(i) On 2 June 2023, the shares were granted and allotted to eligible participants at nil consideration.

13 RELATED PARTY TRANSACTIONS

The Group's principal related parties are as follows:

Name	Relationship with the Company
Wuhan Xunyu Technology Co., Ltd.	Controlled by the Controlling shareholder
Mr. Shui Yingyu	Director of the Company and key management personnel of the Group
Mr. Zhao Bihao	Director of the Company and key management personnel of the Group
Mr. Xu Jian	Key management personnel of the Group
Mr. Ren Wei	Key management personnel of the Group
Mr. Chen Tianjun	Key management personnel of the Group
Mr. Mao Feng	key management personnel of the Group
Mr. Ding Zhigang	Key management personnel of the Group
Mr. Zhang Yuguo	Director of the Company and key management personnel of the Group
Mr. Huang Tao	Key management personnel of the Group
Ms. Yu Suhua (i)	Key management personnel of the Group

(i) Ms. Yu Suhua resigned on 26 April 2023.

13 RELATED PARTY TRANSACTIONS (CONTINUED)

(a) The Group had the following transactions with related parties during the Reporting Period:

	Six months ended 30 June	
	2023 RMB'000	2022 RMB'000
<i>Purchase of right-of-use asset</i> Wuhan Xunyue Technology Co., Ltd.	3,852	–
<i>Rental expense paid to a related party</i> Wuhan Xunyue Technology Co., Ltd.	561	101

(b) **Outstanding balances with related parties:**

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
<i>Due from related parties</i>		
Mr. Xu Jian	10,708	10,708
Mr. Mao Feng	9,392	9,392
Mr. Ding Zhigang	3,875	3,654
Mr. Zhang Yuguo	3,171	3,171
Mr. Zhao Bihao	2,927	2,927
Mr. Chen Tianjun	1,982	1,982
Mr. Ren Wei	1,938	1,938
Mr. Shui Yingyu	287	287
MS. Yu Suhua	–	230
	34,280	34,289
<i>Lease liabilities</i> Wuhan Xunyue Technology Co., Ltd.	3,425	–

The aggregate amounts due from key management personnel, amounting to RMB34,280,000 (2022: RMB34,289,000), were of withholding individual income tax for equity-settled shared-based payments.

13 RELATED PARTY TRANSACTIONS (CONTINUED)**(c) Compensation of key management personnel of the Group**

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Salaries, allowances and benefit in kind	3,432	3,225
Pension scheme contributions	208	159
Share-based payment	158	4,696
Total compensation paid to key management personnel	3,798	8,080

14 FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

Carrying amounts

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Financial assets		
Financial assets measured at fair value through profit or loss	44,803	26,621

Fair values

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Financial assets		
Financial assets measured at fair value through profit or loss	44,803	26,621

14 FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair values (Continued)

Management has assessed that the fair values of cash and cash equivalents, restricted cash, pledged deposits, trade receivables, trade payables, financial assets included in prepayments, other receivables and other assets, financial liabilities included in other payables and accruals, amounts due from/to related parties and short-term interest-bearing bank and other borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments.

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. At the end of the Reporting Period, the finance department analysed the movements in the values of financial instruments and determined the major inputs applied in the valuation. The valuation was reviewed and approved by the chief financial officer.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair values of wealth management products measured at fair value through profit or loss are determined using a market approach.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

	Fair value measurement using quoted prices in active markets (Level 1) RMB'000 (Unaudited)	Significant observable inputs (Level 2) RMB'000 (Unaudited)	Significant unobservable inputs (Level 3) RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
As at 30 June 2023 Financial assets at fair value through profit or loss	–	44,803	–	44,803
As at 31 December 2022 Financial assets at fair value through profit or loss	–	26,621	–	26,621

Liabilities measured at fair value:

The Group did not have any financial liabilities measured at fair value as at 30 June 2023 and 31 December 2022.

15 EVENTS AFTER THE REPORTING PERIOD

No events after the Reporting Period have occurred as at the date of this report.

