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**Changjiu Holdings Limited**  
**长久股份有限公司**

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

**(Stock Code: 6959)**

**ANNOUNCEMENT OF INTERIM RESULTS  
FOR THE SIX MONTHS ENDED JUNE 30, 2024**

The board (the “**Board**”) of directors (the “**Directors**”) of Changjiu Holdings Limited (the “**Company**”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended June 30, 2024 (the “**Reporting Period**”) together with the comparative figures for the six months ended June 30, 2023. The unaudited condensed consolidated financial information for the Reporting Period has been reviewed by the audit committee of the Board (the “**Audit Committee**”).

Certain amount and percentage figure included in this announcement have been subject to rounding adjustments, or have been rounded to one or two decimal places. Any discrepancies in any table, chart or elsewhere between totals and sums of amounts listed therein are due to rounding.

In this announcement, unless otherwise indicated, the terms “affiliate”, “associate”, “controlling shareholder” and “subsidiary” shall have the meanings given to such terms in the Rules Governing the Listing of Securities (the “**Listing Rules**”) on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

## FINANCIAL HIGHLIGHTS

- (a) Revenue for the Reporting Period amounted to RMB337.2 million, representing an increase of 9.0% as compared with the same period during 2023.
- (b) Gross profit for the Reporting Period amounted to RMB147.7 million, representing an increase of 10.7% as compared with the same period during 2023.
- (c) Gross profit margin for the Reporting Period was 43.8%, representing an increase of 0.7 percentage points as compared with the same period during 2023.
- (d) Profit for the Reporting Period amounted to RMB57.8 million, representing an increase of 63.7% as compared with the same period during 2023.
- (e) Adjusted net profit (non-IFRS measure), defined as net profit adjusted by adding back the listing expenses and share-based compensation expenses in relation to share incentive plans, for the Reporting Period amounted to RMB77.3 million, representing an increase of 26.9% from RMB60.9 million for the six months ended June 30, 2023.
- (f) For the Reporting Period, basic earnings per share of the Group amounted to RMB0.2891, representing an increase of 23.7% as compared with the same period during 2023. Diluted earnings per share of the Group amounted to RMB0.2869, representing an increase of 22.8% as compared with the same period during 2023.
- (g) The Company was successfully listed on the Main Board of the Stock Exchange on January 9, 2024. After deducting the listing expenses, the net proceeds raised from the listing were approximately HK\$254.1 million.
- (h) The Board has resolved not to declare payment of an interim dividend in respect of the Reporting Period.

# **CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

*For the six months ended June 30, 2024 (unaudited)*

*Expressed in Renminbi (“RMB”)*

|                                     |              | <b>Six months ended June 30,</b> |                       |
|-------------------------------------|--------------|----------------------------------|-----------------------|
|                                     | <i>Notes</i> | <b>2024</b>                      | 2023                  |
|                                     |              | <b><i>RMB’000</i></b>            | <b><i>RMB’000</i></b> |
| <b>Revenue</b>                      | 3(a)(i)      | <b>337,214</b>                   | 309,431               |
| Cost of sales                       |              | <u>(189,564)</u>                 | <u>(176,028)</u>      |
| <b>Gross profit</b>                 |              | <u><b>147,650</b></u>            | <u>133,403</u>        |
| Net other income                    | 4            | <b>154</b>                       | 823                   |
| Research and development expenses   |              | <b>(8,653)</b>                   | (6,721)               |
| General and administrative expenses |              | <b>(65,257)</b>                  | (63,400)              |
| Sales and marketing expenses        |              | <b>(3,908)</b>                   | (3,497)               |
| Impairment loss                     |              | <u><b>(502)</b></u>              | <u>(3,650)</u>        |
| <b>Profit from operations</b>       |              | <b>69,484</b>                    | 56,958                |
| Net finance income/(expense)        | 5(a)         | <u><b>3,823</b></u>              | <u>(1,486)</u>        |
| <b>Profit before taxation</b>       | 5            | <b>73,307</b>                    | 55,472                |
| Income tax expense                  | 6            | <u><b>(15,505)</b></u>           | <u>(20,181)</u>       |
| <b>Profit for the period</b>        |              | <u><b>57,802</b></u>             | <u>35,291</u>         |
| <b>Attributable to:</b>             |              |                                  |                       |
| Equity shareholders of the Company  |              | <b>57,802</b>                    | 35,291                |
| Non-controlling interests           |              | <u>—</u>                         | <u>—</u>              |
| <b>Profit for the period</b>        |              | <u><b>57,802</b></u>             | <u>35,291</u>         |
| <b>Earnings per share</b>           |              |                                  |                       |
| Basic ( <i>RMB</i> )                | 7(a)         | <u><b>0.2891</b></u>             | <u>0.2337</u>         |
| Diluted ( <i>RMB</i> )              | 7(b)         | <u><b>0.2869</b></u>             | <u>0.2337</u>         |

# **CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*For the six months ended June 30, 2024 (unaudited)*

*Expressed in RMB*

|                                                                                                         | <b>Six months ended June 30,</b> |                             |
|---------------------------------------------------------------------------------------------------------|----------------------------------|-----------------------------|
|                                                                                                         | <b>2024</b>                      | <b>2023</b>                 |
|                                                                                                         | <b>RMB'000</b>                   | <b>RMB'000</b>              |
| <b>Profit for the period</b>                                                                            | <u><b>57,802</b></u>             | <u><b>35,291</b></u>        |
| <b>Other comprehensive income for the period</b><br><b>(after tax and reclassification adjustments)</b> |                                  |                             |
| <i>Items that are or may be reclassified subsequently</i><br><i>to profit or loss:</i>                  |                                  |                             |
| Exchange differences on translation                                                                     | <u><b>560</b></u>                | <u><b>—</b></u>             |
| <b>Other comprehensive income for the period</b>                                                        | <u><b>560</b></u>                | <u><b>—</b></u>             |
| <b>Total comprehensive income for the period</b>                                                        | <u><u><b>58,362</b></u></u>      | <u><u><b>35,291</b></u></u> |
| <b>Attributable to:</b>                                                                                 |                                  |                             |
| Equity shareholders of the Company                                                                      | <b>58,362</b>                    | <b>35,291</b>               |
| Non-controlling interests                                                                               | <u><b>—</b></u>                  | <u><b>—</b></u>             |
| <b>Total comprehensive income for the period</b>                                                        | <u><u><b>58,362</b></u></u>      | <u><u><b>35,291</b></u></u> |

