

netjoy⁺

NETJOY HOLDINGS LIMITED
云想科技控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 2131

2023
INTERIM REPORT



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Xu Jiaqing (*Chairman*)
Mr. Wang Chen (*Chief Executive Officer*)
Mr. Lin Qian (*Chief Financial Officer*)
Ms. Zha Lijun

Non-executive Directors

Mr. Dai Liqun
Mr. Wang Jianshuo

Independent Non-executive Directors

Mr. Chen Changhua
Dr. Ru Liyun
Ms. Cui Wen

AUDIT COMMITTEE

Mr. Chen Changhua (*Chairman*)
Dr. Ru Liyun
Mr. Dai Liqun

REMUNERATION COMMITTEE

Dr. Ru Liyun (*Chairman*)
Mr. Chen Changhua
Mr. Dai Liqun

NOMINATION COMMITTEE

Mr. Xu Jiaqing (*Chairman*)
Mr. Chen Changhua
Dr. Ru Liyun

AUTHORIZED REPRESENTATIVES

Mr. Wang Chen
Ms. Peng Ting

JOINT COMPANY SECRETARIES

Ms. Peng Ting
Ms. Leung Shui Bing

LEGAL ADVISORS

As to Hong Kong laws
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As to PRC laws
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AUDITOR

Ernst & Young
Certified Public Accountants
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CORPORATE INFORMATION

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PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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HONG KONG SHARE REGISTRAR

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PRC

STOCK CODE

2131

COMPANY WEBSITE

www.netjoy.com

FINANCIAL HIGHLIGHTS

	Six months ended June 30,		Change
	2023 (unaudited)	2022 (unaudited)	
	(RMB in millions, except percentage)		
Revenue	1,620.75	1,618.09	0.16%
Gross profit	97.02	97.50	(0.49%)
Profit before income tax	36.75	70.16	(47.62%)
Profit for the period	31.46	62.19	(49.41%)
Adjusted net profit	40.68	72.46	(43.86%)

	As at	As at	Change
	June 30, 2023 (unaudited)	December 31, 2022 (audited)	
	(RMB in millions, except percentage)		
Non-current assets	190.75	141.87	34.45%
Current assets	2,576.52	2,207.22	16.73%
Current liabilities	1,360.39	973.61	39.73%
Non-current liabilities	5.31	4.55	16.70%
Total equity attributable to owners of the parent	1,403.62	1,370.95	2.38%

MANAGEMENT DISCUSSION AND ANALYSIS



RESULTS HIGHLIGHTS FOR THE FIRST HALF OF 2023

In the first half of 2023, the Group prudently optimized its business structure and development strategy through continuous enhancement of platform technology, rich and comprehensive media resources and high-quality and balanced corporate customer base, and the business quality showed a steady trend of improvement accumulating strength. Although the domestic economic recovery in the post-epidemic era is not as fast as expected, coupled with lingering uncertainties in the international macro-environment, we are still highly confident as always in the development of digital and platform economy in China and the world. Based on comprehensive consideration of the economic environment, market demand and technology trends, the Group will continue to follow the three strategic development directions of “Platformization”, “Diversification” and “Internationalization”, consolidate its advantage business from the core competitiveness level, steadily expand new potential business areas, pay more attention to improving quality and efficiency at the operational level, and lay a solid foundation for long-term development.

During the Reporting Period, we achieved a total revenue of RMB1.621 billion, which was slightly higher than RMB1.618 billion in the first half of 2022. The total bill reached RMB3.84 billion, a year-on-year increase of 6.63%. In the first half of 2023, while consolidating the business scale, we paid more attention to the recovery and optimization of profit performance. During the Reporting Period, we recorded the gross profit of RMB97.02 million, with a gross profit rate of 5.99%, up by 5.07 percentage points compared with the whole year of 2022; The net profit was RMB31.46 million, and the net interest rate rose by 7.33 percentage points to 1.94% compared with last year’s annual level. As of June 30, 2023, our cash and bank balance reached RMB526 million, with abundant cash reserves and sound financial structure.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS HIGHLIGHTS FOR THE FIRST HALF OF 2023 (Continued)

During the Reporting Period, the Group made steady progress in three major strategies. In terms of “Platformization”, the platform system with core self-developed “Tianji (天璣)” and “Tradeplus (連山智投)” has undergone many iterations and upgrades, which has continuously strengthened our automation and large-scale business management and operation ability in short video marketing market. At the same time, we have embedded the application ability of AIGC technology at the graphic level into the enterprise’s internal operation technology system and standardized software-as-a-service (“SaaS”) business application tools, further enhancing the cost reduction and increasing efficiency of the content production. In terms of “Diversification”, in order to fully meet customers’ demand for digital business services derived from the growth of modern new media ecology, the Group strategically gradually improved the service matrix based on short video ecology, including extending effect marketing to integrated marketing, and expanding brand live broadcast operation to all-round e-commerce services. In the first half of 2023, the scale of our business in the field of e-commerce services has shown a considerable growth trend, and at the same time, the synergy and empowerment effects among various businesses have gradually emerged. In terms of “Internationalization”, during the Reporting Period, the Group further consolidated the team’s digital ability in the global short video market by enhancing the video production capacity in different languages and expanded overseas collaboration networks. Presently, we have become a commercial video creative provider for overseas enterprises such as TikTok for Business and Temu. Therefore, with the extension of technical and business advantages, the number of key account (“KA”) advertisers we served in the first half of this year increased to 791, and 2,556 new small and medium-sized business (“SME”) customers subscribed to the Group’s standardized SaaS marketing tools. As of the date of this report, the Group have cumulatively served 21,077 advertisers in 269 vertical segments.

With the aid of continuous investment and innovation in platform technology and service capabilities, the Group has been widely recognized by more and more professional organizations, customers, media platforms and other parties. As of the date of this report, we have won many industry awards, including “Gold Award for Creative Communication Track” (「創意傳播賽道金獎」) and “Bronze Award for Live Marketing Track” (「直播營銷賽道銅獎」) at the 14th Golden Mouse Digital Marketing Competition (第14屆金鼠標數字營銷大賽), “Annual Long-term Operation Award” (「共擎獎之年度長效經營大獎」) at the 2022-2023 Giant Engine Co-engine Award (巨量引擎2022-2023年度共擎獎), “Live Marketing Case Award” (「直播營銷案例獎」) and other three awards at the Fourth Giant Engine Co-engine Case Award (巨量引擎第四期共擎·案例獎), “Annual Ecological Award” (「年度生態大獎」) at the Third Session of Giant Engine Engine Award (巨量引擎第三屆引擎獎), and other four awards, such as “Top Ten Emerging Partners of Magnetic Engine of the Year” (「磁力引擎年度十佳新銳合作夥伴」) and “Excellent Partner of Magnetic Taurus of the Year” (「磁力金牛年度優秀合作夥伴」) at the 2023 Magnetic Engine Partner Conference (2023磁力引擎合作夥伴大會), “Annual Effect Innovation and Efficiency Enhancement Award” (「年度效果創新增效獎」) at the 2023 Tencent Advertising Channel Partner Summit (2023騰訊廣告渠道合作夥伴峰會), and “Silver Brand Service Provider” (「銀牌品牌服務商」) at the 2023 TikTok E-commerce (2023抖音電商).

We believe that, as one of the important driving forces of global economic development, the digital economy is deepening its integration with more economic formats. With the digital content in the form of short video penetrating the whole life scene of global mobile users more deeply, also let the commercialization of short video has become a competitive track for domestic and foreign enterprises to create new growth. Netjoy will continue to consolidate its technical barriers and industry advantages in the field of short video, help all walks of life benefit from the new opportunities in the digital era, promote the integration and empowerment of digital economy and different industries, and realize our own long-term development in the process.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In the first half of 2023, the Group prudently and steadily expanded various businesses in a timely and appropriate manner, continuously enhancing the stability of business development and creating high-quality business value. Driven by the strategy of “Platformization”, “Diversification” and “Internationalization”, we have continuously enhanced our capabilities and advantages in technology, products and services, and made positive and sustainable remarkable progress in the three business segments of online marketing solutions, SaaS services and e-commerce services.

Online marketing solutions

As the core strength of the Group, short video marketing has been firmly consolidating its business “moat” for a long time, and constantly strengthening its “internal capabilities” through the upgrading of platform technology and the innovation of content production capacity to consolidate its market position. At the same time, with the continuous optimization of media and customer structure and more comprehensive marketing services, we have steadily expanded our business volume and effectively improved our profitability. During the Reporting Period, the Group provided customized online marketing solutions for 791 advertisers, the business gross profit margin increased by 5.3 percentage points compared with the whole year of 2022.

The improvement of business quality comes from the continuous investment in the technical field. First of all, we insist on upgrading the platform technology to achieve the growth of scale and efficiency. During the Reporting Period, we continued to improve the technical system around the whole link of short video marketing, and iteratively upgraded two independent research and development platforms – “Tianji (天玑)” and “Tradeplus (連山智投)” to provide advertisers with one-stop and all-round technical service solutions covering all aspects such as large-scale content production, programmed accurate delivery, big data effect analysis and independent budget management. Thanks to the platform technology, the Group has once again enhanced the scale and automation control ability and delivery effect of short video marketing by virtue of profound big data accumulation and excellent algorithm technology, and achieved a new breakthrough in team efficiency-the total bill amount generated by the Group per capita in the first half of the year increased by 18.76% year-on-year to RMB10.16 million. Based on the progress at this stage, we will explore the capacity building of Natural Language Processing (“NLP”) technology in the intelligent delivery link in the future, so as to promote the intelligent upgrade of our own platform technology and further improve the mechanization and leanness of marketing links. As of June 30, 2023, the short video we delivered and programmed has generated over 1,258.3 billion impressions and over 455.3 billion video views.

In addition, we are also strengthening the production capacity of creative content driven by data and technology. By integrating the application capacity of AIGC and NLP technology at the graphic level into the production of short videos, the team’s output efficiency of graphic content such as script creation, marketing copywriting and element design has been improved, the Group’s large-scale production capacity in the field of commercial short videos continued to maintain the leading level in the industry. As of the date of this report, the monthly production capacity of the internal video production team peaked at over 21,400, and the monthly production capacity per capita increased by 31.05% to 359. At the same time, we are upgrading our creative production capacity from short video to three dimensional (“3D”) content, not only have we built a virtual reality (“VR”) production base, but also established a strategic cooperative relationship with leading domestic metauniverse and AI technology companies to jointly build the infrastructure of Metauniverse marketing and explore new business models in depth. Based on this, we have cooperated with overseas leading game makers, domestic leading Internet platforms and other enterprises in related projects, continuously accumulated service experience in the field of metauniverse through business practice, and deepened the marketing and commercial service capabilities precipitated in the VR scene. We believe that the Group’s current investment in technology and resources in the field of 3D content will bring long-term impetus to the future growth and efficiency improvement of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW (Continued)

Online marketing solutions (Continued)

With the continuous improvement of technical capabilities, our coverage of cooperative media and the business depth of customer service have been further enhanced. On the media side, Netjoy, as a pioneer in the field of short video marketing, has become an important partner for many content distribution platforms to promote “short video”. In the first half of this year, on the basis of continuing to deepen cooperation with domestic head platforms such as TikTok Group, Kuaishou, Tencent, RED, Alibaba Group and JD Group, we have newly opened up Bilibili, becoming one of the only seven authorized agents in the game industry in China. And with the help of mature and innovative digital marketing service system, we have become its high-quality partners in a short time. On the customer service side, we also constantly improve our integrated marketing capabilities, and gradually strengthen brand marketing, talent economy, content marketing and other service types based on short video effect marketing to provide customers with more comprehensive and efficient marketing empowerment.

Relying on the industry experience, creative ability and technical advantages successfully verified in the domestic short video marketing market, the Group’s expansion in the international market has also formed a strong endogenous driving force. During the Reporting Period, we have achieved the market coverage of users in eight different foreign languages, further expanded the cooperation network of overseas business, and launched one-stop customized overseas marketing content services. Based on large-scale, localized short video creative ability and big data-driven precision marketing technology, we have become creative content service providers for overseas enterprises such as TikTok for Business and Temu, helping customers build brand awareness in the global market and reach target users efficiently.

Based on the iterative and upgraded platform technology and the increasingly perfect marketing service system, we introduced a number of high-quality domestic and foreign customers during the Reporting Period, including world famous maternal and child brands and daily chemical brands, domestic internet platforms, trendy play brands and game manufacturers, etc., and the diversity and richness of customers continued to be broadened. In the first half of the year, the number of advertisers served by the Group increased to 791 up by 37.80% year-on-year. The industry structure of customer base continues to maintain a balanced and diversified development trend. The top three industries are network service, financial service and network game, accounting for 27.2%, 26.2% and 22.2% of online marketing solution revenue respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW (Continued)

SaaS services

During the Reporting Period, in order to better empower SMEs to carry out programmed and intelligent short video marketing and operation, the Group realized the merger of its two standardized SaaS products, that is, the short video marketing and operation management tool “Yunshiyouke” and the programmed creative marketing tool “Qunying” were integrated, and the version of “Yunshiyouke 3.0” was launched. On this basis, we continue to iterate product functions, and have applied AIGC technology to the related functional blocks of short video production, realizing the automatic generation of video scripts, video titles, marketing copywriting, dubbing commentary and other graphic levels, and strengthening the capabilities of intelligent account diagnosis and automatic marketing of its products, greatly improving the marketing and operation efficiency of SME on short video platforms.

During the Reporting Period, the Group continued to strengthen its nationwide channel network and held a total of 35 product summits in 22 local cities to accelerate its penetration into the SME market. In the first half of 2023, we added 2,556 SME subscribers, generating a total subscription contract value of RMB25.28 million.

In addition, the Group has further strengthened its binding depth with KA customers through SaaS services. For example, during the Reporting Period, we improved the data closed loop between the mainstream short video platform and the traditional e-commerce platform, and formed short video marketing Click ID (“CID”) technical services based on SaaS platform for e-commerce customers, enabling them to achieve the effective gross merchandise volume (“**effective GMV**”) of RMB52.00 million across platforms. At the same time, the Group is merging two major technology platforms “Tradeplus” and “Tianji”, aiming at realizing the effective combination and coordination between the operating link of content and delivery management and the capital link of budget management in short video marketing, which will further improve the short video marketing efficiency, operational efficiency and data control autonomy of KA advertisers, and achieve the goal of reducing costs and increasing efficiency for the Group and customers in both directions. By the end of the Reporting Period, the quarterly turnover of “Tianji” had increased to RMB1.262 billion, and the number of platform users had increased to 270. We believe that “Tianji” has been successfully applied on a large scale in customer business scenarios, which can play a positive role in the commercialization of the Group’s smart launch and products with CID technology.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW (Continued)

E-commerce services

In the first half of 2023, we continued to broaden and strengthen the more comprehensive e-commerce service capabilities from the brand live broadcast operation, and extended the track from consumer goods to life services. First of all, within the short video industry ecology, the Group has gradually established an in-station global e-commerce service system that integrates brand self-broadcasting, talent matching and store operation, and combined with our industry-leading large-scale creative production capacity, precision marketing technology and data analysis capabilities, we help brands achieve efficient global growth on the short video platform with more comprehensive service contacts. In addition, during the Reporting Period, we further penetrated into the e-commerce industry chain, extended e-commerce services to various channels, deepened the layout of consumer goods such as three types of electronic products (“3C”) and daily chemical products, which the Group has the advantages of sub-sectors, and covered many links from upstream suppliers to downstream sales, so as to enhance our influence and competitiveness in the e-commerce service market. In the first half of the year, we provided e-commerce services to 25 domestic and foreign brands in consumer goods such as digital, clothing, pets, maternal and infant, daily chemical products, and generated an effective GMV of RMB570.93 million, up by 528.71% year-on-year.