Definitions and Glossary

Unless the context otherwise requires, the following expressions in this report shall have the following meanings:

“Audit Committee”	the audit committee of the Company
“Auditor”	the external auditor of the Company
“Beijing Fulu Fuxi”	Beijing Fulu Fuxi Technology Co., Ltd. (北京福祿福喜科技有限公司), a limited liability company established in the PRC on December 31, 2021 and a wholly-owned subsidiary of Beijing Fuluxi
“Beijing Fuluxi”	Beijing Fuluxi Technology Co., Ltd. (北京福祿喜科技有限公司), a limited liability company established in the PRC on April 21, 2022, which is owned as to 60%, 7%, 10.5%, 10.5%, 9% and 3% by Wuhan Fulu (武漢福祿), Haikou Fulu Fuxi Corporate Management Partnership (Limited Partnership) (海口福祿福喜企業管理合夥企業(有限合夥)), Mr. Zheng Xuyuan, Mr. Qian Yi, Mr. Li Wei and Mr. Ni Shaoliang, respectively. Haikou Fulu Fuxi Corporate Management Partnership (Limited Partnership) (海口福祿福禧企業管理合夥企業(有限合夥)) is owned as to 35%, 35% and 30% by Mr. Zheng Xuyuan, Mr. Qian Yi and Mr. Li Wei, respectively. Mr. Zheng Xuyuan, Mr. Qian Yi, Mr. Li Wei and Mr. Ni Shaoliang are our employees
“Board”	the board of Directors
“CG Code”	Corporate Governance Code as set out in Appendix 14 to the Listing Rules
“Company” or “the Company” or “Fulu”	Fulu Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability and whose Shares are listed on the Main Board of the Stock Exchange (Stock Code: 2101)
“Consolidated Affiliated Entities”	the entities we control through the contractual arrangements, namely the PRC Holdcos and their respective subsidiaries
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to each of Mr. Fu Xi, Mr. Zhang Yuguo, Mr. Shui Yingyu, Mr. Zhao Bihao, FuXi Limited, Fuxu Holdings, Fuzhi Holdings, Zhangyuguo Holdings, Shuiyingyu Holdings and Zhaobihao Holdings or all of them as a group of Controlling Shareholders
“Directors”	director(s) of the Company
“Fulu Open Platform”	our proprietary technology platform that offers applications to digital goods vendors and digital goods sales channels to enable them to better manage the digital goods and services transaction process
“Fulu Technology” or “WFOE”	Fulu (Wuhan) Technology Co., Ltd (福祿(武漢) 科技有限公司), a limited liability company established in the PRC on December 25, 2019 and a wholly-owned subsidiary of the Company
“FuXi Limited”	FuXi Limited, a limited liability company incorporated in the BVI on June 27, 2019 and wholly owned by Mr. Fu Xi. It is one of our Controlling Shareholders

Definitions and Glossary

"Fuxu Holdings"	Fuxu Holdings Limited, a limited liability company incorporated in the BVI on September 12, 2019 and wholly owned by FuXi Limited. It is one of our Controlling Shareholders
"Fuzhi Holdings"	Fuzhi Holdings Limited, a limited liability company incorporated in the BVI on September 3, 2019 and wholly owned by FuXi Limited. It is one of our Controlling Shareholders
"Global Offering"	the Hong Kong public offering and the International offering of the Company's Shares
"GMV"	gross merchandize value, which equals to the sales price per item (inclusive of VAT) multiplied by the number of items sold. The GMV of goods transactions we facilitated as disclosed in this interim report excludes the GMV of digital goods transactions that occur in online stores we operate for goods vendors
"Group", "the Group", "we", "us" or "our"	the Company, our subsidiaries and the Consolidated Affiliated Entities from time to time, or where the context so requires, in respect of the period before the Company became the holding company of its present subsidiaries, the subsidiaries as if they were the subsidiaries of the Company at the relevant time (or the Company and any one or more of its subsidiaries, as the context may require)
"HK\$" or "Hong Kong dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hubei Kejin"	Hubei Kejin Network Technology Co., Ltd. (湖北氩金網絡科技有限公司), a limited liability company established in the PRC on May 22, 2017, a Consolidated Affiliated Entity and a wholly-owned subsidiary of Tibet Fulu
"IFRSs"	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
"Kashgar Yiqiwan"	Kashgar Yiqiwan Network Technology Co., Ltd. (喀什一起玩網絡科技有限公司), a limited liability company established in the PRC on March 27, 2017, and one of the PRC Holdcos
"Latest Practicable Date"	August 29, 2023, the latest practicable date for ascertaining certain information in this interim report before bulk-printing of this interim report
"Listing"	listing of the Shares on the Main Board of the Stock Exchange
"Listing Date"	September 18, 2020, being the date on which the Shares were listed on the Main Board of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time