# **CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

*At June 30, 2024 (unaudited)*

*Expressed in RMB*

|                                                | <i>Notes</i> | <b>June 30,<br/>2024<br/>RMB'000</b> | <b>December 31,<br/>2023<br/>RMB'000</b> |
|------------------------------------------------|--------------|--------------------------------------|------------------------------------------|
| <b>Non-current assets</b>                      |              |                                      |                                          |
| Property, plant and equipment                  |              | <b>2,827</b>                         | 2,867                                    |
| Intangible assets                              |              | <b>7,516</b>                         | 8,210                                    |
| Right-of-use assets                            |              | <b>3,401</b>                         | 6,909                                    |
| Deferred tax assets                            |              | <b>958</b>                           | 568                                      |
|                                                |              | <b>14,702</b>                        | 18,554                                   |
| <b>Current assets</b>                          |              |                                      |                                          |
| Trade receivables                              | 8            | <b>227,338</b>                       | 159,879                                  |
| Prepaid expenses and other current assets      | 9            | <b>8,841</b>                         | 23,257                                   |
| Cash and cash equivalents                      |              | <b>377,471</b>                       | 134,226                                  |
|                                                |              | <b>613,650</b>                       | 317,362                                  |
| <b>Current liabilities</b>                     |              |                                      |                                          |
| Bank loans                                     |              | –                                    | 20,000                                   |
| Trade payables                                 | 10           | <b>27,107</b>                        | 29,601                                   |
| Accrued expenses and other current liabilities | 11           | <b>78,938</b>                        | 85,924                                   |
| Dividend payable                               | 12           | <b>79,338</b>                        | –                                        |
| Contract liabilities                           | 3(a)(ii)     | <b>31,318</b>                        | 43,400                                   |
| Lease liabilities                              |              | <b>7,327</b>                         | 7,223                                    |
| Current tax liability                          |              | <b>8,379</b>                         | 7,772                                    |
|                                                |              | <b>232,407</b>                       | 193,920                                  |
| <b>Net current assets</b>                      |              | <b>381,243</b>                       | 123,442                                  |
| <b>Total assets less current liabilities</b>   |              | <b>395,945</b>                       | 141,996                                  |

|                                                                     | <b>June 30,<br/>2024<br/>RMB'000</b> | <b>December 31,<br/>2023<br/>RMB'000</b> |
|---------------------------------------------------------------------|--------------------------------------|------------------------------------------|
| <b>Non-current liabilities</b>                                      |                                      |                                          |
| Lease liabilities                                                   | <u>3</u>                             | <u>83</u>                                |
|                                                                     | <u>3</u>                             | <u>83</u>                                |
| <b>NET ASSETS</b>                                                   | <b><u>395,942</u></b>                | <b><u>141,913</u></b>                    |
| <b>Equity</b>                                                       |                                      |                                          |
| Share capital                                                       | 1                                    | 1                                        |
| Treasury shares                                                     | (4,325)                              | (4,325)                                  |
| Reserves                                                            | <u>400,266</u>                       | <u>146,237</u>                           |
| <b>Total equity attributable to shareholders of<br/>the Company</b> | <b>395,942</b>                       | <b>141,913</b>                           |
| <b>Non-controlling interests</b>                                    | <u>—</u>                             | <u>—</u>                                 |
| <b>TOTAL EQUITY</b>                                                 | <b><u>395,942</u></b>                | <b><u>141,913</u></b>                    |

# NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

Expressed in RMB

## 1 BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard (“IAS”) 34, *Interim financial reporting*, issued by the International Accounting Standards Board (“IASB”). It was authorised for issue on August 27, 2024.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2023 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2024 annual financial statements. Details of any changes in accounting policies are set out in Note 2.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2023 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with IFRS Accounting Standards.

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA.

## 2 CHANGES IN ACCOUNTING POLICIES

The Group has applied the following new and amended IFRS Accounting Standards issued by the IASB to these interim financial statements for the current accounting period.

- Amendments to IAS 1, *Presentation of financial statements: Classification of liabilities as current or non-current* (“**2020 amendments**”)
- Amendments to IAS 1, *Presentation of financial statements: Non-current liabilities with covenants* (“**2022 amendments**”)
- Amendments to IFRS 16, *Leases: Lease liability in a sale and leaseback*
- Amendments to IAS 7, *Statement of cash flows and IFRS 7, Financial instruments: Disclosures – Supplier finance arrangements*

None of the developments have had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented in the interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

### 3 REVENUE AND SEGMENT REPORTING

#### (a) Revenue

The principal activities of the Group are providing pledged vehicle monitoring service and automobile dealership operation management service in Mainland China.

(i) The amount of each significant category of revenue is as follows:

|                                                                          | Six months ended June 30, |                       |
|--------------------------------------------------------------------------|---------------------------|-----------------------|
|                                                                          | 2024                      | 2023                  |
|                                                                          | <i>RMB'000</i>            | <i>RMB'000</i>        |
| <b>Revenue from contracts with customers within the scope of IFRS 15</b> |                           |                       |
| Pledged vehicle monitoring service                                       | 307,182                   | 279,067               |
| Automobile dealership operation management services                      | <u>30,032</u>             | <u>30,364</u>         |
|                                                                          | <u><b>337,214</b></u>     | <u><b>309,431</b></u> |

During the periods, the Group's customers with whom transactions have exceeded 10% of the Group's revenue in the respective period are set out below:

|            | Six months ended June 30, |                |
|------------|---------------------------|----------------|
|            | 2024                      | 2023           |
|            | <i>RMB'000</i>            | <i>RMB'000</i> |
| Customer A | 58,068                    | 56,483         |
| Customer B | 41,867                    | 34,228         |
| Customer C | 35,200                    | 49,522         |

Disaggregation of the Group's revenue from contracts with customers by the timing of revenue recognition is set out below:

|               | Six months ended June 30, |                       |
|---------------|---------------------------|-----------------------|
|               | 2024                      | 2023                  |
|               | <i>RMB'000</i>            | <i>RMB'000</i>        |
| Point-in-time | 6,882                     | 6,648                 |
| Over-time     | <u>330,332</u>            | <u>302,783</u>        |
|               | <u><b>337,214</b></u>     | <u><b>309,431</b></u> |

### *Remaining Performance Obligation*

The Group has elected the practical expedient not to disclose the value of remaining performance obligations for contracts in which the Group recognizes revenue at the amount to which the Group has the right to invoice.

#### **(ii) Contract Liabilities**

The Group collected payments in advance from customers primarily for providing pledged vehicle monitoring services and automobile dealership operation management services. The Group has recognized the following liabilities related to contracts with customers under “contract liabilities”:

|                             | As of<br><b>June 30,</b><br><b>2024</b><br><i>RMB'000</i> | As of<br>December 31,<br>2023<br><i>RMB'000</i> |
|-----------------------------|-----------------------------------------------------------|-------------------------------------------------|
| <b>Contract liabilities</b> |                                                           |                                                 |
| – third parties             | <b>30,101</b>                                             | 41,404                                          |
| – related parties           | <u><b>1,217</b></u>                                       | <u>1,996</u>                                    |
|                             | <u><b>31,318</b></u>                                      | <u>43,400</u>                                   |

The balance of contract liabilities with related parties is trade in nature.

All of the contract liabilities are expected to be recognized as income within one year.

#### **(b) Segment reporting**

The Group manages its businesses by business line. In a manner consistent with the way in the purpose of resource allocation and performance assessment, the Group has presented the following two reportable segments: pledged vehicle monitoring service and automobile dealership operation management service.

For the purpose of assessing segment performance and allocating between segments, the Group’s senior executive management monitors the revenue and gross profit attributable to each reportable segment. Other items in profit or loss are not allocated to reportable segment.

Revenue and cost are allocated to the reportable segment with reference to sales generated by those segments and the cost incurred by those segments.

Other information, together with the segment information, provided to the Group’s senior executive management, is measured in a manner consistent with that applied in these financial statements. There were no separate segment assets and segment liabilities information provided to the Group’s senior executive management, as they do not use this information to allocate resources to or evaluate the performance of the operating segments.