In June of this year, the central and western headquarters of the Group was officially put into operation in Xi’an, and the business teams related to e-commerce services, including live broadcast operation, streaming operation, content production and data analysis, will gradually move from Shanghai to Xi’an, and we will reserve outstanding talents in related fields and optimize the operating cost structure through cooperation with local universities in Xi’an, which will further strengthen the development resilience and long-term operating efficiency of the Group’s e-commerce service business.

BUSINESS OUTLOOK

Looking forward, we will continue to take root in the three strategic directions of “Platformization”, “Diversification” and “Internationalization”. Based on short video marketing, we will give full play to the development potential of the latest digital technology enabling business such as AIGC, build a diversified business matrix with synergistic effects, realize the overseas extension of core technologies and superior services, and build a perfect smart short video ecological service business system. In the second half of 2023, we will continue to promote business development around the following five key areas.

Enhance the research and development (“R&D”) and application of the latest digital technology, and expand the application and empowerment of AI technology

As a technologically innovative enterprise, we will, as always, focus on the development of technical assets, continue to devote ourselves to the in-depth research on the automatic generation of video ideas and the content modeling of metauniverse scenes, and improve the commercial application ability of AI technologies such as AIGC technology, NLP technology, digital human and virtual scene 3D modeling in content production, large-scale operation and management, so as to reduce the cost, increase the output and optimize the effect of short video marketing. At present, we have embedded the application ability of AIGC technology at the graphic level into our internal technical system and SaaS tools for SMEs, and will further unlock the commercial application potential of related technologies in video creation, intelligent delivery, e-commerce services and other fields in the future.

We will join hands with industry-leading content and technology partners to develop the technical infrastructure of the metauniverse marketing scenario, and adopt technical solutions such as VR/Augmented Reality (“AR”) content marketing and digital human business application in customer service. We believe that the effective reuse and innovation of the company’s technology accumulation in the field of short video will help us gain the first-mover advantage in the industry upgrade and open up new development space.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OUTLOOK (Continued)

Improve international resources and enhance multi-directional cooperation with the platform

With more and more overseas media platforms and domestic content distribution platforms laying out short video content and related commercial scenes, we will further broaden the mainstream media cooperation network at home and abroad with the aid of the accumulated technical ability, precipitated data assets and successful methodology deeply rooted in the short video marketing market in China. In addition, we will organically integrate endogenous and exogenous forces, accelerate our layout in overseas markets and improve our global marketing service matrix by cooperating with high-quality marketing enterprises or teams in Southeast Asia, North America and other overseas regions and combining our own advantages and capabilities in short video marketing and e-commerce services.

At the same time, in the face of the ever-changing domestic Internet market and media ecology and the ever-changing user behavior habits, we will continue to keep up with the development trend of the industry, deepen close cooperation with various media platforms with clear strategies, and provide corporate customers with more comprehensive service content that keeps pace with the times, so as to be included in new important customer groups.

Deepen the layout of e-commerce industrial chain and strengthen the penetration of key vertical industries

Based on the deep coverage we have formed in the e-commerce industry, we will steadily expand the layout of e-commerce service business, and combine our own technical advantages in the marketing field, the professional ability of live e-commerce, diversified channel resources, and deep cultivation and insight into advantageous consumer goods such as digital products, daily chemicals, maternal and infant, and accelerate the penetration into the upstream and downstream of the e-commerce industry chain, so as to form the layout of the whole e-commerce industry chain of "people, goods and fields" based on the short video ecology.

With our iterative technical products and mature and efficient professional services, we will also accelerate the expansion of vertical industries such as local life and digital entertainment, and precipitate new business forms, platform resources and ecological partners that are more vertical and competitive in the industry. The in-depth layout of the above vertical industries will help us to create a differentiated competitive advantage in the segmentation track, and enable us to take into account the short-term growth opportunities and long-term business value in the segmentation field, and further enhance the expandability of our business map.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OUTLOOK (Continued)

Continue to broaden the diversified business matrix and improve customer cooperation stickiness

Driven by the wave of digital economy in China, China enterprises have generated many new development needs in the process of digital transformation. As a leading enterprise in the field of short video effect marketing, we will promote the perfection of commercial service system through the innovation of technology, service and content, provide global digital marketing services covering the whole marketing link for corporate customers, help enterprises achieve long-term and efficient all-round growth in the short video ecosystem, and establish closer and deeper cooperation with customers in the process. In this regard, we will further strengthen the integrated marketing capabilities including brand marketing, talent economy and VR content marketing. At the same time, we will make use of the experience of e-commerce accumulated in the track of advantageous consumer industries and extend it to other retail formats and life service categories, so as to strengthen our service ability for the whole industry chain of e-commerce as a whole.

In addition, with the recovery of domestic residents' offline consumption scenes in the post-epidemic era, we expect the offline economy to accelerate its integration with the online economy. Based on our in-depth layout in the Internet advertising market and online media ecology, we will increase the business expansion of offline business scenarios such as local life, promote offline and online business collaboration and further expand the diversified business scale.

Continuously upgrade endogenous platform technology to improve the efficiency of large-scale operation

With the development and maturity of domestic short video market, short video marketing tends to lean operation and intelligent management, and the market puts forward higher requirements for the mechanization and automation of related links in the industrial chain. We will continue to adhere to the business development concept of "technology-driven growth", further integrate technical resources and upgrade internal technical capabilities in a platform-based manner, strengthen the technical system of operation management, and enhance our operational efficiency and benefits in all links of short video marketing, such as content production, cross-platform accurate distribution, cross-platform account operation management and data analysis.

At the same time, based on our data assets and mature underlying technology platform in the field of short video marketing, we will build a unified, interoperable and highly open business middle platform and data middle platform, so as to realize a more stable, lightweight and extensible technical product and functional architecture foundation, provide technical platform support for the development and collaboration in the fields of live e-commerce, talent economy and local consumer services, and empower the team to effectively promote the large-scale expansion of important business sectors.

Based on the five key development aspects above, we will also actively and selectively seek strategic cooperation or investment merger and acquisition opportunities with outstanding external companies, so as to form long-term business synergy value, grasp market opportunities that are compatible with our ability advantages, and accelerate the layout and development of high-value business ecology.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Six months ended June 30, 2023 as compared with six months ended June 30, 2022:

	Notes	Six months ended June 30,	
		2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
REVENUE	4	1,620,746	1,618,094
Cost of sales		(1,523,728)	(1,520,599)
Gross profit		97,018	97,495
Other income and gains	4	18,482	26,752
Selling and distribution expenses		(7,882)	(5,934)
Administrative expenses		(39,482)	(28,373)
Impairment losses on financial assets, net		(13,899)	(290)
Research and development expenses		(5,469)	(4,923)
Other expenses		(1,767)	(817)
Finance costs	6	(10,428)	(13,545)
Share of profits and losses of:			
Associates	14	178	(203)
PROFIT BEFORE TAX	5	36,751	70,162
Income tax expense	9	(5,287)	(7,972)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		31,464	62,190
Profit and total comprehensive income attribute to:			
Owners of the parent		33,504	62,190
Profit or loss of minority shareholders		(2,040)	–
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted			
– For profit for the period	11	RMB4.3 cents	RMB8.0 cents

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW (Continued)

KEY FINANCIAL RATIOS

	Six months ended June 30,	
	2023	2022
Gross profit margin (%) ⁽¹⁾	5.99	6.03
Net profit margin (%) ⁽²⁾	1.94	3.84
Current ratio (times) ⁽³⁾	1.89	2.33
Adjusted net profit margin (%) ⁽⁴⁾	2.51	4.48
Debt-to-asset ratio (times) ⁽⁵⁾	0.49	0.41

Notes:

- (1) Gross profit margin is calculated based on gross profit for the period divided by revenue for the respective period and multiplied by 100%.
- (2) Net profit margin is calculated based on profit for the period divided by revenue for the respective period and multiplied by 100%.
- (3) Current ratio is calculated based on total current assets divided by total current liabilities.
- (4) Equals to adjusted net profit divided by revenue for the period and multiplied by 100%. For the reconciliation from net profit to adjusted net profit, see “– Non-IFRS Measure: Adjusted Net Profit” below.
- (5) Debt-to-asset ratio is calculated based on total liabilities divided by total assets.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW (Continued)

Revenue

We generate our revenue primarily from the provision of (i) our one-stop online marketing solutions to advertisers directly or through advertising agencies; (ii) SaaS service; and (iii) other business. Our total revenue increased by 0.16% from RMB1,618.09 million for the six months ended June 30, 2022 to RMB1,620.75 million for the six months ended June 30, 2023, which was mainly attributable to the increase in the revenue from our other business.

Revenue by business segments

The following table sets forth our revenue by business segments for the periods indicated:

	Six months ended June 30,			
	2023	% of	2022	% of
	(RMB'000)	the total	(RMB'000)	the total
	(unaudited)		(unaudited)	
Online marketing solutions business	1,542,112	95.2	1,588,058	98.2
SaaS service	5,535	0.3	11,668	0.7
Other business ⁽¹⁾	73,099	4.5	18,368	1.1
Total	1,620,746	100.0	1,618,094	100.0

Note:

(1) Other business includes pan-entertainment content services business and live streaming business.

We enter into annual framework agreements with our advertising customers and charge them for our online marketing solutions based primarily on a mix of oCPM, oCPC and CPC. Our online marketing solutions business grew stably during the Reporting Period, benefiting from the increased recognition of short video marketing by both audiences and advertisers and the popularity of short video marketing. For the six months ended June 30, 2023, the revenue generated from our online marketing solutions business accounted for 95.2% of our total revenue.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW (Continued)

Revenue by business segments (Continued)

Revenue from online marketing solutions business by type of advertising customers

Our advertising customers include primarily advertisers, and to a lesser extent, advertising agencies.

The table below sets forth a breakdown of revenue generated from our online marketing solutions business by type of advertising customers for the periods indicated:

	Six months ended June 30,			
	2023	% of	2022	% of
	(RMB'000)	the total	(RMB'000)	the total
	(unaudited)		(unaudited)	
Advertisers	1,539,993	99.9	1,543,862	97.2
Advertising agencies	2,119	0.1	44,196	2.8
Total	1,542,112	100.0	1,588,058	100.0

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW (Continued)

Revenue by business segments (Continued)

Revenue from online marketing solutions business by industry verticals

The advertisers we serve operate in a wide array of industry verticals, which primarily include online gaming, financial services, e-commerce, internet services, advertising and culture & media.

The table below sets forth a breakdown of revenue generated from our online marketing solutions business by industry verticals for the periods indicated:

	Six months ended June 30,			
	2023	% of	2022	% of
	(RMB'000)	the total	(RMB'000)	the total
	(unaudited)		(unaudited)	
Online gaming	342,559	22.2	444,436	28.0
Financial services ⁽¹⁾	403,807	26.2	370,731	23.3
E-commerce	58,517	3.8	170,079	10.7
Internet services	419,926	27.2	377,174	23.8
Advertising	103,237	6.7	16,353	1.0
Culture & media	208,312	13.5	163,972	10.3
Others ⁽²⁾	5,754	0.4	45,313	2.9
Total	1,542,112	100.0	1,588,058	100.0

Notes:

- (1) Financial services primarily include online insurance, consumer financing and retail banking.
- (2) Others mainly include business services and healthcare.

During the six months ended June 30, 2023, the internet services industry was our largest group of advertising customers. Our revenue generated from the internet services industry accounted for 23.8% and 27.2% of our total revenue derived from online marketing solutions business for the six months ended June 30, 2022 and 2023, respectively.

During the six months ended June 30, 2023, we further explored other vertical sectors, such as advertisement industry. Our revenue generated from advertisement industry, as a percentage of our total revenue generated from online marketing solutions business, increased from 1.0% for the six months ended June 30, 2022 to 6.7% for the six months ended June 30, 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW (Continued)

Cost of Sales

The following table sets forth a breakdown of our cost of sales by nature for the periods indicated:

	Six months ended June 30,			
	2023		2022	
	(RMB'000) (unaudited)	% of the total	(RMB'000) (unaudited)	% of the total
Traffic acquisition cost	1,450,107	95.2	1,449,928	95.4
Employee benefit expenses	20,201	1.3	26,561	1.7
Others ⁽¹⁾	53,420	3.5	44,110	2.9
Total	1,523,728	100.0	1,520,599	100.0

Note:

(1) Others primarily comprise costs in relation to the rental of servers and the outsourcing of content production.

Our cost of sales primarily consists of traffic acquisition costs and employee benefit expenses. For the six months ended June 30, 2023, traffic acquisition costs constituted the largest portion of our cost of sales, and others constituted the second largest portion of our cost of sales. For the six months ended June 30, 2022 and the six months ended June 30, 2023, our traffic acquisition costs amounted to RMB1,449.9 million and RMB1,450.1 million, respectively, accounting for approximately 95.4% and 95.2%, respectively, of our total cost of sales for the respective periods, which was in line with our business expansion. For the six months ended June 30, 2022 and the six months ended June 30, 2023, our employee benefit expenses amounted to RMB26.6 million and RMB20.2 million, respectively, accounting for approximately 1.7% and 1.3%, respectively, of our total cost of sales for the respective periods, which was caused by optimizing the organizational structure, reducing costs and increasing efficiency. For the six months ended June 30, 2022 and the six months ended June 30, 2023, our other costs amounted to RMB44.1 million and RMB53.4 million, respectively, accounting for approximately 2.9% and 3.5%, respectively, of our total cost of sales for the respective periods, which was attributable to the increase in other business expenses.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW (Continued)

Cost of Sales (Continued)

The following table sets forth a breakdown of our cost of sales by service offerings and revenue recognition methods for the periods indicated:

	Six months ended June 30,			
	2023	% of	2022	% of
	(RMB'000)	the total	(RMB'000)	the total
	(unaudited)		(unaudited)	
Online marketing solutions business	1,454,498	95.5	1,499,564	98.6
SaaS service	4,876	0.3	3,587	0.2
Other business ⁽¹⁾	64,354	4.2	17,448	1.2
Total	1,523,728	100.0	1,520,599	100.0

Note:

(1) Other business includes pan-entertainment content services business and live-streaming business.

Gross Profit and Gross Profit Margin

The following table sets forth a breakdown of our gross profit and gross profit margin by service offerings and revenue recognition methods for the periods indicated:

	Six months ended June 30,			
	2023	Gross profit	2022	Gross profit
	Gross profit	margin	Gross profit	margin
	(RMB'000)	%	(RMB'000)	%
	(unaudited)		(unaudited)	
Online marketing solutions business	87,614	5.7	88,494	5.6
SaaS service	659	11.9	8,082	69.3
Other business ⁽¹⁾	8,744	12.0	919	5.0
Total	97,017	6.0	97,495	6.0

Note:

(1) Other business includes pan-entertainment content services business and live-streaming business.

Our gross profit consists of our revenue less cost of sales. The Group recorded gross profit of RMB97.0 million for the six months ended June 30, 2023, representing a decrease of 0.5% as compared to the gross profit of RMB97.5 million for the six months ended June 30, 2022.

Gross profit margin represents gross profit divided by total revenue, expressed as a percentage. The gross profit margin for the six months ended June 30, 2022 was 6.0% consistent with that for the six months ended June 30, 2023, which was mainly due to the initial increase in the cost of the company's new business development and new business exploration model, so as to cooperate with the company to select better advertisers and improve the corresponding gross profit.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW (Continued)

Other Income and Gains

Our other income and gains decreased from RMB26.75 million for the six months ended June 30, 2022 to RMB18.48 million for the six months ended June 30, 2023, which was mainly attributable to the decrease in the additional deduction of value-added tax throughout 2023 as compared to 2022.

Selling and Distribution Expenses

Our selling and distribution expenses primarily consist of (i) employee benefit expenses for our sales and marketing staff; (ii) entertainment expenses for the maintenance and management of customer relationships; and (iii) travelling expenses for the transportation and accommodation of business travels of our sales and marketing staff.

Our selling and distribution expenses gradually increased from RMB5.93 million for the six months ended June 30, 2022 to RMB7.88 million for the six months ended June 30, 2023, which was mainly attributable to the initial increase in the cost of our company's pioneering new business and exploring new business models.