Definitions and Glossary

“Luzhi Holdings”	Luzhi Holdings Limited, a limited liability company incorporated in the BVI on September 20, 2019 and owned as to 14.52%, 3.65%, 2.99%, 2.72%, 2.72%, 34.36%, 10.24%, 3.39%, 3.21%, 7.14%, 11.00% and 4.06% by Mr. Yang Yuquan, Mr. Liu Lufeng, Ms. Shen Yaling, Mr. Wang Qiang, Ms. Guo Chenxi, Mr. Xu Jian, Mr. Ren Wei, Mr. Mei Qiaojun, Mr. Li Jun, Mr. Ding Chao, Mr. Chen Tianjun and Mr. Tian Xuan, respectively
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange, which is independent from and operates in parallel with the GEM of the Stock Exchange
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“PRC” or “China”	the People’s Republic of China, for the purposes of this interim report only and except where the context requires otherwise, excludes Hong Kong, Macau and Taiwan
“PRC Holdcos”	Kashgar Yiqiwan and Wuhan Fulu
“Prospectus”	the prospectus of the Company dated September 7, 2020
“Remuneration Committee”	the remuneration committee of the Company
“Reporting Period”	the six months ended June 30, 2023
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“Securities and Futures Ordinance” or “SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) with a nominal value of US\$0.0001 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Shuiyingyu Holdings”	Shuiyingyu Holdings Limited, a limited liability company incorporated in the BVI on June 25, 2019. It is one of our Controlling Shareholders
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it in section 15 of the Companies Ordinance
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules

“Tibet Fulong”	Tibet Fulong Venture Capital Management Partnership (Limited Partnership) (西藏福隆創業投資管理合夥企業(有限合夥)), a limited liability partnership established in the PRC on January 12, 2017 and owned by Mr. Ren Wei as to 11.75%, Mr. Fu Xi as to 35.36%, Mr. Ding Chao as to 6.29%, Mr. Xu Jian as to 39.31%, Mr. Chen Tianjun as to 4.37%, Mr. Mei Qiaojun as to 1.18% and Mr. Li Jun as to 1.75%. Mr. Fu Xi is our Controlling Shareholder and an executive Director. Mr. Ren Wei, Mr. Xu Jian and Mr. Chen Tianjun are members of our senior management. Mr. Ding Chao, Mr. Mei Qiaojun and Mr. Li Jun are our employees. Mr. Fu Xi is the sole general partner of Tibet Fulong
“Tibet Fulu”	Tibet Fulu Network Technology Co., Ltd. (西藏福祿網絡科技有限公司), a limited liability company established in the PRC on December 8, 2016, a Consolidated Affiliated Entity and a wholly-owned subsidiary of Wuhan Fulu
“Tibet Fuxu”	Tibet Fuxu Venture Capital Management Partnership (Limited Partnership) (西藏福旭創業投資管理合夥企業(有限合夥)), a limited liability partnership established in the PRC on January 17, 2017 and owned by Mr. Fu Xi as to 37.74%, Mr. Yang Yuquan as to 15.01%, Mr. Liu Lufeng as to 3.78%, Ms. Shen Yaling as to 3.09%, Mr. Wang Qiang as to 2.81%, Ms. Guo Chenxi as to 2.81%, Mr. Zhang Yuguo as to 2.02%, Mr. Zhao Bihao as to 15.09%, Mr. Tian Xuan as to 4.19%, Mr. Xu Jian as to 0.11%, Mr. Ding Chao as to 1.72%, Mr. Mei Qiaojun as to 2.44%, Mr. Chen Tianjun as to 7.43% and Mr. Li Jun as to 1.75%. Mr. Fu Xi, Mr. Zhang Yuguo and Mr. Zhao Bihao are our Controlling Shareholders and executive Directors. Mr. Chen Tianjun and Mr. Xu Jian are members of our senior management. Mr. Yang Yuquan, Mr. Liu Lufeng, Ms. Shen Yaling, Mr. Wang Qiang, Ms. Guo Chenxi, Mr. Ding Chao, Mr. Mei Qiaojun and Mr. Li Jun are our employees. Mr. Fu Xi is the sole general partner of Tibet Fuxu
“Tibet Huluwa”	Tibet Huluwa Network Technology Co., Ltd. (西藏葫蘆娃網絡科技有限公司), a limited liability company established in the PRC on May 15, 2019, a Consolidated Affiliated Entity and a wholly-owned subsidiary of Wuhan Fulu
“US\$”	U.S. dollars, the lawful currency of the United States of America
“VAT”	value-added tax
“Wuhan Fulu”	Wuhan Fulu Network Technology Co., Ltd. (武漢福祿網絡科技有限公司), a limited liability company established in the PRC on March 24, 2009, and one of our PRC Holdcos
“Wuhan Lishuo”	Wuhan Lishuo Technology Co., Ltd. (武漢立碩科技有限公司), a limited liability company established in the PRC on January 6, 2017, a Consolidated Affiliated Entity and a wholly-owned subsidiary of Wuhan Fulu
“Wuhan Souka”	Wuhan Souka Technology Co., Ltd. (武漢搜卡科技有限公司), a limited liability company established in the PRC on June 8, 2017, a Consolidated Affiliated Entity and a wholly-owned subsidiary of Wuhan Fulu

Definitions and Glossary

“Wuhan Tianshi”	Wuhan Tianshi Technology Co., Ltd. (武漢天識科技有限公司), a limited liability company established in the PRC on July 24, 2014, a Consolidated Affiliated Entity and a wholly-owned subsidiary of Wuhan Fulu
“Wuhan Yilu”	Wuhan Yilu Network Technology Co., Ltd. (武漢億祿網絡科技有限公司), a limited liability company established in the PRC on November 19, 2015, a Consolidated Affiliated Entity and a wholly-owned subsidiary of Kashgar Yiqiwan
“Wuhan Yiqiyou”	Wuhan Yiqiyou Network Technology Co., Ltd. (武漢一起遊網絡科技有限公司), a limited liability company established in the PRC on June 4, 2012, a Consolidated Affiliated Entity and a wholly-owned subsidiary of Wuhan Fulu
“Xinjiang Fulu”	Xinjiang Fulu Network Technology Co., Ltd. (新疆福祿網絡科技有限公司), a limited liability company established in the PRC on December 27, 2016, a Consolidated Affiliated Entity and a wholly-owned subsidiary of Wuhan Fulu
“Xinjiang Huluwa”	Xinjiang Huluwa Network Technology Co., Ltd. (新疆葫蘆娃網絡科技有限公司), a limited liability company established in the PRC on February 25, 2019, a Consolidated Affiliated Entity and a wholly-owned subsidiary of Wuhan Fulu
“Zhangyuguo Holdings”	Zhangyuguo Holdings Limited, a limited liability company incorporated in the BVI on June 25, 2019. It is one of our Controlling Shareholders
“Zhaobihao Holdings”	Zhaobihao Holdings Limited, a limited liability company incorporated in the BVI on June 25, 2019. It is one of our Controlling Shareholders
“%”	per cent