The amount of each significant category of revenue recognized is as follows:

|                 | For the six months ended June 30, 2024              |                                                                           |                  |
|-----------------|-----------------------------------------------------|---------------------------------------------------------------------------|------------------|
|                 | Pledged vehicle<br>monitoring<br>service<br>RMB'000 | Automobile<br>dealership<br>operation<br>management<br>service<br>RMB'000 | Total<br>RMB'000 |
| Segment revenue | 307,182                                             | 30,032                                                                    | 337,214          |
| Segment cost    | <u>(171,982)</u>                                    | <u>(17,582)</u>                                                           | <u>(189,564)</u> |
| Gross profit    | <u>135,200</u>                                      | <u>12,450</u>                                                             | <u>147,650</u>   |

|                 | For the six months ended June 30, 2023              |                                                                           |                  |
|-----------------|-----------------------------------------------------|---------------------------------------------------------------------------|------------------|
|                 | Pledged vehicle<br>monitoring<br>service<br>RMB'000 | Automobile<br>dealership<br>operation<br>management<br>service<br>RMB'000 | Total<br>RMB'000 |
| Segment revenue | 279,067                                             | 30,364                                                                    | 309,431          |
| Segment cost    | <u>(157,603)</u>                                    | <u>(18,425)</u>                                                           | <u>(176,028)</u> |
| Gross profit    | <u>121,464</u>                                      | <u>11,939</u>                                                             | <u>133,403</u>   |

All of the Group's operating assets are located in Mainland China and all of the Company's revenue and operating profits are derived from Mainland China. Accordingly, no segment analysis based on geographical locations is provided.

The reconciliation of segment gross profit to profit before taxation for the six months ended June 30, 2024 and 2023 are presented in the consolidated statements of profit or loss of the Group.

#### 4 NET OTHER INCOME

|                              | Six months ended June 30, |                 |
|------------------------------|---------------------------|-----------------|
|                              | 2024<br>RMB'000           | 2023<br>RMB'000 |
| Government grants            | —                         | 13              |
| Extra deduction of input VAT | —                         | 504             |
| Net exchange (losses)/gains  | (27)                      | 171             |
| Others                       | <u>181</u>                | <u>135</u>      |
|                              | <u>154</u>                | <u>823</u>      |

## 5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

### (a) Net finance (income)/expense

|                                       | Six months ended June 30, |                |
|---------------------------------------|---------------------------|----------------|
|                                       | 2024                      | 2023           |
|                                       | <i>RMB'000</i>            | <i>RMB'000</i> |
| Interest expense on bank loans        | 124                       | 1,219          |
| Interest expense on lease liabilities | 165                       | 321            |
| Interest income                       | (4,285)                   | (212)          |
| Other financial expense               | 173                       | 158            |
|                                       | <u>(3,823)</u>            | <u>1,486</u>   |

### (b) Staff costs

|                                                       | Six months ended June 30, |                |
|-------------------------------------------------------|---------------------------|----------------|
|                                                       | 2024                      | 2023           |
|                                                       | <i>RMB'000</i>            | <i>RMB'000</i> |
| Salaries, wages, and other benefits                   | 48,516                    | 43,559         |
| Contributions to defined contribution retirement plan |                           |                |
| <i>(Note)</i>                                         | 5,599                     | 5,120          |
| Share-based compensation expenses                     | 14,782                    | 13,654         |
| Termination benefits                                  | 761                       | 1,122          |
|                                                       | <u>69,658</u>             | <u>63,455</u>  |

*Note:* Employees of the Group's subsidiaries in the Mainland China are required to participate in a defined contribution retirement scheme administered and operated by the local municipal government. The Group's subsidiaries in Mainland China contribute funds which are calculated on certain percentages of the average employee salary as agreed by the local municipal government to the scheme to fund the retirement benefits of the employees.

(c) Other items

|                                          | Six months ended June 30, |                |
|------------------------------------------|---------------------------|----------------|
|                                          | 2024                      | 2023           |
|                                          | <i>RMB'000</i>            | <i>RMB'000</i> |
| Subcontracting costs                     | 170,022                   | 155,373        |
| Technology and professional service fees | 4,852                     | 4,350          |
| Depreciation and amortization charges    |                           |                |
| – property, plant, and equipment         | 477                       | 509            |
| – right-of-use assets                    | 3,388                     | 3,431          |
| – intangible assets                      | 694                       | 489            |
| Impairment losses/(reversals)            |                           |                |
| – trade receivables                      | 502                       | 3,950          |
| – other receivables                      | –                         | (300)          |
| Auditors' remuneration                   | 1,187                     | 31             |
| Listing expenses                         | 4,730                     | 11,966         |

6 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

(a) Taxation in the consolidated statements of profit or loss represents:

|                                                              | Six months ended June 30, |                |
|--------------------------------------------------------------|---------------------------|----------------|
|                                                              | 2024                      | 2023           |
|                                                              | <i>RMB'000</i>            | <i>RMB'000</i> |
| <b>Current tax</b>                                           |                           |                |
| – PRC Enterprise Income Tax (“EIT”) Provision for the period | <u>15,895</u>             | <u>23,324</u>  |
|                                                              | <u>15,895</u>             | <u>23,324</u>  |
| <b>Deferred tax</b>                                          |                           |                |
| – Origination of temporary differences                       | <u>(390)</u>              | <u>(3,143)</u> |
|                                                              | <u>15,505</u>             | <u>20,181</u>  |

(b) **Reconciliation between tax expense and accounting profit at applicable tax rates:**

|                                                                                             | <b>Six months ended June 30,</b> |                |
|---------------------------------------------------------------------------------------------|----------------------------------|----------------|
|                                                                                             | <b>2024</b>                      | <b>2023</b>    |
|                                                                                             | <b>RMB'000</b>                   | <b>RMB'000</b> |
| <b>Profit before taxation</b>                                                               | <b>73,307</b>                    | <b>55,472</b>  |
| Tax calculated at statutory tax rates applicable to profits in the respective jurisdictions | <b>19,620</b>                    | 16,819         |
| Tax effect of:                                                                              |                                  |                |
| Preferential tax rate ( <i>Note</i> )                                                       | <b>(10,086)</b>                  | –              |
| Non-deductible other expenses and losses                                                    | <b>209</b>                       | 717            |
| Super deduction for research and development expenses                                       | <b>(765)</b>                     | (768)          |
| Non-deductible share-based compensation expenses                                            | <b>2,963</b>                     | 3,413          |
| Losses for which no deferred tax asset is recognized                                        | <b>3,564</b>                     | –              |
| <b>Actual income tax expense</b>                                                            | <b>15,505</b>                    | <b>20,181</b>  |

*Note:* In December 2023, Changjiu Jinfu Enterprise Management Consultation (Shenzhen) Co., Ltd (“**Changjiu Jinfu**”) confirmed with related tax authority that it was entitled to be subject to an income tax rate of 15% during the years for the period from January 1, 2022 to December 31, 2025 according to Notice of Taxation on Continuing the Preferential Policies for Enterprise Income Tax in Qianhai Shenzhen Hong Kong Modern Service Industry Cooperation Zone (關於延續深圳前海深港現代服務業合作區企業所得稅優惠政策的通知) issued by the Ministry of Finance (財政部) and the State Taxation Administration (稅務總局). Changjiu Jinfu accrued income tax expense based on income tax rate of 15% and 25% for the six months ended June 30, 2024 and 2023 respectively.