General and Administrative Expenses

Our administrative expenses primarily consist of (i) employee benefit expenses; (ii) professional fees; (iii) depreciation and amortization expenses; (iv) office and rental expenses; (v) travelling expenses; and (vi) entertainment expenses for hospitality.

Our administrative expenses gradually increased by 39.16% from RMB28.37 million for the six months ended June 30, 2022 to RMB39.48 million for the six months ended June 30, 2023, which was mainly attributable to the expansion of the company's business and the increase of management personnel.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW (Continued)

Impairment Losses on Financial Assets, Net

Impairment losses on financial assets, net represent provisions of impairment of trade receivables, net of reversal. We recorded impairment losses on financial assets, net of RMB13.90 million for the six months ended June 30, 2023, which was mainly attributable to the provision for general credit losses made by our trade receivables.

Research and Development Expenses

Our research and development expenses primarily comprise (i) employee benefit expenses; (ii) outsourcing development expenses; and (iii) others, mainly consisting of server rental expenses. Our research and development expenses increased by 11.18% from RMB4.92 million for the six months ended June 30, 2022 to RMB5.47 million for the six months ended June 30, 2023, which was mainly attributable to the increase in the number of R&D personnel and their average salary level, and the capitalization of the cloud service platform in this period.

Other Expenses

Our other expenses increased from RMB0.82 million for the six months ended June 30, 2022 to RMB1.77 million for the six months ended June 30, 2023, which was mainly attributable to exchange loss.

Finance Costs

Our finance costs decreased from RMB13.55 million for the six months ended June 30, 2022 to RMB10.43 million for the six months ended June 30, 2023. The decrease in finance costs was mainly due to the decrease in the interest rate of bank loans, which led to a decrease in the corresponding interest expenses of our bank loans by RMB4.62 million.

Income Tax Expenses

Our income tax expenses decreased from RMB7.97 million for the six months ended June 30, 2022 to RMB5.29 million for the six months ended June 30, 2023, which was mainly due to profit before tax decreased by 47.62% resulted in the corresponding decrease in income tax expenses for the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW (Continued)

Profit for the Period

As a result of the above, our profit for the period decreased by 49.41% from RMB62.19 million for the six months ended June 30, 2022 to RMB31.46 million for the six months ended June 30, 2023. Our net profit margin decreased from 3.84% for the six months ended June 30, 2022 to 1.94% for the six months ended June 30, 2023.

Non-IFRS Measure: Adjusted Net Profit

To supplement our consolidated financial statements, which are presented in accordance with IFRS, we also use adjusted net profit as an additional financial measure, which is not required by, or presented in accordance with, IFRS. We believe that this non-IFRS measure facilitates comparisons of operating performance from period to period and company to company by eliminating potential impacts of items which our management does not consider to be indicative of our operating performance. We believe this measure provides useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as it helps our management.

However, our presentation of adjusted net profit may not be comparable to similarly titled measures presented by other companies. The use of this non-IFRS measure has limitations as an analytical tool, and should not be considered in isolation from, or as a substitute for an analysis of, our results of operations or financial condition as reported under IFRS.

The following tables reconcile our adjusted net profit for the periods presented to the most directly comparable financial measures calculated and presented in accordance with IFRS:

	Six months ended June 30,	
	2023 (RMB in millions) (unaudited)	2022 (unaudited)
Net profit for the period	31.46	62.19
Add:		
Share-based compensation	2.18	2.77
Foreign exchange differences	1.75	(0.47)
Income tax expense	5.29	7.97
Adjusted net profit⁽¹⁾	40.68	72.46

Note:

- (1) Adjusted net profit is defined as net profit for the period after adding back one-off income, share-based compensation, foreign exchange differences and income tax expenses incurred during the respective period.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW (Continued)

Liquidity and Financial Resources

Our business operations and expansion plans require a significant amount of capital, including acquiring user traffic from online publishers, enhancing our content production capabilities, improving our big data analytics and AI capabilities, upgrading our proprietary DMP and other infrastructures as well as other working capital requirements. Historically, we financed our capital expenditure and working capital requirements mainly through cash generated from operations, bank and other borrowings, and capital contributions from the Shareholders. Our cash and bank balances increased from RMB290.81 million as at December 31, 2022 to RMB526.29 million as at June 30, 2023, mainly attributable to the replenishment of working capital with the expansion of business scale.

The table below sets out our liquidity as at December 31, 2022 and as at June 30, 2023, respectively:

	As at June 30, 2023 RMB'000 (unaudited)	As at December 31, 2022 RMB'000 (audited)
Cash and bank balance	526,285	290,807
Denominated in RMB	526,156	217,589
Denominated in HKD	91	364
Denominated in USD	38	72,854
	526,285	290,807

As at June 30, 2023, our bank loans amounted to approximately RMB601.41 million (as at December 31, 2022: approximately RMB574.73 million). Our bank loans are denominated in RMB. The interest rates on our bank loans ranged from 3.50% to 4.30% (for the year ended December 31, 2022: 3.55% to 4.30%) per annum and the terms of the loans ranged from three months to one year. We will repay the above borrowings in due a course on maturity.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW (Continued)

Capital Expenditures

Our capital expenditures for the six months ended June 30, 2023 primarily consists of expenditures on (i) property, plant and equipment for office equipment and leasehold improvement; and (ii) intangible assets for software and the user right of a website.

The following table sets out our net capital expenditure as at the dates indicated:

	As at June 30, 2023 (RMB in millions) (unaudited)	As at December 31, 2022 (audited)
Property, plant and equipment	2.17	1.55
Intangible assets	7.60	16.29
Total	9.77	17.84

We incurred capital expenditures of approximately RMB9.77 million for the six months ended June 30, 2023, primarily related to office furniture and decoration as well as purchases of servers, software and website. We intend to fund our planned capital expenditures through cash generated from operations.

Pledge of Assets

As at June 30, 2023, no bank loans were secured by the Group's deposits (as at 31 December 2022: nil) and were guaranteed by the Company and certain subsidiaries of the Company.

Foreign Exchange Risk Management

Foreign exchange risk refers to the risk of loss caused by the changes in foreign exchange rates. The operations of the Group are mainly located in the PRC with most transactions denominated and settled in RMB. The Group will closely monitor the relevant situation and take measures when necessary to ensure that the foreign exchange risk is within the controllable range.

Contingent Liabilities

As at June 30, 2023, the Group did not have any material contingent liabilities.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW (Continued)

Employees

As at June 30, 2023, we had 378 full-time employees, including 348 in Shanghai, 20 in Beijing, 2 in Xi'an and 8 in Xinjiang. As at June 30, 2023, we did not experience any strikes or any labor disputes with our employees which have had or are likely to have a material effect on our business.

Our employees typically enter into standard employment contracts with us. We place high value on recruiting, training and retaining our employees. We maintain high recruitment standards and provide competitive compensation packages. Remuneration packages for our employees mainly comprise base salary and bonus. We also provide both in-house and external trainings for our employees to improve their skills and knowledge. For the six months ended June 30, 2023, total staff remuneration expenses including Directors' remuneration amounted to RMB53.94 million.

We contribute to social security insurance and housing provident funds for our employees in accordance with applicable PRC laws, rules and regulations in all material aspects.

We have granted and planned to continue to grant share-based incentive awards to our employees in the future to incentivize their contributions to our growth and development. The Company has adopted a Post-IPO Share Option Scheme and a RSU Scheme. As at June 30, 2023, the Trustee had purchased a total of 21,021,000 Shares in the market under the RSU Scheme adopted by the Company on 18 October 2021, representing approximately 2.642% of the total number of Shares in issue as at the date of this report (i.e. 795,658,000 shares).

Retirement and Employee Benefits Schemes

The Group only operate defined contribution pension plans. The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. The subsidiaries operating in Mainland China are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

No forfeited contribution (by the Group on behalf of its employees who leave the scheme prior to vesting fully in such contributions) is available to be utilized by the Group to reduce the contributions payable in the future years or to reduce the Group's existing level of contributions to the pension scheme.

Material Acquisition, Disposal of Subsidiaries, Associates and Joint Ventures and Significant Investment

During the six months ended June 30, 2023, the Group had no material acquisition, disposal of subsidiaries, associates and joint ventures or significant investment. As of June 30, 2023, the Group did not hold any significant investment.

CORPORATE GOVERNANCE/OTHER INFORMATION

CORPORATE GOVERNANCE CODE

The Group is committed to maintaining a high standard of corporate governance to safeguard the interests of its shareholders and enhance its value and accountability. The Company has adopted the Corporate Governance Code contained in Appendix 14 to the Listing Rules as its governance code.

During the Reporting Period, the Company has always complied with all the applicable code provisions set out in Part 2 of the Corporate Governance Code contained in Appendix 14 to the Listing Rules.

The Group 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 TRANSACTION

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors’ securities transactions. Specific enquiry has been made to all the Directors and 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.

INTERIM DIVIDEND

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

AUDIT COMMITTEE

The Board has established an Audit Committee, consisting of two independent non-executive Directors, namely, Mr. Chen Changhua (Chairman) and Dr. Ru Liyun, and one non-executive Director, namely Mr. Dai Liqun. Written terms of reference have been adopted for the Audit Committee, which clearly specify its duties and responsibilities and are available for inspection on the websites of the Company and the Stock Exchange.

REVIEW OF INTERIM RESULTS

The interim results for the six months ended June 30, 2023 is unaudited and has not been reviewed by the auditor of the Company, but has been reviewed by the Audit Committee.

The Audit Committee has, together with the management, reviewed the accounting policies adopted by the Group. They also discussed risk management, internal controls of the Group and financial reporting matters, including having reviewed and agreed to the unaudited interim condensed consolidated financial statements during the Reporting Period.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended June 30, 2023, none of the Company or any of its subsidiaries or its Consolidated Affiliated Entities had purchased, sold or redeemed any of the listed securities of the Company.

FUTURE PLANS FOR MATERIAL INVESTMENT AND CAPITAL ASSETS

The Group did not have any other immediate plans for material investment and capital assets as at the Latest Practicable Date.

CORPORATE GOVERNANCE/OTHER INFORMATION

SUBSEQUENT EVENTS

On July 17, 2023, the Company granted a total of 63,514,812 Share Options to 22 grantees of the Group under the Post-IPO Share Option Scheme adopted on November 17, 2020, with an exercise price of HK\$0.8160 per share, in order to subscribe for a total of 63,514,812 Shares, accounting for the Share Option as of the grant date (i.e. July 17, 2023). For details, please refer to the announcement published by the Company on July 17, 2023 and the circular published by the Company on July 31, 2023.

Save as disclosed above, after June 30, 2023 and up to the Latest Practicable Date, there were no material events affecting the Group.

CHANGE IN DIRECTORS' INFORMATION

The Directors, including the chief executive officer, confirm that there has been no change in any Director's information, including the chief executive officer's information, since the publication of the 2022 annual report of the Company and up to the Latest Practicable Date that is required to be disclosed in accordance with paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules.

CORPORATE GOVERNANCE/OTHER INFORMATION

INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVE IN SHARES, UNDERLYING SHARES OR DEBENTURES

As at June 30, 2023, the interests and short positions of the Directors or chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of 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 they were taken or deemed to have under such provisions of the SFO) or which have been entered in the register required to be kept pursuant to section 352 of the SFO, or which shall be required to be notified to the Company and the Stock Exchange pursuant to the Model Code set out in Appendix 10 to the Listing Rules, are as follows:

(i) Interests in the Shares of the Company

Name of Director/ Chief executive	Nature of interest	Number of Shares	Approximate percentage of the total number of the Shares ⁽²⁾
Mr. Wang ⁽³⁾⁽⁴⁾	Founder of a discretionary trust/Interest in a controlled corporation/Beneficial owner	114,014,831 (L)	14.33%
Mr. Xu ⁽⁵⁾⁽⁶⁾	Founder of a discretionary trust/Interest in a controlled corporation/Beneficial owner	96,482,288 (L)	12.13%
Mr. Dai ⁽⁷⁾⁽¹⁰⁾	Founder of a discretionary trust/Interest in a controlled corporation Interest of spouse	52,981,959 (L) 218,524 (L)	
		53,200,483 (L)	6.69%
Mr. Wang Jianshuo ⁽⁸⁾	Interest in a controlled corporation	72,637,002 (L)	9.13%
Ms. Peng Ting ⁽⁹⁾⁽¹⁰⁾	Beneficial Owner Interest of spouse	218,524 (L) 52,981,959 (L)	
		53,200,483 (L)	6.69%
Ms. Zha Lijun ⁽¹¹⁾	Beneficial owner	148,261 (L)	0.02%
Mr. Lin Qian ⁽¹²⁾	Beneficial owner Trust beneficiary	50,000 (L) 560,000 (L)	
		610,000 (L)	0.08%

CORPORATE GOVERNANCE/OTHER INFORMATION

INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVE IN SHARES, UNDERLYING SHARES OR DEBENTURES (Continued)

(i) Interests in the Shares of the Company (Continued)

Notes:

1. The letter "L" denotes a long position in these shares.
2. As at June 30, 2023, the Company had 795,658,000 issued shares in total.
3. Mr. Wang is interested in 218,524 underlying shares. Such underlying shares are the relevant shares that may be allotted and issued to him upon the fully exercise of all the options granted to him under the Post-IPO Share Option Scheme.
4. Wang SPV is the Direct Holding SPV of The Longhills Trust, which is set up by Mr. Wang (as the economic settlor and the protector) and Derun Investments (as the settlor). Derun Investments is the Offshore Holding Company wholly owned by Mr. Wang. Therefore, Mr. Wang (as the founder of The Longhills Trust and the sole shareholder of Derun Investments) is deemed to be interested in the Shares directly held by Wang SPV by virtue of the SFO.
5. Mr. Xu is interested in 333,135 underlying shares. Such underlying shares are the relevant shares that may be allotted and issued to him upon the fully exercise of all the options granted to him under the Post-IPO Share Option Scheme.
6. Xu SPV is the Direct Holding SPV of The FS Trust, which is set up by Mr. Xu (as the economic settlor and the protector) and Quantum Computing (as the settlor). Quantum Computing is the Offshore Holding Company wholly owned by Mr. Xu. Therefore, Mr. Xu (as the founder of The FS Trust and the sole shareholder of Quantum Computing) is deemed to be interested in the Shares directly held by Xu SPV by virtue of the SFO.
7. Dai SPV is the Direct Holding SPV of The RGRGU Trust, which is set up by Mr. Dai (as the economic settlor and the protector) and Global Awesomeness (as the settlor). Global Awesomeness is the Offshore Holding Company wholly owned by Mr. Dai. Therefore, Mr. Dai (as the founder of The RGRGU Trust and the sole shareholder of Global Awesomeness) is deemed to be interested in the Shares directly held by Dai SPV by virtue of the SFO.
8. Kijiji is a wholly-owned subsidiary of Baixing Net. Mr. Wang Jianshuo is entitled to exercise the voting rights attached to approximately 40.84% shares of Baixing Net which are directly held by himself and three entities (i.e., Shanghai Xiangnong, Shanghai Paisen, and Shanghai Fangxi). Each of Shanghai Xiangnong, Shanghai Paisen, and Shanghai Fangxi is a limited partnership established in the PRC, the sole general partner of which is Mr. Wang Jianshuo. Therefore, Baixing Net and Mr. Wang Jianshuo are deemed to be interested in the Shares directly held by Kijiji by virtue of the SFO.
9. Ms. Peng Ting, vice president and joint company secretary of the Company, is interested in 218,524 underlying shares. Such underlying shares are the relevant shares that may be allotted and issued to her upon the fully exercise of all the options granted to her under the Post-IPO Share Option Scheme.
10. Ms. Peng Ting is the spouse of Mr. Dai. Therefore, Ms. Peng is deemed to be interested in Mr. Dai's interests by virtue of the SFO.
11. Ms. Zha is interested in 148,261 underlying shares. Such underlying shares are the relevant shares that may be allotted and issued to her upon the fully exercise of all the options granted to her under the Post-IPO Share Option Scheme.
12. Mr. Lin is interested in 560,000 underlying shares, which are restricted shares granted under the RSU Scheme, which are subject to the vesting schedule and are not subject to any performance targets or any clawback mechanism.