## 7 EARNINGS PER SHARE

### (a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB57.8 million (six months ended June 30, 2023: RMB35.3 million) and the weighted average of 198,318,462 ordinary shares (2023: 150,000,000 shares after adjusting for the share subdivision in 2023) in issue during the six months ended June 30, 2024. The profit attributable to restricted shares held for the Pre-IPO Restricted Share Plan and the number of such shares have been excluded from the calculation of basic earnings per share.

|                                                                                                                  | Six months ended June 30, |                    |
|------------------------------------------------------------------------------------------------------------------|---------------------------|--------------------|
|                                                                                                                  | 2024                      | 2023               |
| Profit attributable to all equity shareholders of the Company ( <i>RMB'000</i> )                                 | 57,802                    | 35,291             |
| Less: profit attributable to grantees of the Pre-IPO Restricted Share Plan                                       | (468)                     | (242)              |
| Profit attributable to ordinary equity shareholders of the Company ( <i>RMB'000</i> )                            | 57,334                    | 35,049             |
| Weighted average number of ordinary shares                                                                       | <u>198,318,462</u>        | <u>150,000,000</u> |
| Basic earnings per share attributable to ordinary equity shareholders of the Company ( <i>in RMB per share</i> ) | <u>0.2891</u>             | <u>0.2337</u>      |

### (b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB57.3 million and the weighted average number of ordinary shares of 199,817,556 shares, calculated as follows:

|                                                                                                                    | Six months ended June 30, 2024 |
|--------------------------------------------------------------------------------------------------------------------|--------------------------------|
| Profit attributable to ordinary equity shareholders (diluted) ( <i>RMB'000</i> )                                   | 57,334                         |
| Weighted average number of ordinary shares                                                                         | 198,318,462                    |
| Effect of deemed issue of shares under the Company's Pre-IPO Share Option Plan                                     | 1,499,094                      |
| Weighted average number of ordinary shares (diluted)                                                               | <u>199,817,556</u>             |
| Diluted earnings per share attributable to ordinary equity shareholders of the Company ( <i>in RMB per share</i> ) | <u>0.2869</u>                  |

Restricted shares granted under Pre-IPO Restricted Share Plan were not included in the calculation of diluted earnings per share for the six months ended June 30, 2024 because their effect would have been anti-dilutive.

There were no dilutive potential ordinary shares in issue during the six months ended June 30, 2023. Therefore, diluted earnings per share for the six months ended June 30, 2023 was the same as basic earnings per share of the respective period.

## 8 TRADE RECEIVABLES

|                               | As of<br><b>June 30,</b><br><b>2024</b><br><i><b>RMB'000</b></i> | As of<br>December 31,<br>2023<br><i>RMB'000</i> |
|-------------------------------|------------------------------------------------------------------|-------------------------------------------------|
| Trade receivables             |                                                                  |                                                 |
| – third parties               | <b>213,062</b>                                                   | 139,736                                         |
| – related parties             | <b>17,911</b>                                                    | 23,276                                          |
| Less: loss allowance          | <u><b>(3,635)</b></u>                                            | <u>(3,133)</u>                                  |
| <b>Trade receivables, net</b> | <u><b>227,338</b></u>                                            | <u>159,879</u>                                  |

All of the trade receivables are expected to be recovered within one year. The balance of trade receivables with related parties is trade in nature.

### Ageing analysis

As of the end of each reporting period, the ageing analysis of trade receivables, based on the transaction date and net of loss allowance, is as follows:

|                                  | As of<br><b>June 30,</b><br><b>2024</b><br><i><b>RMB'000</b></i> | As of<br>December 31,<br>2023<br><i>RMB'000</i> |
|----------------------------------|------------------------------------------------------------------|-------------------------------------------------|
| Within 3 months (inclusive)      | <b>123,322</b>                                                   | 118,290                                         |
| 3 months to 6 months (inclusive) | <b>77,000</b>                                                    | 30,321                                          |
| 6 months to 1 year (inclusive)   | <b>27,354</b>                                                    | 8,912                                           |
| Over 1 year                      | <b>3,297</b>                                                     | 5,489                                           |
| Less: loss allowance             | <u><b>(3,635)</b></u>                                            | <u>(3,133)</u>                                  |
| <b>Trade receivables, net</b>    | <u><b>227,338</b></u>                                            | <u>159,879</u>                                  |

## 9 PREPAID EXPENSES AND OTHER CURRENT ASSETS

|                                    | As of<br>June 30,<br>2024<br>RMB'000 | As of<br>December 31,<br>2023<br>RMB'000 |
|------------------------------------|--------------------------------------|------------------------------------------|
| Prepaid expenses                   | 5,061                                | 8,867                                    |
| Input valued-added tax recoverable | 3,095                                | 2,559                                    |
| Deposits                           | 462                                  | 569                                      |
| Amounts due from related parties   | 223                                  | 11,262                                   |
| Less: loss allowance               | —                                    | —                                        |
| <b>Total</b>                       | <b>8,841</b>                         | <b>23,257</b>                            |

## 10 TRADE PAYABLES

|                 | As of<br>June 30,<br>2024<br>RMB'000 | As of<br>December 31,<br>2023<br>RMB'000 |
|-----------------|--------------------------------------|------------------------------------------|
| Trade payables  |                                      |                                          |
| – third parties | 27,107                               | 29,601                                   |
|                 | <b>27,107</b>                        | <b>29,601</b>                            |

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

|                 | As of<br>June 30,<br>2024<br>RMB'000 | As of<br>December 31,<br>2023<br>RMB'000 |
|-----------------|--------------------------------------|------------------------------------------|
| Within 6 months | 27,107                               | 29,601                                   |
|                 | <b>27,107</b>                        | <b>29,601</b>                            |

All of the trade payables are expected to be settled within one year or are repayable on demand.

## 11 ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

|                                             | As of<br>June 30,<br>2024<br>RMB'000 | As of<br>December 31,<br>2023<br>RMB'000 |
|---------------------------------------------|--------------------------------------|------------------------------------------|
| Other payables to customers ( <i>Note</i> ) | 41,659                               | 37,464                                   |
| Accrued payroll and welfare                 | 13,037                               | 16,578                                   |
| Value-Added Tax and surcharges payable      | 9,591                                | 9,550                                    |
| Restricted shares repurchase liability      | 4,325                                | 4,325                                    |
| Deposit received from third parties         | 2,210                                | 2,327                                    |
| Amounts due to related parties              | 1,377                                | 1,301                                    |
| Accrued listing expenses                    | –                                    | 4,369                                    |
| Others                                      | 6,739                                | 10,010                                   |
| <b>Total</b>                                | <b>78,938</b>                        | <b>85,924</b>                            |

*Note:* Other payables to customers primarily represent advance payment of pledged vehicle monitoring service received from automobile dealerships which had terminated their financing relationship with financial institutions or automobile dealerships whose obligation to pay service fee has been transferred to financial institutions during the service period. The Group is obligated to refund the amounts when demanded.

## 12 DIVIDEND

A special dividend of HKD0.43 per ordinary share of the Company was approved at the Board meeting held on June 12, 2024. Among the total approved dividends of HKD86.9 million (approximately RMB79.3 million), HKD86.2 million (approximately RMB78.8 million) has been paid on July 16, 2024.

No dividends have been declared or paid by the Company during 2023.

## 13 EVENTS AFTER THE REPORTING PERIOD

On July 16, 2024, the Company partially paid the dividends (see Note 12).

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

The Company was successfully listed (the “**Listing**”) on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on January 9, 2024 (the “**Listing Date**”). The Company issued 50,540,000 ordinary shares with a par share of US\$0.00000066667 each (the “**Shares**”) at an offer price of HK\$5.95 per share, raising net proceeds of HK\$254.1 million (after deducting the Listing expenses).

The Group provides pledged vehicle monitoring services and automobile dealership operation management services in China. The Group achieved such dominant position in the pledged vehicle monitoring service market and outcompeted the Group’s peers primarily through (i) the years of operation history; (ii) the nationwide presence with operation in over 500 cities across 31 provinces in China; and (iii) the VFS system that collects, processes and analyzes data from pledged vehicles and the Group’s continuous improvement of the VFS system to meet evolving market demands.

The Group offers pledged vehicle monitoring services primarily to (i) financial institutions that provide secured financing to automobile dealerships for their purchase of vehicles; and (ii) automobile dealerships with pledged vehicles. As of June 30, 2024, the Group provided pledged vehicle monitoring services to (i) approximately 200 branches of 19 commercial banks, including all of China’s “Big Six” national state-owned commercial banks and 13 joint-stock commercial banks; (ii) 23 automobile finance companies; and (iii) 17,457 automobile dealerships. During the Reporting Period, the Group primarily generated revenue from pledged vehicle monitoring services, which accounted for 91.1% of the revenue for the six months ended June 30, 2024.

In April 2022, the Group started to provide operation management services to automobile dealerships by offering automobile dealership operational support, data system and managerial solutions. As of June 30, 2024, the Group managed a total of 105 automobile dealerships. During the Reporting Period, 8.9% of the Group’s revenue was generated from automobile dealership operation management services.

The Group's automobile supply chain service mobile application started its trial operation in April 2023. In March 2024, the Group's automobile supply chain service platform, "9CheGO" automobile sales and distribution supply chain service platform ("9CheGO") (<https://www.9chego.com/>), was officially launched. 9CheGO is not just an innovative platform that the Group has dedicatedly developed, but also an active response to the "Internet+" strategy of the PRC, continuously enhancing the intelligence level of the platform and achieving more precise market analysis and user services by leveraging advanced technologies such as big data and cloud computing. Since the launch of the 9CheGO platform, the Group has actively invited major automobile dealership partners to join the platform, creating a vibrant platform atmosphere, achieving the synchronisation of automobile information and demand on a national and even global scale, thus making transactions more convenient and efficient.

The 9CheGO platform, the Group's advanced B2B automobile supply chain service platform, initiated verification since July 2024. As of the date of this announcement, the Group has achieved the milestone of the number of verified automobile dealerships successfully surpassing 24,000 automobile dealership partners. This milestone figure marks the successful leap of the 9CheGO platform from 0 to 1, fully demonstrating the platform's strong capabilities and immense potential in the automobile industry.

The Group's services capabilities are supported by the digital information infrastructure. The Group uses cloud-based technologies to support the digital information infrastructure, on top of which the Group built systems for data management, data analysis and business operations based on the Group's industry expertise and customer insights. The Group has also applied the VFS system and Vehicle Connect mobile application, RFID labels, PDAs, OBD devices and lockboxes as well as data analytics to optimize the pledged vehicle monitoring services. To better support the provision of automobile dealership operation management services, the Group has adopted an automobile dealership operation management system, namely Smart Star ("智科星"), that is tailored for managing the daily operations of automobile dealerships.

## **FUTURE PROSPECTS**

The Board considers that the public listing status has impacted the perception of customers towards the Group and believes that the public listing status is a form of complementary advertising which will further enhance the corporate profile, assist in reinforcing the brand awareness and market reputation, enhance the credibility with the public and potential business partners and offer the Company a broader shareholder base which will provide liquidity in the trading of the Shares. In addition, the Board believes that the Listing will enable the Group to gain access to the capital market for future fund raising both at the time of Listing and at later stages which would inevitably assist the Group in the future business development.

As previously disclosed in the prospectus (the “**Prospectus**”) of the Company in relation to global offering of its shares (the “**Global Offering**”) dated December 29, 2023, the Group plans to improve the pledged vehicle monitoring services, develop an integrated supporting system for the automobile sales and distribution industry, expand the automobile dealership operation management capacity, and so forth. Meanwhile, the Group plans to expand the foreign business and smart business.

The Group believes that there will be sufficient market demand for pledged vehicle monitoring services to accommodate the future plan. Meanwhile, the Group plans to expand the automobile dealership operation management capacity by improving the automobile dealership operation management services and improving the quality of the automobile dealership operation management services.

There was no change in the intended use of net proceeds as previously disclosed in the Prospectus, and the expected timeline for the use of net proceeds will be subject to the business development of the Company. Since the Listing Date and up to the date of this announcement, the Group has utilized 11.7% of the net proceeds. Please refer to “Future Plans and Use of Proceeds” in the Prospectus for details.

## FINANCIAL REVIEW

### Revenue

The Group’s revenue primarily generated from two business segments in terms of their nature, namely pledged vehicle monitoring services and automobile dealership operation management services. The revenue increased by RMB27.8 million or 9.0% from RMB309.4 million for the six months ended June 30, 2023 to RMB337.2 million for the Reporting Period, which was primarily attributable to the increase of the revenue generated from pledged vehicle monitoring services which was primarily attributable to an increase in the number of the service agreements.

The following table sets forth a breakdown of the Group’s revenue by business line for the periods indicated:

|                                                        | For the six months ended June 30, |          |                |          | Growth<br>rate<br>% |
|--------------------------------------------------------|-----------------------------------|----------|----------------|----------|---------------------|
|                                                        | 2024                              |          | 2023           |          |                     |
|                                                        | Revenue                           |          | Revenue        |          |                     |
|                                                        | <i>RMB'000</i>                    | <i>%</i> | <i>RMB'000</i> | <i>%</i> |                     |
| Pledged vehicle monitoring services                    | 307,182                           | 91.1     | 279,067        | 90.2     | 10.1                |
| Automobile dealership operation<br>management services | 30,032                            | 8.9      | 30,364         | 9.8      | -1.1                |
| Total                                                  | 337,214                           | 100.0    | 309,431        | 100.0    | 9.0                 |

The Group typically enters into tripartite agreements with financial institutions and automobile dealerships for such services. Although the Group's pledged vehicle monitoring services are designed to help financial institutions manage secured financing provided to automobile dealerships, the Group considers the paying party under such tripartite agreements as the Group's customer, which may be either financial institutions or automobile dealerships, depending on the negotiation among the contracting parties, and the Group considers both financial institutions and automobile dealerships as the Group's users.