CORPORATE GOVERNANCE/OTHER INFORMATION

INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVE IN SHARES, UNDERLYING SHARES OR DEBENTURES (Continued)

(ii) Interests in associated corporation

Name of Director/ Chief executive	Nature of interest	Name of associated corporation	Attributable registered capital (RMB)	Approximate percentage
Mr. Wang	Beneficial interest	Netjoy Network	10,156,872	18.97%
	Beneficial interest	Tradeplus	2,000,000	40.00%
Mr. Xu	Beneficial interest	Netjoy Network	8,581,778	16.03%
Mr. Dai	Beneficial interest	Netjoy Network	5,992,656	11.20%
	Beneficial interest	Tradeplus	3,000,000	60.00%

Save as disclosed above, as of June 30, 2023, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which are required to be 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 they were taken or deemed to have under such provisions of the SFO) or which shall be entered in the register required to be kept pursuant to section 352 of the SFO, or which shall be required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

CORPORATE GOVERNANCE/OTHER INFORMATION

DIRECTORS' RIGHT TO PURCHASE SHARES OR DEBENTURES

Except as disclosed in this report, the Company or its subsidiaries or Consolidated Affiliated Entities did not enter into any arrangement at any time during the Reporting Period to enable the Directors to acquire benefits by purchasing the shares or debentures of the Company or any other corporation, and no directors or their spouses or children under the age of 18 had been granted any right to subscribe for the equity or debt securities of the Company or any other corporation, or had exercised any such right.

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

As at June 30, 2023, to the knowledge of the Directors, the following persons (not being Directors or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which are required to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO and entered in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of Shareholder	Nature of interest	Number of Shares	Approximate percentage of the total number of the Shares ⁽²⁾
PraxisIFM Fiduciaries (Hong Kong) Limited ⁽³⁾⁽⁵⁾⁽⁷⁾⁽⁸⁾	Trustee	315,313,070 (L)	39.63%
Mr. Wang ⁽⁴⁾⁽⁵⁾	Founder of a discretionary trust/Interest in a controlled corporation/Beneficial Owner	114,014,831 (L)	14.33%
Derun Investments ⁽⁵⁾	Founder of a discretionary trust	113,796,307 (L)	14.30%
Wang SPV ⁽⁵⁾	Beneficial owner	113,796,307 (L)	14.30%
Derun International ⁽⁵⁾	Interest in a controlled corporation	113,796,307 (L)	14.30%
Mr. Xu ⁽⁶⁾⁽⁷⁾⁽¹⁵⁾	Founder of a discretionary trust/Interest in a controlled corporation/Beneficial Owner	96,482,288 (L)	12.13%
Quantum Computing ⁽⁷⁾	Founder of a discretionary trust	96,149,153 (L)	12.08%
Xu SPV ⁽⁷⁾	Beneficial owner	96,149,153 (L)	12.08%
FSS Investment ⁽⁷⁾	Interest in a controlled corporation	96,149,153 (L)	12.08%

CORPORATE GOVERNANCE/OTHER INFORMATION

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES (Continued)

Name of Shareholder	Nature of interest	Number of Shares	Approximate percentage of the total number of the Shares ⁽²⁾
Mr. Dai ⁽⁸⁾⁽¹⁰⁾	Founder of a discretionary trust/Interest in a controlled corporation	52,981,959 (L)	
	Interest of spouse	218,524 (L)	
		<u>53,200,483 (L)</u>	<u>6.69%</u>
Global Awesomeness ⁽⁸⁾	Founder of a discretionary trust	52,981,959 (L)	6.66%
Dai SPV ⁽⁸⁾	Beneficial owner	52,981,959 (L)	6.66%
Baxter Investment ⁽⁸⁾	Interest in a controlled corporation	52,981,959 (L)	6.66%
Ms. Peng Ting ⁽⁹⁾⁽¹⁰⁾	Beneficial owner	218,524 (L)	
	Interest of spouse	52,981,959 (L)	
		<u>53,200,483 (L)</u>	<u>6.69%</u>
Kijiji ⁽¹¹⁾	Beneficial owner	72,637,002 (L)	9.13%
Baixing Net ⁽¹¹⁾	Interest in a controlled corporation	72,637,002 (L)	9.13%
Mr. Wang Jianshuo ⁽¹¹⁾	Interest in a controlled corporation	72,637,002 (L)	9.13%
Wutong Holding	Beneficial owner	46,200,666 (L)	5.81%
Jingheng Jianyong ⁽¹²⁾ (as defined below)	Beneficial owner	40,468,390 (L)	5.09%
Beijing Jingheng ⁽¹²⁾ (as defined below)	Interest in a controlled corporation	40,468,390 (L)	5.09%
Mr. Song Lingjie ⁽¹²⁾	Interest in a controlled corporation	40,468,390 (L)	5.09%
Ms. Liu Yongyan ⁽¹²⁾	Interest in a controlled corporation	40,468,390 (L)	5.09%
Schroders Plc ⁽¹³⁾	Investment manager	96,647,000 (L)	12.15%

CORPORATE GOVERNANCE/OTHER INFORMATION

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES (Continued)

Notes:

1. The letter "L" denotes a long position in these shares.
2. As at June 30, 2023, the Company had 795,658,000 issued shares in total.
3. PraxisIFM Fiduciaries (Hong Kong) Limited (formerly known as PraxisIFM Nerine Fiduciaries (Hong Kong) Limited) is the trustee of the Family Trusts, the discretionary family trusts set up by Mr. Wang, Mr. Xu, Mr. Qin, Mr. Dai, and Mr. Ru respectively. Therefore, PraxisIFM Fiduciaries (Hong Kong) Limited is deemed to be interested in the Shares directly held by Wang SPV, Xu SPV, Qin SPV, Dai SPV, and Ru SPV by virtue of the SFO.
4. Mr. Wang is interested in 218,524 underlying shares. Such underlying shares are the relevant shares that may be allotted and issued to him upon the fully exercise of all the options granted to him under the Post-IPO Share Option Scheme.
5. Wang SPV is wholly owned by Derun International, which is in turn the holding vehicle of the Trustee of The Longhills Trust. The Longhills Trust is set up by Mr. Wang (as the economic settlor and the protector) and Derun Investments (as the settlor). Derun Investments is the Offshore Holding Company wholly owned by Mr. Wang. Therefore, each of Mr. Wang (as the founder of The Longhills Trust and the sole shareholder of Derun Investments), Derun Investments (as the founder of The Longhills Trust), Derun International (as the sole shareholder of Wang SPV) is deemed to be interested in the Shares directly held by Wang SPV by virtue of the SFO.
6. Mr. Xu is interested in 333,135 underlying shares. Such underlying shares are the relevant shares that may be allotted and issued to him upon the fully exercise of all the options granted to him under the Post-IPO Share Option Scheme.
7. Xu SPV is wholly owned by FSS Investment, which is in turn the holding vehicle of the Trustee of The FS Trust. The FS Trust is set up by Mr. Xu (as the economic settlor and the protector) and Quantum Computing (as the settlor). Quantum Computing is the Offshore Holding Company wholly owned by Mr. Xu. Therefore, each of Mr. Xu (as the founder of The FS Trust and the sole shareholder of Quantum Computing), Quantum Computing (as the founder of The FS Trust), FSS Investment (as the sole shareholder of Xu SPV) is deemed to be interested in the Shares directly held by Xu SPV by virtue of the SFO.

CORPORATE GOVERNANCE/OTHER INFORMATION

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES (Continued)

Notes: (Continued)

8. Dai SPV is wholly owned by Baxter Investment, which is in turn the holding vehicle of the Trustee of The RGRGU Trust. The RGRGU Trust is set up by Mr. Dai (as the economic settlor and the protector) and Global Awesomeness (as the settlor). Global Awesomeness is the Offshore Holding Company wholly owned by Mr. Dai. Therefore, Mr. Dai (as the founder of The RGRGU Trust and the sole shareholder of Global Awesomeness), Global Awesomeness (as the founder of The RGRGU Trust), Baxter Investment (as the sole shareholder of Dai SPV) is deemed to be interested in the Shares directly held by Dai SPV by virtue of the SFO.
9. Ms. Peng Ting, vice president and joint company secretary of the Company, is interested in 218,524 underlying shares. Such underlying shares are the relevant shares that may be allotted and issued to him upon the fully exercise of all the options granted to him under the Post-IPO Share Option Scheme.
10. Ms. Peng Ting is the spouse of Mr. Dai. Therefore, Ms. Peng is deemed to be interested in Mr. Dai's interests by virtue of the SFO.
11. Kijiji is a wholly-owned subsidiary of Baixing Net. Mr. Wang Jianshuo, a non-executive Director, is entitled to exercise the voting rights attached to approximately 40.84% shares of Baixing Net which are directly held by himself and three entities (i.e., Shanghai Xiangnong, Shanghai Paisen, and Shanghai Fangxi). Each of Shanghai Xiangnong, Shanghai Paisen, and Shanghai Fangxi is a limited partnership established in the PRC, the sole general partner of which is Mr. Wang Jianshuo. Therefore, Baixing Net and Mr. Wang Jianshuo are deemed to be interested in the Shares directly held by Kijiji by virtue of the SFO.
12. Hangzhou Jingheng Jianyong Venture Capital Partnership (Limited Partnership) (杭州靜衡堅勇創業投資合夥企業(有限合夥)) (formerly known as Hangzhou Jingheng Jianyong Equity Investment Partnership (Limited Partnership) (杭州靜衡堅勇股權投資合夥企業(有限合夥))) ("Jingheng Jianyong") is controlled by its general partner Beijing Jingheng Investment Management Co., Ltd. (北京靜衡投資管理有限公司) ("Beijing Jingheng"), which is in turn owned by Ms. Liu Yongyan (劉勇燕) as to 90%. Mr. Song Lingjie (宋靈潔) is a limited partner of Jingheng Jianyong holding approximate 41.96% (more than one-third) interests therein. Therefore, Beijing Jingheng, Mr. Song Lingjie and Ms. Liu Yongyan are deemed to be interested in the Shares directly held by Jingheng Jianyong by virtue of the SFO.
13. These Shares are directly held by Schroder Investment Management North America Limited as to 1,985,000, Schroder Investment Management Limited as to 375,000, Schroder Investment Management (Hong Kong) Limited as to 85,547,000 and Schroder Investment Management (Singapore) as to 8,740,000. Schroder Investment Management North America Limited is direct wholly-owned by Schroder Investment Management Limited, each of Schroder Investment Management Limited, Schroder Investment Management (Hong Kong) Limited and Schroder Investment Management (Singapore) Ltd is direct wholly-owned by Schroder International Holdings Limited, which is indirect wholly-owned by Schroder Administration Limited. Schroder Administration Limited is indirect wholly-owned by Schroders Plc, therefore Schroders Plc is deemed to be interested in these Shares by virtue of the SFO.

Save as disclosed above, as at June 30, 2023, to the knowledge of the Directors, no other persons (not being Directors or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which are required to be disclosed pursuant to Divisions 2 and 3 of Part XV of the SFO or which shall be entered in the register referred to in section 336 of the SFO.

CORPORATE GOVERNANCE/OTHER INFORMATION

POST-IPO SHARE OPTION SCHEME

The Company has adopted the Post-IPO Share Option Scheme approved by a written resolution passed by the then shareholders on November 17, 2020 and has taken effect from the Listing Date. The purpose of the Post-IPO Share Option Scheme is to provide selected participants with the opportunity to acquire proprietary interests in the Company and to encourage selected participants to work towards enhancing the value of the Company and its Shares for the benefit of the Company and Shareholders as a whole. The Post-IPO Share Option Scheme will provide the Company with a flexible means of retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to selected participants. For details of the principal terms of the Post-IPO Share Option Scheme, please refer to the Company's 2022 annual report and Appendix IV to the Prospectus.

As of June 30, 2023, the remaining life of the Post-IPO Share Option Scheme is about 7.5 years.

On January 27, 2022 (after trading hours), the Company cancelled a total of 8,808,000 Share Options granted on January 15, 2021 with effect from 27 January 2022. The Company further granted 5,281,600 Share Options under the Post-IPO Share Option Scheme to a total of sixty-eight (68) eligible participants to subscribe for an aggregate of 5,281,600 Shares, and the exercise price per Share Option was HK\$2.462, representing approximately 0.664% of the total issued Shares as of the Latest Practicable Date. For details, please refer to the announcement of the Company dated January 28, 2022.

The Share Options granted shall be valid from January 27, 2022 to January 14, 2031, both days inclusive. The Share Options shall be vested in accordance with the timetable below (for this purpose, the date or each such date on which the Share Options are vested being hereinafter referred to as a "**Vesting Date**"), subject to the grantees' achievement of performance targets as of each Vesting Date:

Vesting Date	Percentage of Share Options to vest
January 27, 2022	Approximately one-third of the total number of Share Options granted
January 14, 2023	Approximately one-third of the total number of Share Options granted
January 14, 2024	Approximately one-third of the total number of Share Options granted

CORPORATE GOVERNANCE/OTHER INFORMATION

POST-IPO SHARE OPTION SCHEME (Continued)

The Remuneration Committee believes that the vesting of Share Options according to the above schedule is more appropriate and in line with the purpose of the post-IPO Share Option Scheme. Because the grantees of the newly granted options are the grantees of the cancelled options, and these grantees have already met the vesting period of the cancelled options, it is fair and reasonable to vest according to the above timetable.

On September 5, 2022 (after trading hours), the Company decided to grant 2,395,588 Share Options to a total of thirteen (13) eligible participants under the Post-IPO Share Option Scheme, and they can subscribe for a total of 2,395,588 shares, with the exercise price of HK\$2.462 per Share, representing approximately 0.301% of the total issued Shares as of the Latest Practicable Date. For details, please refer to the announcement of the Company dated September 5, 2022.

The option is valid for ten (10) years from the date of grant (i.e. September 5, 2022). The Share Options shall vest according to the following schedule (for this purpose, the vesting date of the Share Options), but the grantee shall achieve the performance target on each vesting date.

Vesting Date	Percentage of Share Options to vest
September 5, 2023	Approximately one-third of the total number of Share Options granted
September 5, 2024	Approximately one-third of the total number of Share Options granted
September 5, 2025	Approximately one-third of the total number of Share Options granted

The Board considers it inappropriate to list the value of Share Options granted under the Post-IPO Share Option Scheme, because the valuation of any Share Option involves many subjective and uncertain assumptions. The Board believes that the valuation of Share Options based on assumptions is meaningless and misleading to Shareholders to some extent.

CORPORATE GOVERNANCE/OTHER INFORMATION

POST-IPO SHARE OPTION SCHEME (Continued)

Particulars and movements of the Share Options granted to the Directors, chief executives, senior management and other employees of the Group in under the Post-IPO Share Option Scheme during the Reporting Period are as follows.