The Group's revenue from pledged vehicle monitoring services was primarily derived from independent-third-party users. The following table sets forth a breakdown of revenue from providing the pledged vehicle monitoring services by user ownership for the periods indicated.

|                               | For the six months ended June 30, |              |                |             | Growth<br>rate<br>% |
|-------------------------------|-----------------------------------|--------------|----------------|-------------|---------------------|
|                               | 2024                              |              | 2023           |             |                     |
|                               | Revenue                           |              | Revenue        |             |                     |
|                               | <i>RMB'000</i>                    | <i>%</i>     | <i>RMB'000</i> | <i>%</i>    |                     |
| Related-party users           | 131                               | –            | 157            | 0.1         | (16.6)              |
| Independent-third-party users | <u>307,051</u>                    | <u>100.0</u> | <u>278,910</u> | <u>99.9</u> | <u>10.1</u>         |
| Sub-total                     | <u>307,182</u>                    | <u>100.0</u> | <u>279,067</u> | 100.0       | <u>10.1</u>         |

The following table sets forth a breakdown of revenue from providing the automobile dealership operation management services by user ownership for the periods indicated.

|                               | For the six months ended June 30, |              |                |              | Growth<br>rate<br>% |
|-------------------------------|-----------------------------------|--------------|----------------|--------------|---------------------|
|                               | 2024                              |              | 2023           |              |                     |
|                               | Revenue                           |              | Revenue        |              |                     |
|                               | <i>RMB'000</i>                    | <i>%</i>     | <i>RMB'000</i> | <i>%</i>     |                     |
| Related-party users           | 28,427                            | 94.7         | 30,281         | 99.7         | (6.1)               |
| Independent-third-party users | <u>1,605</u>                      | <u>5.3</u>   | <u>83</u>      | <u>0.3</u>   | <u>1,833.7</u>      |
| Sub-total                     | <u>30,032</u>                     | <u>100.0</u> | <u>30,364</u>  | <u>100.0</u> | <u>(1.1)</u>        |

The pledged vehicle monitoring services are the largest source of revenue. For the Reporting Period, the revenue from the pledged vehicle monitoring services was RMB307.2 million, accounting for 91.1% of the Group's total revenue. The increase in revenue in the segment was primarily attributable to an increase in the number of the service agreements.

For the Reporting Period, the revenue from providing the automobile dealership operation management services was RMB30.0 million, accounting for 8.9% of the Group's total revenue.

## Cost of Sales

The Group's cost of sales mainly consists of (i) subcontracting costs, representing service fees for third-party service providers for onsite supervision services in connection with the Group's pledged vehicle monitoring services; (ii) staff costs; (iii) travel and entertainment expenses; (iv) hardware costs, representing procurement costs for RFID labels and scanners; (v) depreciation and amortization; (vi) share-based payment expenses in connection with the grant of certain share options to certain employees; and (vii) others. Given the nationwide layout of the Group's services, the Group outsourced certain services, primarily including pledged vehicle monitoring services, collective vehicle conformity certificate management services and counting services, to subcontractors to achieve the nationwide business coverage while maintaining high operational efficiency. The onsite supervision services provided by independent third parties on a daily basis are basic and standard services.

For the Reporting Period, the total cost of sales of the Group was RMB189.6 million, which increased by RMB13.6 million or 7.7% as compared to RMB176.0 million for the six months ended June 30, 2023 primarily due to the increase in subcontracting costs.

## Gross Profit and Gross Profit Margin

The gross profit of the Group increased by RMB14.3 million or 10.7% to RMB147.7 million for the Reporting Period from RMB133.4 million for the six months ended June 30, 2023 as a result of the net effect of the abovementioned factors for the increase in revenue and cost of sales.

The following table sets forth a breakdown of the gross profit and gross profit margin by business segments for the periods indicated:

|                                                     | For the six months ended June 30, |                     |              |                     |
|-----------------------------------------------------|-----------------------------------|---------------------|--------------|---------------------|
|                                                     | 2024                              |                     | 2023         |                     |
|                                                     | Gross profit                      | Gross profit margin | Gross profit | Gross profit margin |
|                                                     | RMB'000                           | %                   | RMB'000      | %                   |
| Pledged vehicle monitoring services                 | 135,200                           | 44.0                | 121,464      | 43.5                |
| Automobile dealership operation management services | 12,450                            | 41.5                | 11,939       | 39.3                |
| Total                                               | 147,650                           | 43.8                | 133,403      | 43.1                |

For the Reporting Period, the gross profit margin of the Group increased by 0.7 percentage points as compared with the same period during 2023, which was primarily attributable to an increase in gross profit margin of automobile dealership operation management services.

The gross profit margin of pledged vehicle monitoring services increased by 0.5 percentage points, as the Group's business continued to grow, the Group realized economies of scale with the support of the Group's technologies, which enabled the Group's subcontractors to supervise multiple automobile dealerships per person at the same time.

The gross profit margin of automobile dealership operation management services increased by 2.2 percentage points, because of economies of scale. Since the Group has established a complete team to conduct automobile operation management services, the relevant resources input remains stable. As a result, the increase of the number of automobile dealerships managed and the earnings per automobile dealership does not lead to more resources input.

## Net Other Income

The Group's net other income primarily consists of (i) government grants; (ii) extra deduction of input VAT for the Group's services in accordance with relevant policies; (iii) net exchange gains; and (iv) others.

The following table sets forth a breakdown of the Group's net other income for the periods indicated:

|                              | For the six months ended June 30, |                     |                   |                     |
|------------------------------|-----------------------------------|---------------------|-------------------|---------------------|
|                              | 2024                              |                     | 2023              |                     |
|                              | <i>RMB'000</i>                    | <i>%</i>            | <i>RMB'000</i>    | <i>%</i>            |
| Government grants            | –                                 | –                   | 13                | 1.6                 |
| Extra deduction of input VAT | –                                 | –                   | 504               | 61.2                |
| Net exchange (losses)/gains  | (27)                              | (17.5)              | 171               | 20.8                |
| Others                       | <u>181</u>                        | <u>117.5</u>        | <u>135</u>        | <u>16.4</u>         |
| Total                        | <u><u>154</u></u>                 | <u><u>100.0</u></u> | <u><u>823</u></u> | <u><u>100.0</u></u> |

The Group's net other income decreased by RMB0.6 million or 75.0% from RMB0.8 million for the six months ended June 30, 2023 to RMB0.2 million for the Reporting Period. The decrease was primarily due to the decrease in extra deduction of input VAT to nil for the Reporting Period from RMB0.5 million for the six months June 30, 2023.

## **Sales and Marketing Expenses**

The sales and marketing expenses increased by RMB0.4 million or 11.4% from RMB3.5 million for the six months ended June 30, 2023 to RMB3.9 million for the Reporting Period. The increase in sales and marketing expenses was primarily due to the increase in marketing and entertainment expenses to RMB0.7 million for the Reporting Period from RMB0.3 million for the six months June 30, 2023.

## **Research and Development Expenses**

The Group's research and development expenses increased by 29.9% from RMB6.7 million for the six months ended June 30, 2023 to RMB8.7 million for the Reporting Period. The increase was primarily due to an increase in the Group's staff costs and an increase in share-based payment expenses associated with the grant of share options to certain employees.

## **General and Administrative Expenses**

The general and administrative expenses increased by RMB1.9 million or 3.0% from RMB63.4 million for the six months ended June 30, 2023 to RMB65.3 million for the Reporting Period. The increase in general and administrative expenses was primarily due to (i) an increase in staff costs as a result of an increase in the number of the Group's administrative staff due to business expansion; and (ii) an increase in share-based payment expenses associated with the grant of certain restricted shares and share options to certain employees in the Reporting Period, partially offset by the decrease in listing expense, associated with the Global Offering.

## **Net Finance Income/(Expenses)**

The Group's net finance expenses was approximately RMB1.5 million for the six months ended June 30, 2023. The Group had net finance income of RMB3.8 million for the Reporting Period, primarily due to the interest income of approximately RMB4.3 million resulting from the increase of cash and cash equivalents.

## **Income Tax Expense and Effective Tax Rate**

The income tax expense decreased by RMB4.7 million or 23.3% from RMB20.2 million for the six months ended June 30, 2023 to RMB15.5 million for the Reporting Period.