Name of grantee ⁽¹⁾	Date of grant	Vesting Date ⁽²⁾⁽³⁾	Exercise price per Share (HKD)	Number of Shares subject to outstanding options as at January 1, 2023	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Number of Shares subject to outstanding options as at June 30, 2023	The weighted average closing price of the Shares immediately before the dates on which the Share Options were vested (HKD)
Directors										
Mr. Wang	January 27, 2022	January 27, 2022	2.462	72,841	-	-	-	-	72,841	2.692
		January 14, 2023	2.462	72,841	-	-	-	-	72,841	1.490
		January 14, 2024	2.462	72,842	-	-	-	-	72,842	-
Mr. Xu	January 27, 2022	January 27, 2022	2.462	111,045	-	-	-	-	111,045	2.692
		January 14, 2023	2.462	111,045	-	-	-	-	111,045	1.490
		January 14, 2024	2.462	111,045	-	-	-	-	111,045	-
Ms. Zha	January 27, 2022	January 27, 2022	2.462	49,420	-	-	-	-	49,420	2.692
		January 14, 2023	2.462	49,420	-	-	-	-	49,420	1.490
		January 14, 2024	2.462	49,421	-	-	-	-	49,421	-
Vice president and joint company secretary										
Ms. Peng Ting	January 27, 2022	January 27, 2022	2.462	72,841	-	-	-	-	72,841	2.692
		January 14, 2023	2.462	72,841	-	-	-	-	72,841	1.490
		January 14, 2024	2.462	72,842	-	-	-	-	72,842	-
Senior management and other employees										
	January 27, 2022	January 27, 2022	2.462	1,296,406	-	-	-	(41,184)	1,255,222	2.692
		January 14, 2023	2.462	1,296,406	-	-	-	(41,184)	1,255,222	1.490
		January 14, 2024	2.462	1,296,405	-	-	-	(41,185)	1,255,220	-
	September 5, 2022	September 5, 2023	2.462	798,529	-	-	-	(138,621)	659,908	-
		September 5, 2024	2.462	798,529	-	-	-	(138,621)	659,908	-
		September 5, 2025	2.462	798,530	-	-	-	(138,622)	659,908	-
Total			7,203,249	-	-	-	(539,417)	6,663,832		

Notes:

- (1) There are no options granted to suppliers of goods or services or other participants.
- (2) The Share Options granted shall be valid from January 27, 2022 to January 14, 2031 (including the first and last two days)
- (3) The validity period of the granted options will be ten (10) years from the date of grant, i.e. September 5, 2022.
- (4) The closing price of the Shares immediately (i.e. January 26, 2022) before the date of which the Share Options were granted, i.e. January 27, 2022, was HK\$2.310. The fair value of the Share Options at the date of grant was HK\$2.310 per Share.
- (5) The closing price of the Shares immediately (i.e. September 2, 2022) before the date of which the Share Options were granted, i.e. September 5, 2022, was HK\$1.310. The fair value of the Share Options at the date of grant was HK\$1.310.

CORPORATE GOVERNANCE/OTHER INFORMATION

POST-IPO SHARE OPTION SCHEME (Continued)

During the Reporting Period, the vesting of the above-mentioned Share Options granted under the Post-IPO Share Option Scheme was not restricted by any performance target or clawback mechanism of the Group or each eligible participant. During the Reporting Period, except as disclosed above, the Company did not grant or agree to grant other Share Options under the Post-IPO Share Option Scheme. On January 1, 2023 and June 30, 2023, both of the total number of Share Options granted under the Post-IPO Share Option Scheme was 63,514,812, both accounting for 7.983% of the total number of issued Shares (i.e. 795,658,000 Shares). The number of Shares that may be issued in respect of the options granted under the Post-IPO Share Option Scheme during the Reporting Period divided by the weighted average number of Shares in issued during the Reporting Period was 0.860%. As of the date of this report, the total number of Shares that can be issued under the Post-IPO Share Option Scheme is 70,178,644, accounting for 8.820% of the total number of issued Shares (i.e. 795,658,000 Shares).

After the Reporting Period, on July 17, 2023, the Company granted a total of 63,514,812 Share Options to 22 grantees of the Group under the Post-IPO Share Option Scheme, with an exercise price of HK\$0.8160 per Share, in order to subscribe for a total of 63,514,812 Shares, accounting for about 7.9827% of the total issued Shares as of the grant date (i.e. July 17, 2023). For details, please refer to the announcement of the Company dated July 17, 2023 and the circular of the Company dated July 31, 2023. As of the Latest Practicable Date, there are no options to be granted under the Post-IPO Share Option Scheme.

RESTRICTED SHARE UNIT SCHEME

On October 18, 2021 (the “**Adoption Date**”), the Company approved and adopted the RSU Scheme to (i) recognize and reward Participants for their contribution to the Group; (ii) to attract best available personnel to provide service to the Group; and (iii) to provide additional incentives to them to remain with and further promote the success of the Group’s business. Subject to any early termination as may be determined by the Board pursuant to terms of the RSU Scheme, the RSU Scheme shall be valid and effective for a period of ten (10) years commencing on the Adoption Date, after which no further Awards will be granted, but the provisions of the RSU Scheme shall in all other respects remain in full force and effect and the Awards granted during the term of the RSU Scheme may continue to be valid in accordance with their respective terms of grant. The total number of Shares underlying the RSU Scheme (excluding the Shares underlying the restricted share units (the “**RSUs**”) that have lapsed or been cancelled in accordance with the relevant provisions of the RSU Scheme) shall not exceed 80,000,000 Shares, representing 10% of the issued Shares as of the Adoption Date. For details of the principal terms of the RSU Scheme, please refer to the announcement of the Company dated October 18, 2021.

As of June 30, 2023, the remaining life of the RSU Scheme is about 8 years.

Participants of the RSU Scheme include: (i) full-time employees (including directors, officers and members of senior management) of any member of the Group; (ii) any non-executive directors (including independent non-executive directors) of the Group or any Invested Entity; (iii) any adviser (professional or otherwise), consultant to or expert in any area of business or business development of any member of the Group or any Invested Entity; and (iv) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group (the “**Participants**”).

CORPORATE GOVERNANCE/OTHER INFORMATION

RESTRICTED SHARE UNIT SCHEME (Continued)

As of June 30, 2023, the trustee appointed by the Company for the administration of the RSU Scheme has purchased a total of 21,021,000 Shares in the market, representing approximately 2.642% of the total number of Shares in issue as at the Latest Practicable Date (i.e., 795,658,000 Shares). On September 5, 2022 (after trading hours), the Company granted a total of 1,868,186 RSUs to one Director and four employees of the Group under the RSU Scheme, accounting for about 0.235% of the total issued Shares as of the Latest Practicable Date. For details, please refer to the announcement of the Company dated September 5, 2022.

As of June 30, 2023, the trustee held a total of 21,021,000 Shares on trust for the benefit of the participants pursuant to the RSU Scheme, of which (i) 1,868,186 Shares will be used to satisfy the RSUs granted on September 5, 2022; and (ii) the remaining 19,152,814 Shares, representing approximately 2.407% of the total issued Shares as at the Latest Practicable Date, will be made available for future grant of RSUs.

The validity of RSUs is ten (10) years after the date of grant. The 1,868,186 RSUs granted to the grantee of RSUs will be vested as follows:

- (i) About one-third of the RSUs will vest on September 5, 2023;
- (ii) About one third of the RSUs will vest on September 5, 2024; and
- (iii) About one third of the RSUs will vest on September 5, 2025.

Particulars and movements of the RSUs granted to the Directors, chief executives, senior management and other employees of the Group in under the RSU Scheme during the Reporting Period are as follows:

Name of grantee ⁽¹⁾	Date of grant	Vesting Date ⁽²⁾⁽³⁾	Exercise price per unit (HKD)	Number of Shares subject to RSUs that have not been exercised as at January 1, 2023	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Number of Shares subject to RSUs that have not been exercised as at June 30, 2023
Director									
Mr. Lin	September 5, 2022	September 5, 2023	-	186,666	-	-	-	-	186,666
		September 5, 2024	-	186,667	-	-	-	-	186,667
		September 5, 2025	-	186,667	-	-	-	-	186,667
Other employees	September 5, 2022	September 5, 2023	-	223,396	-	-	-	-	223,396
		September 5, 2024	-	223,395	-	-	-	-	223,395
		September 5, 2025	-	223,395	-	-	-	-	223,395
Total				1,230,186	-	-	-	1,230,186	

CORPORATE GOVERNANCE/OTHER INFORMATION

RESTRICTED SHARE UNIT SCHEME (Continued)

Notes:

- (1) There are no RSUs granted to suppliers of goods or services or other participants.
- (2) The validity period of the granted RSUs will be ten (10) years from the date of grant (i.e. September 5, 2022).
- (3) The closing price of the Shares immediately before the grant date (i.e. September 5, 2022) of the RSUs (i.e. September 2, 2022) was HK\$1.310. The fair value of RSUs at the date of grant is HK\$1.310.

The vesting of RSUs granted to the grantee of RSUs is not restricted by any performance target or clawback mechanism of the Group or the grantee of RSUs. During the Reporting Period, except as disclosed above, as of the date of this report, the Company did not grant or agree to grant, vest, transfer, expire or cancel any RSUs according to the RSU Scheme.

By order of the Board
Netjoy Holdings Limited
XU Jiaqing
Chairman of the Board

Shanghai, China, August 25, 2023

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended June 30, 2023

	Notes	Six months ended June 30,	
		2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
REVENUE	4	1,620,746	1,618,094
Cost of sales		(1,523,728)	(1,520,599)
Gross profit		97,018	97,495
Other income and gains	4	18,482	26,752
Selling and distribution expenses		(7,882)	(5,934)
Administrative expenses		(39,482)	(28,373)
Impairment losses on financial assets, net		(13,899)	(290)
Research and development expenses		(5,469)	(4,923)
Other expenses		(1,767)	(817)
Finance costs	6	(10,428)	(13,545)
Share of profits and losses of:			
Associates	14	178	(203)
PROFIT BEFORE TAX	5	36,751	70,162
Income tax expense	9	(5,287)	(7,972)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		31,464	62,190
Profit and total comprehensive income attributable to:			
Owners of the parent		33,504	62,190
Profit or loss of minority shareholders		(2,040)	–
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted			
– For profit for the period	11	RMB4.3 cents	RMB8.0 cents

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2023

	Notes	As at June 30, 2023 RMB'000 (unaudited)	As at December 31, 2022 RMB'000 (unaudited)
NON-CURRENT ASSETS			
Property, plant and equipment	12	5,330	4,930
Right-of-use assets		6,689	8,710
Intangible assets	13	35,076	31,710
Prepayments, other receivables and other assets	16	758	4,160
Deferred tax assets	22	54,187	50,436
Investments in associates	14	34,572	4,394
Held-to-maturity investment		6,120	–
Financial assets at fair value through profit or loss		48,014	37,534
Total non-current assets		190,746	141,874
CURRENT ASSETS			
Inventories		18,502	68,810
Trade receivables and bills	15	1,599,931	1,570,887
Prepayments, other receivables and other assets	16	406,333	276,715
Restricted cash	18	168	11,117
Cash and cash equivalents	18	526,117	279,690
Held-to-maturity investment		11,831	–
Financial assets at fair value through profit or loss		13,634	–
Total current assets		2,576,516	2,207,219
CURRENT LIABILITIES			
Trade payables	19	539,764	241,983
Other payables and accruals	20	160,716	97,062
Interest-bearing bank borrowing	21	601,414	574,725
Lease liabilities		4,879	5,088
Contract liabilities	17	36,654	36,535
Tax payable		16,962	18,218
Total current liabilities		1,360,389	973,611
NET CURRENT ASSETS		1,216,127	1,233,608
TOTAL ASSETS LESS CURRENT LIABILITIES		1,406,873	1,375,482

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2023

	<i>Notes</i>	As at June 30, 2023 RMB'000 (unaudited)	As at December 31, 2022 RMB'000 (unaudited)
NON-CURRENT LIABILITIES			
Lease liabilities		1,510	3,168
Deferred tax liabilities		759	759
Deferred income		3,045	626
Total non-current liabilities		5,314	4,553
NET ASSETS			
EQUITY			
Equity attributable to owners of the parent			
Share capital	23	148	148
Treasury shares		(40,934)	(40,526)
Reserves	24	1,444,402	1,411,324
Total equity attributable to owners of parent company		1,403,616	1,370,946
Minority shareholders' equity		(2,057)	(17)
TOTAL EQUITY		1,401,559	1,370,929

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended June 30, 2023

	Attributable to owners of the parent									
	Share capital RMB'000	Treasury shares RMB'000	Share option reserve RMB'000	Capital reserve RMB'000	Statutory surplus reserve RMB'000	Fair value reserve of financial assets at fair value through other comprehensive income RMB'000	Retained profits RMB'000	Total RMB'000	Minority shareholders' equity RMB'000	Total equity RMB'000
At January 1, 2022	148	(36,670)	12,197	1,229,544	46,459	(400)	331,403	1,582,681	-	1,582,681
Profit and total comprehensive income for the period	-	-	-	-	-	-	62,190	62,190	-	62,190
Shares repurchased	-	(454)	-	-	-	-	-	(454)	-	(454)
Equity-settled share option arrangements	-	-	2,774	-	-	-	-	2,774	-	2,774
Dividends had been declared	-	-	-	-	-	-	(33,898)	(33,898)	-	(33,898)
Transfer from retained profits	-	-	-	-	1,502	-	(1,502)	-	-	-
At June 30, 2022	148	(37,124)	14,971	1,229,544	47,961	(400)	358,193	1,613,293	-	1,613,293
At January 1, 2023	148	(40,526)	16,273	1,229,544	46,459	(400)	119,448	1,370,946	(17)	1,370,929
Profit/(loss) and total comprehensive income for the period	-	-	-	-	-	-	33,504	33,504	(2,040)	31,464
Shares repurchased	-	(408)	-	-	-	-	-	(408)	-	(408)
Equity-settled share option arrangements	-	-	2,175	-	-	-	-	2,175	-	2,175
Acquisition of subsidiaries	-	-	-	(2,601)	-	-	-	(2,601)	-	(2,601)
Transfer from retained profits	-	-	-	-	1,801	-	(1,801)	-	-	-
At June 30, 2023	148	(40,934)	18,448	1,226,943	48,260	(400)	151,151	1,403,616	(2,057)	1,401,559

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended June 30, 2023

	Notes	Six months ended June 30,	
		2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		31,464	62,190
Adjustments for:			
Share of (profits)/losses of associates	14	(178)	203
Interest income	4	(1,058)	(4,672)
Finance costs	6	10,428	13,545
Impairment losses on financial assets, net	15	13,899	290
Depreciation of property, plant and equipment	12	1,760	1,816
Depreciation of right-of-use assets		2,743	3,169
Amortisation of intangible assets	13	4,232	3,090
Loss on disposal of items of non-current assets		5	627
Investment income of financial assets at fair value through profit or loss		(3,043)	–
Effect of foreign exchange rate changes, net		1,752	(477)
Share-based payment expenses		2,175	2,774
		64,179	82,555
Decrease in inventories		50,308	–
Increase in trade receivables		(42,942)	(233,188)
Increase in prepayments, other receivables and other assets		(133,369)	42,600
Decrease in restricted cash		10,949	–
Increase in trade payables		297,780	282,193
Increase in other payables and accruals		75,835	33,419
Increase/(decrease) in contract liabilities		119	(9,355)
Cash (used in)/generated from operations		322,859	208,224
Interest received	4	1,058	4,672
Interest paid		(10,355)	(123)
Income tax paid		(164)	(18,629)
Net cash used in operating activities		313,398	194,144

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended June 30, 2023

	Notes	Six months ended June 30,	
		2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment	12	(2,165)	(304)
Cash received from investment income		5,123	–
Additions to intangible assets		(4,528)	(5,870)
Additions to financial assets at fair value through profit or loss		(44,145)	(20,500)
Investments in associates		(30,000)	(4,200)
Net cash flows used in investing activities		(75,715)	(30,874)
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank loans		441,198	361,000
Repayment of bank loans		(417,464)	(426,500)
Increase in restricted cash		–	179,529
Principal portion of lease payments		(2,753)	(1,718)
Capital injection from non-controlling shareholders		(408)	(454)
Interest paid		(10,077)	(17,091)
Net cash flows used in financing activities		10,496	94,766
NET INCREASE IN CASH AND CASH EQUIVALENTS			
		248,179	258,036
Cash and cash equivalents at the beginning of period		279,690	355,752
Effect of foreign exchange rate changes, net		(1,752)	477
CASH AND CASH EQUIVALENTS AT END OF PERIOD		526,117	614,265
ANALYSIS OF BALANCE OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents as stated in the statement of financial position	18	526,117	614,265

NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended June 30, 2023

1. CORPORATE AND GROUP INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on March 29, 2019. The registered office address of the Company is 4th Floor, Harbour Place, 103 South Church Street, George Town, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands.