In December 2023, Changjiu Jinfu confirmed with related tax authority that it was entitled to be subject to an income tax rate of 15% during the years for the period from January 1, 2022 to December 31, 2025 according to Notice of Taxation on Continuing the Preferential Policies for Enterprise Income Tax in Qianhai Shenzhen Hong Kong Modern Service Industry Cooperation Zone (關於延續深圳前海深港現代服務業合作區企業所得稅優惠政策的通知) issued by the Ministry of Finance (財政部) and the State Taxation Administration (稅務總局). Changjiu Jinfu accrued income tax expense based on income tax rate of 15% and 25% for the six months ended June 30, 2024 and 2023 respectively.

Under the Law of the PRC on Enterprise Income Tax (中華人民共和國企業所得稅法) (the “**EIT Law**”) and Implementation Regulation of the EIT Law (中華人民共和國企業所得稅法實施條例), the enterprise income tax rate of the Group’s PRC subsidiaries is 25%, unless subject to tax deduction or exemption. The effective tax rate of 21.2% for the Reporting Period was lower than the 25% statutory tax rate primarily due to the effect of the abovementioned factors (effective tax rate for the six months ended June 30, 2023: 36.4%).

### **Profit for Reporting Period and Net Profit Margin**

As a result of the foregoing, the net profit increased by RMB22.5 million or 63.7% from RMB35.3 million for the six months ended June 30, 2023 to RMB57.8 million for the Reporting Period, and the net profit margin increased from 11.4% for the six months ended June 30, 2023 to 17.1% for the Reporting Period.

### **Non-IFRS Measure**

To supplement its historical financial information which are presented in accordance with IFRS, the Group also uses adjusted net profit as an additional financial measure, which is unaudited in nature and is not required by, or presented in accordance with IFRS. The Group believes that this non-IFRS measure facilitates comparisons of operating performance from year to year by eliminating potential impacts of items that the management does not consider to be indicative of its operating performance. The Group believes that this measure provides useful information to investors and others in understanding and evaluating its results of operations in the same manner as it helps the Group’s management. However, the Group’s 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 analysis of, the Group’s results of operations or financial condition as reported under IFRS.

The Group defines adjusted net profit as net profit adjusted by adding back listing expenses and share-based compensation expenses in relation to share incentive plans. The Group eliminates the potential impact of these items, which are either non-operating or one-off in nature and are not indicative of the actual operating performance of the Group.

Adjusted net profit (non-IFRS measure), defined as net profit adjusted by adding back the listing expenses and share-based compensation expenses in relation to share incentive plans, for the Reporting Period amounted to RMB77.3 million, representing an increase of 26.9% from RMB60.9 million for the six months ended June 30, 2023.

|                                                                             | <b>2024</b><br><b>RMB'000</b> | 2023<br><i>RMB'000</i> |
|-----------------------------------------------------------------------------|-------------------------------|------------------------|
| Profit for the six months ended June 30,                                    | <b>57,802</b>                 | 35,291                 |
| Add:                                                                        |                               |                        |
| Listing expenses ( <i>Note (i)</i> )                                        | <b>4,730</b>                  | 11,966                 |
| Share-based compensation expenses ( <i>Note (ii)</i> )                      | <b>14,782</b>                 | 13,654                 |
| Adjusted net profit for the six months ended June 30,<br>(non-IFRS measure) | <b>77,314</b>                 | 60,911                 |

*Notes:*

- (i) Listing expenses relate to the Global Offering, which are one-off in nature and are not directly related to the Group's operating activities.
- (ii) Share-based compensation expenses relate to the restricted shares and share options that we granted under the share incentive plans, which are non-cash expenses that are commonly excluded from similar non-IFRS measures adopted by other companies in the industry.

## **Intangible Assets**

The Group's intangible assets primarily reflecting the book value of the Group's VFS system and the North Star System. The Group's intangible assets decreased from RMB8.2 million as of December 31, 2023 to RMB7.5 million as of June 30, 2024, primarily due to the increase of the accumulated amortization.

## **Right-of-use assets**

The Group's right-of-use assets consisted primarily of leases for offices and apartments for the staff. The Group's right-of-use assets decreased from RMB6.9 million as of December 31, 2023 to RMB3.4 million as of June 30, 2024, primarily due to the increase of the accumulated amortization.

## **Trade Receivables**

The Group's trade receivables primarily represent outstanding amounts due from financial institutions and related parties.

The Group's trade receivables as of June 30, 2024 amounted to RMB227.3 million, representing an increase of RMB67.4 million or 42.2% as compared to RMB159.9 million as of December 31, 2023, primarily as a result of the growth of the Group's business and revenue and an increase in the number of pledged vehicle monitoring service agreements where the financial institutions (instead of automobile dealerships) bear the payment obligation, which often make payments of relevant service fees after the services are provided and has prolonged settlement processes due to their internal review, whereas automobile dealerships typically make advance payments for the services.

## **Prepaid Expenses and Other Current Assets**

The Group's prepaid expenses and other current assets primarily consist of (i) amounts due from related parties; (ii) prepaid expenses, primarily representing prepaid expenses related to the purchase of certain IT systems for office management; (iii) input valued-added tax recoverable; (iv) deposits, primarily representing deposits paid for business tendering.

The Group's prepaid expenses and other current assets as of June 30, 2024 amounted to RMB8.8 million, representing a decrease of RMB14.5 million or 62.2% as compared to RMB23.3 million as of December 31, 2023, primarily due to a decrease in amounts due from related parties.

## **Trade Payables**

The Group's trade payables primarily consist of payments due to the Group's subcontracting service providers. In general, the Group is required to settle subcontracting service fees on a monthly basis.

The Group's trade payables remained relatively stable from RMB29.6 million as of December 31, 2023 to RMB27.1 million as of as of June 30, 2024.

## **Liquidity, Financial Resources and Capital Structures**

As of June 30, 2024, the Group had cash and cash equivalents of RMB377.5 million. The Group's total interest-bearing bank loans decreased to nil as of June 30, 2024 from RMB20.0 million as of December 31, 2023.

As of June 30, 2024, the Group had interest-bearing bank loans amounting to nil (December 31, 2023: RMB20.0 million). The gearing ratio (total interest-bearing debts divided by total equity) as of June 30, 2024 was nil (December 31, 2023: 14.1%). The current ratio (total current assets divided by total current liabilities) as of June 30, 2024 was 2.6 (December 31, 2023: 1.6).

The Group finances its working capital requirements through a combination of funds generated from operations and alternative funding resources from equity and debt. The Group did not carry out any interest rate hedging policy.

The Shares of the Company were successfully listed on the Main Board of the Stock Exchange on January 9, 2024. There has been no change in the capital structure of the Company since then. The share capital of the Company is only comprised of ordinary shares. As of the date of this announcement, the issued share capital of the Company was US\$134.7740072, comprising 202,160,000 Shares with a par value of US\$0.00000066667 per Share.

## **Capital Expenditure and Commitments**

The Group's capital expenditure in Reporting Period primarily comprised expenditure on property, plant and equipment and intangible assets, amounted to a total of RMB1.6 million (December 31, 2023: RMB4.5 million).

As of June 30, 2024, the Group had capital commitments of RMB15.3 million associated with the acquisition of certain software for office management (December 31, 2023: 13.9).

## **Contingent Liabilities**

As of June 30, 2024, the Group did not have any contingent liabilities (December 31, 2023: Nil).