The Company and its subsidiaries and consolidated affiliated entities (collectively referred to as the “**Group**”) were principally involved in the business of providing online advertising services in the People’s Republic of China (the “**PRC**”).

Information about subsidiaries

Particulars of the Company’s principal subsidiaries are as follows:

Name	Place of incorporation/ registration and business	Issued ordinary/ Registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct %	Indirect %	
MIX Technology Co., Ltd. (合光(寧波) 科技有限公司) (note (a))	PRC/Mainland China	USD10,000,000	–	100	Marketing services
Yunxiang Shuke (Xi’an) Information Technology Co., Ltd. (云想數科(西安) 信息技術有限公司) (note (a))	PRC/Mainland China	USD10,000,000	–	100	Marketing services
Netjoy International Limited	British Virgin Islands	USD50,000	100	–	Investment holding
Yunxiang Shuke (Shanghai) Information Technology Co., Ltd. (“ Yunxiang Information ”) (云想數科(上海) 信息技術有限公司) (note (a))	PRC/Mainland China	RMB50,000,000	–	100	Technical and consultation services
Letui (Shanghai) Culture Broadcast Co., Ltd. (樂推(上海) 文化傳播有限公司) (note (b))	PRC/Mainland China	RMB10,000,000	–	100	Marketing services
Hainan Yunjing Xingzhan Private Equity Fund Management Co., Ltd. (海南云景星展私募基金管理有限公司) (note (b))	PRC/Mainland China	RMB10,000,000	–	100	Capital market service
Yunxiang Entertainment (Shanghai) Co., Ltd. (云想娛樂(上海) 有限公司) (note (b))	PRC/Mainland China	RMB5,000,000	–	100	Technical and consultation services
Letui Chuanshi (Shanghai) Information Technology Co., Ltd. (樂推傳視(上海) 信息技術有限公司) (note (b))	PRC/Mainland China	RMB5,000,000	–	100	Technical and consultation services

NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended June 30, 2023

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Name	Place of incorporation/ registration and business	Issued ordinary/ Registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct %	Indirect %	
Letui Zhixiao (Shanghai) Cultural Communication Co., Ltd. (樂推智效(上海)文化傳播有限公司) (note (b))	PRC/Mainland China	RMB5,000,000	–	100	Marketing services
Letui Zhixiao (Lishui) Culture Communication Co., Ltd. (樂推智效(麗水)文化傳播有限公司) (note (b))	PRC/Mainland China	RMB2,000,000	–	100	Technical and consultation services
Horgos Quantum Dynamic Culture Media Co., Ltd. (霍爾果斯量子動態文化傳媒有限公司) (note (b))	PRC/Mainland China	RMB1,000,000	–	100	Marketing services
Guangzhou Guomeng Network Technology Co., Ltd. (廣州果盟網絡科技有限公司) (note (b))	PRC/Mainland China	RMB1,000,000	–	100	Technical and consultation services
Qizheng (Shanghai) Culture Communication Co., Ltd. (啟征(上海)文化傳播有限公司) (note (b))	PRC/Mainland China	RMB1,000,000	–	100	Technical and consultation services
Horgos Large Amount Information Technology Co., Ltd. (霍爾果斯爆量信息技術有限公司) (note (b))	PRC/Mainland China	RMB1,000,000	–	100	Marketing services
Horgos Quantum Data Services Co., Ltd. (霍爾果斯量子數據服務有限公司) (note (b))	PRC/Mainland China	RMB1,000,000	–	100	Marketing services
Shanghai Leman Yunxiang E-commerce Co., Ltd. (上海樂曼云享電子商務有限公司) (note (b))	PRC/Mainland China	RMB1,000,000	–	100	Marketing services
Letui Chuanpin (Shanghai) E-commerce Co., Ltd. (樂推傳品(上海)電子商務有限公司) (note (b))	PRC/Mainland China	RMB1,000,000	–	100	Marketing services
Zheng Han Bio-tech Research Co., Limited (正漢生物科技研發有限公司)	Hong Kong, China	HKD20,000,000	100	–	Investment holding

NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended June 30, 2023

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Name	Place of incorporation/ registration and business	Issued ordinary/ Registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct %	Indirect %	
Netjoy International (Hong Kong) Limited	Hong Kong, China	HKD1	–	100	Technical and consultation services
Yunwei Chuangshi (Shanghai) Information Technology Co., Ltd. (云未創視(上海)信息技術 有限公司) (note (b))	PRC/Mainland China	RMB1,250,000	–	60	SaaS
Indirectly controlled by the Company pursuant to the contractual agreements					
Netjoy (Shanghai) Network Technology Co., Ltd. ("Netjoy Network") (note (b))	PRC/Mainland China	RMB53,528,203	–	100	Entertainment-oriented content platform operation
Tradeplus (Shanghai) Information Technology Co., Ltd. ("Tradeplus") (連山加(上海)信息技術有限公司) (note (b))	PRC/Mainland China	RMB5,000,000	–	100	SaaS

Notes:

- (a) The entity is registered as a wholly-foreign-owned enterprise under PRC law.
- (b) The entity is registered as a limited liability company under PRC law.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the period or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended June 30, 2023

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Netjoy Network and Tradeplus provide value added telecommunications services and radio and TV program production and operation services to customers. Due to regulatory restrictions on foreign ownership in providing value added telecommunications services and prohibition on foreign ownership in providing radio and TV program production and operation services in the PRC, the wholly-owned subsidiary of the Company, Yunxiang Information has entered into Contractual Arrangements with Netjoy Network and Tradeplus and their respective registered shareholders. The arrangements of the Contractual Arrangements enable Yunxiang Information to effectively control, recognise and receive substantially all the economic benefit of the business and operations of Netjoy Network and Tradeplus.

In summary, the Contractual Arrangements enable our Group to, among others:

- receive substantially all of the economic benefits from Netjoy Network and Tradeplus Video in consideration for the services provided by Yunxiang Information to Netjoy Network and Tradeplus;
- exercise effective control over Netjoy Network and Tradeplus; and
- hold an exclusive option to acquire all or part of the equity interests in and/or the assets of Netjoy Network and Tradeplus when and to the extent permitted by the PRC laws and regulations.

Accordingly, Netjoy Network and Tradeplus are controlled by the Company based on the Contractual Arrangements though the Company does not have any direct or indirect equity interest in Netjoy Network and Tradeplus.

2.1 BASIS OF PREPARATION

These condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) (which include all International Financial Reporting Standards, International Accounting Standards (“IASs”) and Interpretations) issued by the International Accounting Standards Board (the “IASB”) and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for certain financial instruments which have been measured at fair value. These condensed consolidated financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the condensed consolidated financial statements of the Group for the six months ended June 30, 2023. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended June 30, 2023

2.1 BASIS OF PREPARATION (Continued)

Basis of consolidation (Continued)

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The condensed consolidated financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary; (ii) the carrying amount of any non-controlling interest; and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received; (ii) the fair value of any investment retained; and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended June 30, 2023

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the unaudited condensed consolidated financial statements are consistent with those applied in the preparation of the Group's annual financial statements for the year ended 31 December 2022, except for the adoption of the following revised IFRSs for the first time for the current period's unaudited condensed consolidated financial statements.

Amendments to IFRS 3,	<i>Reference to the Conceptual Framework</i>
Amendments to IAS 16,	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to IAS 37,	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
<i>Annual Improvements to IFRSs 2018–2020</i>	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41

The amendments did not have any significant impact on the Group's unaudited condensed consolidated financial statements.

3. OPERATING SEGMENT INFORMATION

The Group is principally engaged in providing online marketing solutions services, SaaS service, pan-entertainment content services and other business such as live streaming to customers in Mainland China.

IFRS 8 *Operating Segments* requires operating segments to be identified on the basis of internal reporting about components of the Group that are regularly reviewed by the chief operating decision-maker in order to allocate resources to segments and to assess their performance. The information reported to the directors of the Company, who are the chief operating decision makers, for the purpose of resource allocation and assessment of performance does not contain discrete operating segment financial information and the directors reviewed the financial results of the Group as a whole. Therefore, no further information about the operating segment is presented.

Geographical information

During the six months ended June 30, 2023, the Group operated within one geographical area because all of its revenue was generated in Mainland China and all of its non-current assets/capital expenditure were located/incurred in Mainland China. Accordingly, no geographical information is presented.

The non-current asset information above is based on the locations of the assets and excludes financial instruments, prepayments and deferred tax assets.

Information about one major customer

Revenue of approximately RMB162,693,221 for the six months ended June 30, 2023 (six months ended June 30, 2022: RMB191,758,822) was derived from sales to a single customer, including sales to a group of entities which are known to be under common control with that customer.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended June 30, 2023

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Six months ended June 30,	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Revenue from contracts with customers	1,620,746	1,618,094

Revenue from contracts with customers

(i) Disaggregated revenue information

	Six months ended June 30,	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Types of services		
Online marketing solutions services		
– All-in-one services	1,514,125	1,543,862
– Advertisement distribution services	27,987	44,196
SaaS service	5,535	11,668
Other business	73,099	18,368
Total revenue from contracts with customers	1,620,746	1,618,094
Timing of revenue recognition		
Marketing services transferred at a point in time	1,612,452	1,603,742
Marketing services transferred over time	8,294	14,352
Total revenue from contracts with customers	1,620,746	1,618,094

The following table shows the amounts of revenue recognised in the current accounting period that were included in the contract liabilities at the beginning of the Reporting Period:

	Six months ended June 30,	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Revenue recognised that was included in contract liabilities at the beginning of the Reporting Period:	36,535	33,343

There is no revenue recognised in the current accounting period from performance obligations satisfied in previous periods for the six months ended June 30, 2022 and June 30, 2023, respectively.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended June 30, 2023

4. REVENUE, OTHER INCOME AND GAINS (Continued)

Revenue from contracts with customers (Continued)

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Online marketing solutions services

The performance obligation is satisfied on a user's optimised click (oCPC) on one of the customer sponsored links or on optimised the number of times that the advertisement has been displayed for cost per thousand impression advertising arrangement (oCPM).

SaaS service

The Group provides SaaS service to advertisers and separate service contracts are signed for these services. The performance obligation is satisfied on a user's optimised click (oCPC) on one of the customer-sponsored links or on optimised the number of times that the advertisement has been displayed for cost per thousand impression advertising arrangement (oCPM) or over the subscription period on a straight-line basis.

Other business

It includes the original pan-entertainment business as well as live streaming businesses.

Pan-entertainment business performance obligation is satisfied on a pro-rata basis over the contractual term for cost per time advertising arrangements, commencing on the start date of the display of the advertisement or on the number of times that the advertisement has been displayed for cost per thousand impression advertising arrangement (CPM). Live streaming business performance obligation is satisfied at a point in time when the live broadcast duration and sale transaction of goods is completed.

The transaction prices allocated to the remaining performance obligations unsatisfied as at June 30, 2023 are RMB36,654,000 (June 30, 2022: RMB23,989,000).

All the remaining performance obligations unsatisfied as at June 30, 2023 are expected to be recognised within one year as the performance obligations are part of contracts that have an original expected duration of one year or less.

An analysis of other income and gains is as follows:

	Six months ended June 30,	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Other income and gains		
Bank interest income	1,058	4,672
Government grants	14,326	21,604
Others	3,098	476
	18,482	26,752

NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended June 30, 2023

5. PROFIT BEFORE TAX

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

	Notes	Six months ended June 30,	
		2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Cost of services provided		1,523,728	1,520,599
Depreciation of property, plant and equipment	12	1,760	1,816
Depreciation of right-of-use assets		2,743	3,169
Amortisation of intangible assets		59	3,090
Research and development costs (excluding amortisation of intangible assets, depreciation of property, plant and equipment and employee benefit expense)		419	1,342
Lease payments not included in the measurement of lease liabilities		289	150
Government grants	4	(14,326)	(21,604)
Employee benefit expense (excluding directors' and chief executive's remuneration (note 7)):			
Wages and salaries		21,345	19,319
Pension scheme contributions		3,022	2,557
Impairment losses on trade receivables	15	13,899	290
Bank interest income	4	(1,058)	(4,672)
Interest on lease liabilities	6	164	123
Interest on interest-bearing bank borrowings	6	10,264	13,422
Foreign exchange differences, net		1,752	(477)

6. FINANCE COSTS

An analysis of the Group's finance costs is as follows:

	Six months ended June 30,	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Interest on interest-bearing bank and other borrowings	10,264	13,422
Interest on lease liabilities	164	123
	10,428	13,545

NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended June 30, 2023

7. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executives' remuneration for the period, disclosed pursuant to the Listing Rules, sections 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	Six months ended June 30,	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Other emoluments:		
Salaries, allowances and benefits in kind	1,549	1,566
Equity-settled share option expense	387	422
Pension scheme contributions	132	120
	2,068	2,108

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the period were as follows:

	Six months ended June 30,	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Mr. Chen Changhua	100	100
Dr. Ru Liyun	75	75
Ms. Cui Wen	75	75
	250	250

NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended June 30, 2023

7. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

(b) Executive directors and non-executive directors

	Salaries, allowances and benefits in kind RMB'000 (unaudited)	Equity-settled share option expense RMB'000 (unaudited)	Pension scheme Contributions RMB'000 (unaudited)	Total Remuneration RMB'000 (unaudited)
Six months ended June 30, 2023				
Executive Directors:				
Mr. Wang Chen	332	68	33	433
Mr. Xu Jiaqing	332	104	33	469
Mr. Lin Qian	381	197	33	611
Ms. Zha Lijun	254	18	33	305
	1,299	387	132	1,818
Non-executive Directors:				
Mr. Dai Liqun	–	–	–	–
Mr. Wang Jianshuo	–	–	–	–
	1,299	387	132	1,818
Six months ended June 30, 2022				
Executive Directors:				
Mr. Wang Chen	340	145	30	515
Mr. Xu Jiaqing	340	221	30	591
Mr. Lin Qian	364	–	30	394
Ms. Zha Lijun	272	56	30	358
	1,316	422	120	1,858
Non-executive Directors:				
Mr. Dai Liqun	–	–	–	–
Mr. Wang Jianshuo	–	–	–	–
	1,316	422	120	1,858

No bonuses and directors' fees have been paid to the Company's executive directors and non-executive directors for the six months ended June 30, 2022 and the six months ended June 30, 2023. There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the period.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended June 30, 2023

8. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the period included three directors (June 30, 2022: three), details of whose remuneration are set out in note 7 above. Details of the remuneration for the period of the remaining two (June 30, 2022: two) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	Six months ended June 30,	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Salaries, allowances and benefits in kind	721	548
Equity-settled share option expense	73	405
Pension scheme contributions	59	57
	853	1,010

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following band is as follows:

	Six months ended June 30, Number of employees	
	2023	2022
Nil to HKD1,000,000	2	2

No bonuses have been paid to the Company's five highest paid employees for the six months ended June 30, 2022 and the six months ended June 30, 2023.

9. INCOME TAX

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

Cayman Islands

Under the current laws of the Cayman Islands, the Company is not subject to tax on income or capital gains. In addition, upon payments of dividends by the Company to its shareholders, no Cayman Islands withholding tax is imposed.

British Virgin Islands

Under the current laws of the BVI, Netjoy Holdings Limited is not subject to tax on income or capital gains. In addition, upon payments of dividends by Netjoy Holdings Limited to its shareholder, no BVI withholding tax is imposed.

Hong Kong

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the six months ended June 30, 2023 (June 30, 2022: Nil).

NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended June 30, 2023

9. INCOME TAX (Continued)

Mainland China

Pursuant to the Enterprise Income Tax Law of the PRC and the respective regulations, the subsidiaries which operate in Mainland China are subject to Enterprise Income Tax (“EIT”) at a rate of 25% on the taxable income. Certain subsidiaries of the Group in the PRC were approved as High and New Technology Enterprise, and are subject to a preferential income tax rate of 15% in certain years.

According to Several Opinions of the State Council on Supporting the Construction of Kashgar and Horgors Economic Development Zones (國務院關於支持喀什霍爾果斯經濟開發區建設的若干意見) promulgated on 30 September 2011, and Notice of the Preferential Policies of Enterprise Income Tax in the Two Special Economic Development Zones of Kashgar and Horgors in Xinjiang (財政部、國家稅務總局關於新疆喀什霍爾果斯兩個特殊經濟開發區企業所得稅優惠政策的通知) promulgated by the Ministry of Finance of the PRC (中國財政部) and the State Administration of Taxation of the PRC (中國國家稅務總局) on 29 November 2011, from 2010 to 2020, the newly established enterprises in Kashgar and Horgors within the Catalog of Encouraged Industries in Poverty Areas of Xinjiang for Preferential Tax Treatment (新疆困難地區重點鼓勵發展產業企業所得稅優惠目錄) granted the preferential tax treatment of five-year EIT exemption beginning from the first taxable year after the becoming profitable. Upon the expires of the tax exemption period, the local share of EIT would be exempted for another five years, and a subsidy would be granted by the Finance Bureau of the Development Zone in the form of rewards. Quantum Culture Media was entitled to the PRC tax bureau for EIT exemption from 1 January 2017 to 31 December 2021 and the exemption of EIT charged by local tax bureau according to Preferential Filing Record of EIT (企業所得稅優惠事項備案表) from 1 January 2022 to 31 December 2026 and obtained the related approval from the PRC tax bureau, which takes account for 40% of the total EIT.

According to the Implementation Opinions on Accelerating the Construction of Kashgar and Horgos Economic Development Zones (關於加快喀什、霍爾果斯經濟開發區建設的實施意見), from January 1, 2010 to December 31, 2020, enterprises newly established in the development zone that fall within the scope of the Catalogue of Enterprise Income Tax Preferences for Industries Encouraged to Develop in Difficult Areas of Xinjiang (新疆困難地區重點鼓勵發展產業企業所得稅優惠目錄) will be exempted from enterprise income tax for five years from the tax year in which the first production and operation income is obtained. After the tax exemption period expires, the local share of EIT will be exempted for another five years, and the subsidy will be granted by the Finance Bureau of the Development Zone in the form of rewards. According to Preferential Filing Record of EIT (企業所得稅優惠事項備案表), thereinto, Quantum Data, the third-tier subsidiary of the Company, obtained the approval from the PRC tax bureau for entitlement of EIT exemption from 1 January 2022 to 31 December 2026.

Pursuant to the Notice on Enterprise Income Tax Policies for the Integrated Circuit Design and Software Industries (關於集成電路設計和軟件產業企業所得稅政策的公告) issued by the Ministry of Finance of the PRC and the State Administration of Taxation of the PRC and with approval from the tax authorities in charge, one of the Group’s subsidiaries, Tradeplus, is entitled to an exemption from CIT for two years, commencing from 2022, the first year that Tradeplus generates taxable profit, and a deduction of 50% on the CIT rate for the following three years.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended June 30, 2023

9. INCOME TAX (Continued)

Mainland China (Continued)

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

	Six months ended June 30,	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Current income tax:		
Mainland China	9,036	7,896
Hong Kong	2	–
Deferred income tax	(3,751)	76
	5,287	7,972

A reconciliation of the tax expense applicable to profit before tax at the statutory rate of 25% for Mainland China in which the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate, and a reconciliation of the applicable rate to the effective tax rate, are as follows:

	Six months ended June 30,			
	2023		2022	
	RMB'000 (unaudited)	%	RMB'000 (unaudited)	%
Profit before tax	36,751		70,162	
Tax at the statutory tax rate	9,187	25	17,540	25
Preferential tax rates enacted by local authority	(7,779)	(21)	(10,098)	(14)
Additional deduction on research and development expenses	(491)	(1)	(523)	(1)
Effect on deferred tax of changes in tax rates	–	–	40	–
Tax losses and temporary differences not recognised	4,910	13	1,210	2
Tax losses utilised from previous periods	(598)	(2)	(526)	(1)
Expenses not deductible for tax	58	–	329	–
Tax charge at the effective rate	5,287	14	7,972	11

NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended June 30, 2023

10. DIVIDENDS

No dividends had been declared for the six months ended June 30, 2023.

11. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculations of the basic earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 775,149,260 (June 30, 2022: 778,280,420) in issue during the period, as adjusted to reflect the rights issue during the period.

No adjustment has been made to the basic earnings per share amounts presented for the six months ended June 30, 2022 and 2023 in respect of a dilution as the Group had no potentially ordinary dilutive ordinary shares in issue during the six months ended June 30, 2022 and 2023.

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

	Six months ended June 30,	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Earnings		
Profit attributable to ordinary equity holders of the parent	33,504	62,190
	Number of shares	
	Six months ended June 30,	2022
	2023	(unaudited)
	(unaudited)	
Shares		
Weighted average number of ordinary shares in issue used in the basic and diluted earnings per share calculation	775,149,260	778,280,420

NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended June 30, 2023

12. PROPERTY, PLANT AND EQUIPMENT

	Furniture and fixtures RMB'000	Office equipment RMB'000	Leasehold improvements RMB'000	Total RMB'000
(unaudited)				
June 30, 2023				
At January 1, 2023:				
Cost	356	7,847	5,322	13,525
Accumulated depreciation	(92)	(4,482)	(4,021)	(8,595)
Net carrying amount	264	3,365	1,301	4,930
At January 1, 2023, net of accumulated depreciation	264	3,365	1,301	4,930
Additions	64	413	1,688	2,165
Disposals	–	(5)	–	(5)
Depreciation provided during the period	(25)	(972)	(763)	(1,760)
At June 30, 2023, net of accumulated depreciation	303	2,801	2,226	5,330
At June 30, 2023:				
Cost	418	8,223	4,811	13,452
Accumulated depreciation	(115)	(5,422)	(2,585)	(8,122)
Net carrying amount	303	2,801	2,226	5,330
(audited)				
December 31, 2022				
At January 1, 2022:				
Cost	346	7,451	5,500	13,297
Accumulated depreciation	(47)	(2,626)	(3,031)	(5,704)
Net carrying amount	299	4,825	2,469	7,593
At January 1, 2022, net of accumulated depreciation	299	4,825	2,469	7,593
Additions	65	806	683	1,554
Disposals	(49)	(237)	(340)	(626)
Depreciation provided during the year	(51)	(2,029)	(1,511)	(3,591)
At December 31, 2022, net of accumulated depreciation	264	3,365	1,301	4,930
At December 31, 2022:				
Cost	356	7,847	5,322	13,525
Accumulated depreciation	(92)	(4,482)	(4,021)	(8,595)
Net carrying amount	264	3,365	1,301	4,930

NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended June 30, 2023

13. INTANGIBLE ASSETS

	Use right of a website RMB'000	Software RMB'000	Total RMB'000
(unaudited)			
June 30, 2023			
Cost at January 1, 2023, net of accumulated amortisation	2,595	29,115	31,710
Additions	–	7,598	7,598
Amortisation provided during the period	(292)	(3,940)	(4,232)
At June 30, 2023	2,303	32,773	35,076
At June 30, 2023:			
Cost	9,379	46,329	55,708
Accumulated amortisation	(7,076)	(13,556)	(20,632)
Net carrying amount	2,303	32,773	35,076
(audited)			
December 31, 2022			
Cost at January 1, 2022, net of accumulated amortisation	7,156	19,283	26,439
Additions	–	16,287	16,287
Amortisation provided during the year	(873)	(6,455)	(7,328)
Impairment during the year	(3,688)	–	(3,688)
At December 31, 2022	2,595	29,115	31,710
At December 31, 2022 and at January 1, 2023:			
Cost	9,379	38,731	48,110
Accumulated amortisation	(6,784)	(9,616)	(16,400)
Net carrying amount	2,595	29,115	31,710

NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended June 30, 2023

14. INVESTMENTS IN ASSOCIATES

	Six months ended June 30,	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Share of net assets	34,572	9,520

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	Six months ended June 30,	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Share of the associates' profit/(loss) for the period	178	(203)
Share of the associates' total comprehensive income/(loss)	178	(203)
Aggregate carrying amount of the Group's investments in the associates	34,572	9,520

Particulars of the Group's associates are as follows:

Name	Particulars of issued shares held	Place of registration	Percentage of equity attributable to the Group	Principal activities
Shanghai Buwei Information Technology Co., Ltd. (" Buwei ") (上海不維信息技術有限公司)	Ordinary shares	Shanghai	20%	Marketing services
Tianjin Yunlin Culture Broadcast Co., Ltd. (" Yunlin ") (韻林(天津)文化傳媒有限公司)	Ordinary shares	Tianjin	30%	Radio and TV programs production and operation services
Youshi Integration (Beijing) Public Relations Consulting Co., Ltd. (" Youshi ") (優視整合(北京)公關顧問有限公司)	Ordinary shares	Beijing	5%	Brand PR and brand event planning services
Shanju (Shanghai) Culture Broadcast Co., Ltd. (" Shanju Culture ") (閃劇(上海)文化傳媒有限公司)	Ordinary shares	Shanghai	30%	Radio and TV programs production and operation services
Shenzhen Jiusong Kunxin Investment Center (Limited Partnership) (" Jiusong ") (深圳九頌坤信投資中心(有限合伙))	Limited partnership interest	Shenzhen	34.05%	Investment management of science and technology business incubator

NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended June 30, 2023

14. INVESTMENTS IN ASSOCIATES (Continued)

During the Reporting Period, out of the 3 directors of the board of directors of Buwei, 1 director was nominated by the Group and has substantive voting rights in daily operations of Buwei. As a result, Buwei was classified as an associate over which the Group has significant influence since the first investment was made.

During the Reporting Period, out of the 4 directors of the board of directors of Youshi, 1 director was nominated by the Group and has substantive voting rights in daily operations of Buwei. As a result, Youshi was classified as an associate over which the Group has significant influence since the first investment was made.

All of the Group's shareholdings in the associates comprise equity shares held by Netjoy Network, Yunxiang Entertainment and Qizheng Culture.

15. TRADE RECEIVABLES AND NOTES

	As at June 30, 2023 RMB'000 (unaudited)	As at December 31, 2022 RMB'000 (audited)
Notes receivable	210,000	138,917
Trade receivables	1,611,403	1,639,543
Impairment	(221,472)	(207,573)
	1,599,931	1,570,887

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally 30 to 210 days. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentrations of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended June 30, 2023

15. TRADE RECEIVABLES AND NOTES (Continued)

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

	As at June 30, 2023 RMB'000 (unaudited)	As at December 31, 2022 RMB'000 (audited)
Less than 1 year	1,375,763	1,423,735
1 to 2 years	14,168	8,235
	1,389,931	1,431,970

The movements in the loss allowance for impairment of trade receivables are as follows:

	As at June 30, 2023 RMB'000 (unaudited)	As at December 31, 2022 RMB'000 (audited)
At beginning of period	207,573	56,111
Impairment losses, net	13,899	151,462
At end of period	221,472	207,573

NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended June 30, 2023

15. TRADE RECEIVABLES AND NOTES (Continued)

The increase in the loss allowance was due to the following change in the gross carrying amount:

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on ageing analysis of customers that have similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at June 30, 2023 (unaudited)

	Expected credit loss rates	Gross carrying amounts RMB'000	Impairment RMB'000
Defaulted receivables	100.00%	149,517	149,517
Less than 1 year	1.15%	1,391,761	15,998
1 to 2 years	75.43%	57,673	43,505
2 to 3 years	100.00%	3,794	3,794
Over 3 years	100.00%	8,658	8,658
	13.74%	1,611,403	221,472

As at December 31, 2022 (audited)

	Expected credit loss rates	Gross carrying amounts RMB'000	Impairment RMB'000
Defaulted receivables	100.00%	155,668	155,668
Less than 1 year	1.15%	1,440,263	16,528
1 to 2 years	75.43%	33,520	25,285
2 to 3 years	100.00%	4,545	4,545
Over 3 years	100.00%	5,547	5,547
	12.66%	1,639,543	207,573

NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended June 30, 2023

16. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	As at June 30, 2023 RMB'000 (unaudited)	As at December 31, 2022 RMB'000 (audited)
Included in non-current assets:		
Prepayments	758	4,160
Included in current assets:		
Prepayments	251,205	124,695
Other receivables	34,788	17,149
Value-added tax recoverable	103,572	123,221
Deposits	32,364	27,246
	421,929	292,311
Impairment loss	(15,596)	(15,596)
	406,333	276,715

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. As at December 31, 2022 and June 30, 2023, the loss allowance was assessed to be minimal.

17. CONTRACT LIABILITIES

	As at June 30, 2023 RMB'000 (unaudited)	As at December 31, 2022 RMB'000 (audited)
Included in current liabilities		
Online marketing solutions services	36,654	36,535

Contract liabilities include short-term advances received to provide online marketing solutions services. The increase in contract liabilities from 2022 to 2023 was mainly due to the increase in short-term advances received from customers in relation to the provision of online marketing solutions services at the end of the this report.

Contract liabilities primarily consist of the unrecognised revenue on online marketing services from the amount prepaid by customers, where there is still an implied obligation to be provided by the Group.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended June 30, 2023

18. CASH AND BANK BALANCES

	As at June 30, 2023 RMB'000 (unaudited)	As at December 31, 2022 RMB'000 (audited)
Cash and bank balances	526,285	290,807
Denominated in RMB	526,156	217,589
Denominated in HKD	91	364
Denominated in USD	38	72,854
	526,285	290,807
Cash and bank balances	526,285	290,807
Less: Bank loan deposit	(168)	(11,117)
Cash and cash equivalents	526,117	279,690

At the end of the reporting period, the cash and bank balances of the Group denominated in HKD and USD amounted to RMB129,000 (2022: RMB73,218,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

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

19. TRADE PAYABLES

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

	As at June 30, 2023 RMB'000 (unaudited)	As at December 31, 2022 RMB'000 (audited)
Within 90 days	509,409	229,129
91 to 365 days	23,292	9,520
Over 1 year	7,063	3,334
	539,764	241,983

The trade payables are non-interest-bearing and are normally settled within 30 to 90 days.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended June 30, 2023

20. OTHER PAYABLES AND ACCRUALS

	<i>Notes</i>	As at June 30, 2023 RMB'000 (unaudited)	As at December 31, 2022 RMB'000 (audited)
Payroll and bonus payables		7,074	10,181
Other tax payables		23,793	31,657
Collections from customers	(a)	99,287	31,918
Other payables	(b)	30,562	23,306
		160,716	97,062

Notes:

- (a) Collections from customers are collections from customers seeking for advertisement distribution services.
- (b) Other payables are non-interest-bearing and repayable on demand.

21. INTEREST-BEARING BANK BORROWINGS

	As at June 30, 2023 RMB'000 (unaudited)	As at December 31, 2022 RMB'000 (audited)
Current		
Bank loans – not guaranteed	601,414	574,725
	601,414	574,725
Analysed into:		
Bank loans repayable:		
Within one year	601,414	574,725

NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended June 30, 2023

22. DEFERRED TAX ASSETS

The movements in deferred tax assets during the six months ended June 30, 2023 and during the year ended December 31, 2022 are as follows:

	As at June 30, 2023 RMB'000 (unaudited)	As at December 31, 2022 RMB'000 (audited)
At the beginning of the period	50,436	17,559
Deferred tax credited to the profit or loss during the period	3,751	32,877
At the end of the period	54,187	50,436

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5%. The Group is therefore liable for withholding taxes on dividends distributed by the subsidiary established in Mainland China in respect of earnings generated from 1 January 2008.

As of June 30, 2023, the amount of tax losses for which deferred tax assets have not been recognised totalled approximately RMB166,254,000 (2022: RMB80,019,000). Deferred tax assets have not been recognised in respect of certain tax losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

23. SHARE CAPITAL

	As at June 30, 2023 RMB'000 (unaudited)	As at December 31, 2022 RMB'000 (audited)
Shares		
Issued and fully paid:		
795,658,000 (2022: 795,658,000) ordinary shares of USD0.00005 each	148	148

NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended June 30, 2023

24. RESERVES

The amounts of the Group's reserves and the movements therein for the reporting periods are presented in the consolidated statement of changes in equity of the Group.

Capital reserve

The capital reserve of the Group represents the sum of capital reserves of the entities now comprising the Group, after elimination of intra-group balances, attributable to the controlling shareholder.

Statutory surplus reserve

In accordance with the Company Law of the PRC, the subsidiaries of the Group which are domestic enterprises, are required to allocate 10% of their profit after tax, as determined in accordance with the relevant PRC GAAP, to their statutory surplus reserve until the reserve reaches 50% of their registered capital. Subject to certain restrictions set out in the Company Law of the PRC, part of the statutory surplus reserve may be converted to share capital, provided that the remaining balance after the capitalisation is not less than 25% of the registered capital.

25. SHARE SCHEMES

(a) Share option scheme

The Company operates a post-IPO share option scheme (the "**Share Option Scheme**") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Share Option Scheme include the Company's directors, including independent non-executive directors, other employees of the Group, suppliers of goods or services to the Group, customers of the Group, the Company's shareholders, and any non-controlling shareholder in the Company's subsidiaries. The Share Option Scheme became effective on 15 January 2021 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of unexercised share options currently permitted to be granted under the Share Option Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the Share Option Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of grant) in excess of HKD5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 20 days from the date of offer, upon payment of a nominal consideration of HKD1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and commences after a vesting period of one to three years and ends on a date which is not later than five years from the date of offer of the share options or the expiry date of the Share Option Scheme, if earlier.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended June 30, 2023

25. SHARE OPTION SCHEME (Continued)

(a) Share Option Scheme (Continued)

The exercise price of share options is determinable by the directors, but may not be less than the highest of (i) the Stock Exchange closing price of the Company's shares on the date of grant of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of a share on the date of grant.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

On 27 January 2022, the Board resolved to cancel the share options to subscribe for an aggregate of 8,808,000 shares (the "**Existing Options**") under the Share Option Scheme adopted by the Company on 17 November 2020 with effect from 27 January 2022. In accordance with the terms of the Share Option Scheme, any Share Options granted but not exercised may be cancelled if the Grantees agree.

As of 27 January 2022, all the Existing Grantees have provided their written consent to the cancellation of their respective Existing Options. On the same date, the Board further resolved to grant share options (the "**New Options**") under the Share Option Scheme to a total of sixty-eight (68) eligible participants (the "**New Grantees**") to subscribe for an aggregate of 5,281,600 shares, representing approximately 0.66% of the total issued shares of the Company (the "**Shares**") as of 27 January 2022, subject to acceptance by the New Grantees, which are served as replacement of the cancelled Existing Options.

On September 5, 2022, the Board granted options to a total of thirteen (13) eligible participants to subscribe for a total of 2,395,588 shares (equivalent to about 0.301% of the total issued shares of the Company as of September 5, 2022) in accordance with the Share Option Scheme.

(b) Restricted share unit scheme

On September 5, 2022, the Group granted 1,868,186 shares represented by RSUs to one Director and four employees, which were approved by the Board, with the purpose of providing incentives and rewards to those qualified participants who contributed to the successful operation of the Group in the next few years. The vesting time of RSUs is on September 5, 2023, one-third of RSUs are vested; on September 5, 2024, one-third of the RSUs were vested; on September 5, 2025, one-third of the RSUs were vested.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended June 30, 2023

26. RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the period:

	Six months ended June 30,	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Services provided to related parties:		
Baixing Net Co., Ltd.	–	377
Youshi Integration (Beijing) Public Relations Consulting Co., Ltd.	2,031	2,425

The Group has no guaranteed bank loans granted by shareholders as at June 30, 2023 and June 30, 2022.

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

	As at	As at
	June 30,	December 31,
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(audited)
Amounts due from related parties		
Youshi Integration (Beijing) Public Relations Consulting Co., Ltd.	99,346	53,264
Shanju (Shanghai) Culture Media Co., Ltd.	148	148
Shanghai Linxiu Information Technology Co.,Ltd.	8	419
	99,502	53,831
Amounts due to related parties		
Shanghai Kijiji Information Technology Co., Ltd.	263	263
Tianjin Shangzequn Business Information	70	70
Baixing Net Co., Ltd.	11	11
Shanju (Shanghai) Culture Broadcast Co., Ltd.	–	9
	344	353

Amounts due to related parties were interest-free and unsecured and had no fixed repayment terms.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended June 30, 2023

26. RELATED PARTY TRANSACTIONS (Continued)

(b) Outstanding balances with related parties (Continued)

Compensation of key management personnel of the Group:

	Six months ended June 30,	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Short-term employee benefits	1,779	1,505
Equity-settled share option expense	577	510
Pension scheme contributions	197	110
Total compensation paid to key management personnel	2,553	2,125

Further details of directors' emoluments are included in note 7 to the financial statements.

No bonuses have been paid to the Company's five highest paid employees for the six months ended June 30, 2023 and the six months ended June 30, 2022.

27. APPROVAL OF THE FINANCIAL STATEMENTS

The unaudited interim condensed consolidated financial statements were approved and authorised for issue by the board of directors on August 25, 2023.

DEFINITIONS

“AI”	artificial intelligence
“AIGC”	artificial intelligence generated content
“Audit Committee”	the audit committee of the Board
“Baixing Net”	Baixing Co., Ltd. (百 姓 網 股 份 有 限 公 司), a joint stock limited liability company established in the PRC on September 30, 2005, the shares of which are listed on NEEQ (stock code: 836012), and the holding company of Kijiji
“Baxter Investment”	Baxter Investment Holding Limited, a company incorporated under the laws of BVI on October 22, 2019, the intermediary holding vehicle set up by PraxisIFM Fiduciaries (Hong Kong) Limited for the administration of The RGRGU Trust and the immediate shareholder of Dai SPV
“Board” or “Board of Directors”	the board of Directors
“BVI”	the British Virgin Islands
“China” or “PRC”	the People’s Republic of China, but for the purpose of this interim report and for geographical reference only, except where the context requires, references in this interim report to “China” and the “PRC” do not apply to Hong Kong, Macau and Taiwan
“Company”	Netjoy Holdings Limited (云 想 科 技 控 股 有 限 公 司), an exempted company with limited liability incorporated under the laws of the Cayman Islands on March 29, 2019
“Consolidated Affiliated Entities”	the entities we control through the Contractual Arrangements, namely Netjoy Network and Tradeplus
“Contractual Arrangements”	the series of contractual arrangements, as the case may be, entered into by, among others, Yunxiang Information, Netjoy Network and its registered shareholders on March 30, 2020, and Tradeplus and its registered shareholders on June 16, 2021
“Corporate Governance Code”	the Corporate Governance Code set out in Appendix 14 to the Listing Rules
“Dai SPV”	Blackburn Capitals Holding Limited, a company incorporated under the laws of BVI on November 22, 2019 wholly owned by Baxter Investment, and directly holding the relevant Shares on behalf of The RGRGU Trust
“Derun International”	Derun International Limited, a company incorporated under the laws of BVI on October 22, 2019, the intermediary holding vehicle set up by PraxisIFM Fiduciaries (Hong Kong) Limited for the administration of The Longhills Trust and the immediate shareholder of Wang SPV

DEFINITIONS

“Derun Investments”	Derun Investments Limited, a company incorporated under the laws of BVI on March 13, 2019 and wholly owned by Mr. Wang, the settlor of The Longhills Trust
“Director(s)”	director(s) of the Company
“DMP”	data management platform
“Family Trust(s)”	the relevant discretionary family trust set up by each of Mr. Wang, Mr. Xu, Mr. Qin, Mr. Dai and Mr. Ru, namely The Longhills Trust, The FS Trust, The MH’s Family Trust, The RGRGU Trust and The Ru Liang’s Trust
“FSS Investment”	FSS Investment Holding Limited, a company incorporated under the laws of BVI on October 22, 2019, the intermediary holding vehicle set up by PraxisIFM Fiduciaries (Hong Kong) Limited for the administration of The FS Trust and the immediate shareholder of Xu SPV
“Global Awesomeness”	Global Awesomeness Limited, a company incorporated under the laws of BVI on March 13, 2019 and wholly owned by Mr. Dai, the settlor of The RGRGU Trust
“Global Offering”	the offering by the Company of the Shares for subscription to the public in Hong Kong and the offering of Shares outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act in December 2020
“Group”, “we”, or “us”	the Company, its subsidiaries and its 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 our present subsidiaries, the business operated by such subsidiaries or their predecessors (as the case may be)
“HK\$” or “HKD” or “Hong Kong Dollars”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
“holding company(ies)”	has the meaning ascribed thereto under the Listing Rules
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“IFRS”	International Financial Reporting Standards
“Kijiji”	Shanghai Kijiji Information Technology Co., Ltd. (上海客齊集信息技術股份有限公司), a joint stock limited liability company established in the PRC on June 16, 2005 and a Shareholder of the Company
“Latest Practicable Date”	September 15, 2023, being the latest practicable date prior to the printing of this report for the purpose of ascertaining certain information contained in this report
“Listing”	the listing of the Shares on the Main Board

DEFINITIONS

“Listing Date”	December 17, 2020, i.e. the date on which the Shares are listed on the Stock Exchange and from which dealings in the Shares are permitted to commence on 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
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the Growth Enterprise Market of the Stock Exchange
“Mr. Dai”	Mr. Dai Liqun (戴立群), a non-executive Director
“Mr. Qin”	Mr. Qin Miaomiao (覃渺渺), the ultimate controller of The MH’s Family Trust
“Mr. Ru”	Mr. Ru Liang (茹良), the ultimate controller of The Ru Liang’s Trust
“Mr. Wang”	Mr. Wang Chen (王晨), an executive Director, the chief executive officer of the Company
“Mr. Xu”	Mr. Xu Jiaqing (徐佳慶), an executive Director, the chairman of the Board
“NEEQ”	The National Equities Exchange and Quotations (全國中小企業股份轉讓系統) of the PRC
“Netjoy Network”	Netjoy (Shanghai) Network Technology Co., Ltd. (嗨皮(上海)網絡科技有限公 司) (formerly known as Netjoy (Shanghai) Network Technology Holdings Co., Ltd. (嗨皮(上海)網絡科技股份有限公司)), a limited liability company established in the PRC on November 15, 2012 and a Consolidated Affiliated Entity indirectly controlled by the Company through the Contractual Arrangements
“Post-IPO Share Option Scheme”	the post-IPO share option scheme approved by a written resolution passed by the then Shareholders on November 17, 2020 and has taken effect from the Listing Date
“Prospectus”	the prospectus of the Company dated December 7, 2020
“Qin SPV”	CareFree Technology Limited, a company incorporated under the laws of BVI on November 22, 2019 wholly owned by SpringRain Planning Technology Limited, and directly holding the relevant Shares on behalf of The MH’s Family Trust
“Quantum Computing”	Quantum Computing Power Limited, a company incorporated under the laws of BVI on March 13, 2019 and wholly owned by Mr. Xu, the settlor of The FS Trust
“Reporting Period”	the six months ended June 30, 2023
“RMB” or “Renminbi”	the lawful currency of the PRC

DEFINITIONS

“RSU Scheme”	the restricted share unit scheme adopted by the Company on October 18, 2021
“Ru SPV”	Jingke Global Limited, a company incorporated under the laws of BVI on November 22, 2019 wholly owned by Jingke International Limited, and directly holding the relevant Shares on behalf of The Ru Liang’s Trust
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented, or otherwise modified from time to time
“Shanghai Fangxi”	Shanghai Fangxi Investment Management Partnership (Limited Partnership) (上海訪溪投資管理合夥企業(有限合夥)), a limited partnership established in the PRC on May 19, 2015, the sole general partner of which is Mr. Wang Jianshuo
“Shanghai Paisen”	Shanghai Paisen Investment Management Partnership (Limited Partnership) (上海派森投資管理合夥企業(有限合夥)), a limited partnership established in the PRC on May 19, 2015, the sole general partner of which is Mr. Wang Jianshuo
“Shanghai Xiangnong”	Shanghai Xiangnong Investment Management Partnership (Limited Partnership) (上海香儂投資管理合夥企業(有限合夥)), a limited partnership established in the PRC on May 19, 2015, the sole general partner of which is Mr. Wang Jianshuo
“Share(s)”	ordinary share(s) in the share capital of the Company with nominal value of US\$0.00005 each
“Share Option(s)”	the right to subscribe for a specified number of shares pursuant to the Post-IPO Share Option Scheme
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules
“substantial shareholder”	has the meaning ascribed thereto under the Listing Rules
“The FS Trust”	a discretionary family trust set up by Mr. Xu (as the economic settlor and the protector), Quantum Computing (as the settlor) and PraxisIFM Fiduciaries (Hong Kong) Limited (as the trustee) for the benefit of Quantum Computing (as the initial beneficiary) and other beneficiaries as nominated by Mr. Xu from time to time
“The Longhills Trust”	a discretionary family trust set up by Mr. Wang (as the economic settlor and the protector), Derun Investments (as the settlor) and PraxisIFM Fiduciaries (Hong Kong) Limited (as the trustee) for the benefit of Derun Investments (as the initial beneficiary) and other beneficiaries as nominated by Mr. Wang from time to time

DEFINITIONS

“The MH’s Family Trust”	a discretionary family trust set up by Mr. Qin (as the economic settlor and the protector), CareFree Planning Technology Limited (as the settlor) and PraxisIFM Fiduciaries (Hong Kong) Limited (as the trustee) for the benefit of CareFree Planning Technology Limited (as the initial beneficiary) and other beneficiaries as nominated by Mr. Qin from time to time
“The RGRGU Trust”	a discretionary family trust set up by Mr. Dai (as the economic settlor and the protector), Global Awesomeness (as the settlor) and PraxisIFM Fiduciaries (Hong Kong) Limited (as the trustee) for the benefit of Global Awesomeness (as the initial beneficiary) and other beneficiaries as nominated by Mr. Dai from time to time
“The Ru Liang’s Trust”	a discretionary family trust set up by Mr. Ru (as the economic settlor and the protector), Luminous Stars Limited (as the settlor) and PraxisIFM Fiduciaries (Hong Kong) Limited (as the trustee) for the benefit of Luminous Stars Limited (as the initial beneficiary) and other beneficiaries as nominated by Mr. Ru from time to time
“Tradeplus”	Tradeplus (Shanghai) Information Technology Co., Ltd. (連山加(上海)信息技術有限公司), formerly known as Yuntu (Shanghai) Video Technology Co., Ltd. (雲圖(上海)視頻技術有限公司), a limited liability company established in the PRC on May 6, 2021, and a Consolidated Affiliated Entity controlled by the Company through Contractual Arrangements
“U.S.” or “United States”	the United States of America, its territories and possessions, any State of the United States, and the District of Columbia
“US\$”, “USD” or “U.S. dollars”	United States dollars, the lawful currency of the United States
“Wang SPV”	Derun System Limited, a company incorporated under the laws of BVI on November 22, 2019 wholly owned by Derun International, and directly holding the relevant Shares on behalf of The Longhills Trust
“Wutong Holding”	Wutong Holding Group Co., Ltd. (吳通控股集團股份有限公司), a limited liability company established in the PRC on June 22, 1999, the shares of which are listed on the Shenzhen Stock Exchange (stock code: 300292), and a Shareholder of the Company
“Xu SPV”	Magne Core Limited, a company incorporated under the laws of BVI on November 22, 2019 wholly owned by FSS Investment, and directly holding the relevant Shares on behalf of The FS Trust
“Yunxiang Information”	Yunxiang Shuke (Shanghai) Information Technology Co., Ltd. (云想數科(上海)信息技術有限公司), a limited liability company established in the PRC on August 29, 2019 and an indirect wholly-owned subsidiary of the Company
“%”	per cent