## **Cash Flow**

For the Reporting Period, the net cash used in operating activities was RMB11.2 million, which was primarily due to the increase of trade receivables for the Reporting Period. The net cash generated from investing activities for the Reporting Period was RMB9.5 million, which was primarily due to net receipt from related parties and partially offset by purchase of property, plant and equipment and intangible assets. The net cash generated from financing activities for the Reporting Period was RMB244.3 million, which was primarily the proceeds from the Global Offering.

## **Foreign Exchange Risk**

The Group operates its business primarily in the PRC. RMB is the major currency used by the Group for valuation and settlement of all transactions. Any depreciation of RMB would adversely affect the value of any dividends paid by the Group to shareholders of the Company (the “**Shareholders**”) outside the PRC. Majority of the Group's cash and cash equivalents is denominated in RMB and HKD. The Group is currently not engaged in hedging activities that are designed or intended to manage foreign exchange rate risk. The Group will continue to monitor foreign exchange activities and make its best efforts to protect the cash value of the Group.

## **Treasury Policy**

The Group has adopted a prudent financial management approach towards its treasury policy and thus maintained a healthy liquidity position for the Reporting Period. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

## **SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

During the Reporting Period, the Group did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures. As of June 30, 2024, the Group did not hold any significant investments (including significant investments which accounted for 5% or more of the total assets of the Group).

## **INTERIM DIVIDEND**

The Board has resolved not to declare any interim dividend for the Reporting Period (the six months ended June 30, 2023: Nil).

## **FUTURE PLANS FOR MAJOR INVESTMENTS**

Save as disclosed in the section headed “Use of Proceeds from the Global Offering” in this announcement, the Group did not have any other immediate plans for material investment and capital assets as of the date of this announcement. The Group may look into business and investment opportunities in different business areas and consider whether any asset or business acquisitions, restructuring or diversification may become appropriate in order to improve its long-term competitiveness.

## **EMPLOYEES AND REMUNERATION POLICY**

The Group employed 463 employees as of June 30, 2024 (December 31, 2023: 451). For the six months ended June 30, 2024, the staff cost of the Group (including Directors’ remuneration) amounted to approximately RMB69.7 million (the six months ended June 30, 2023: RMB63.5 million). To promote employees’ knowledge and technical expertise, the Group offers training programmes to employees from time to time according to their job duties. Employees’ remuneration packages are determined with reference to the market information and individual performance and will be reviewed on a regular basis. The remuneration policy will be reviewed by the Board from time to time. In addition to basic remuneration, the Group also makes contributions to mandatory social security funds for the benefit of the PRC employees that provide for retirement insurance, medical insurance, unemployment insurance, maternity insurance, occupational injury insurance and housing funds. All of the full-time employees are paid a fixed salary and may be granted other allowances, based on their positions. Those who meet or exceed their performance expectation will also be rewarded discretionary bonuses. Selected Director, senior management members and employees were offered to participate in the pre-IPO restricted share plan and the pre-IPO share option plan, both approved and adopted by the Company on March 7, 2023.

## **COMPLIANCE WITH CORPORATE GOVERNANCE CODE**

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders of the Company and to enhance corporate value and accountability of the Company. As the Company's Shares have been listed on the Main Board of the Stock Exchange since January 9, 2024, the Corporate Governance Code as set out in Part 2 of Appendix C1 to the Listing Rules (the "**CG Code**") has applied to the Company since the Listing Date.

From the Listing Date to the date of this announcement, the Company has adopted and complied with all applicable code provisions under the CG Code.

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set forth in Appendix C3 to the Listing Rules as the code of conduct regarding securities transactions of the Directors, senior management members, and employees who, because of his/her office or employment, is likely to possess inside information in relation to the Group or the Company's securities.

As the Company's Shares have been listed on the Main Board of the Stock Exchange since January 9, 2024, related rules under the Model Code that Directors shall observe has applied to the Company since the Listing Date.

The Company had made specific enquiry to all Directors and all Directors confirmed that they have complied with the Model Code from the Listing Date to the date of this announcement. In addition, the Company is not aware of any non-compliance of the Model Code by the senior management members or relevant employees of the Group for the period from the Listing Date to the date of this announcement.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares (as defined in the Listing Rules)) since the Listing Date and up to the date of this announcement. The Company did not hold any treasury shares as of June 30, 2024.

## **MATERIAL LEGAL PROCEEDINGS**

During the Reporting Period and up to the date of this announcement, the Company was not involved in any material legal proceeding or arbitration. To the best knowledge of the Directors, as at the date of this announcement, there is no material legal proceeding or claim which is pending or threatened against the Company.

## PUBLIC FLOAT

Based on the information publicly available to the Company and to the best knowledge of the Directors, the Company has maintained sufficient public float as required by the Listing Rules since the Listing Date and up to the date of this announcement. The Company maintained the minimum level of public float of 25% of its total issued share capital.

## EVENTS AFTER THE REPORTING PERIOD

Save as set out in notes 12 and 13 to the unaudited interim financial statements, there was no other significant events that might affect the Group occurred after the Reporting Period and up to the date of this announcement.

## USE OF PROCEEDS FROM THE GLOBAL OFFERING

The Shares of the Company were listed on the Main Board of the Stock Exchange on January 9, 2024. The Company issued 50,540,000 ordinary Shares at an offer price of HK\$5.95 per share, raising net proceeds of HK\$254.1 million (after deducting the Listing expenses) under the Global Offering.

The net proceeds from the Global Offering were intended to be applied in accordance with the section headed “Future Plans and Use of Proceeds” in the Prospectus and with details as set out as follow:

| Usage                                                    | Percentage<br>of total<br>amount | Planned<br>allocation of<br>net proceeds<br><i>HK\$ million</i><br><i>(approximately)</i> | As of June 30, 2024<br>Utilised<br>amount<br><i>HK\$ million</i><br><i>(approximately)</i> | Unutilised<br>amount<br><i>HK\$ million</i><br><i>(approximately)</i> | Expected<br>timeline for<br>full utilization<br>of proceeds |
|----------------------------------------------------------|----------------------------------|-------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|-----------------------------------------------------------------------|-------------------------------------------------------------|
| Improve the Group’s pledged vehicle monitoring services  |                                  |                                                                                           |                                                                                            |                                                                       |                                                             |
| • Upgrade and promote the Group’s hardware and equipment | 25.0%                            | 63.6                                                                                      | 2.1                                                                                        | 61.5                                                                  | By the end of 2026                                          |
| • Increase the features of the Group’s software products | 10.0%                            | 25.4                                                                                      | 5.5                                                                                        | 19.9                                                                  | By the end of 2026                                          |
| Sub-total                                                | 35.0%                            | 89.0                                                                                      | 7.6                                                                                        | 81.4                                                                  |                                                             |

| Usage                                                                                              | Percentage<br>of total<br>amount | Planned<br>allocation of<br>net proceeds<br><i>HK\$ million</i><br><i>(approximately)</i> | As of June 30, 2024                                                 |                                                                       | Expected<br>timeline for<br>full utilization<br>of proceeds |
|----------------------------------------------------------------------------------------------------|----------------------------------|-------------------------------------------------------------------------------------------|---------------------------------------------------------------------|-----------------------------------------------------------------------|-------------------------------------------------------------|
|                                                                                                    |                                  |                                                                                           | Utilised<br>amount<br><i>HK\$ million</i><br><i>(approximately)</i> | Unutilised<br>amount<br><i>HK\$ million</i><br><i>(approximately)</i> |                                                             |
| Develop an integrated supporting system for the automobile sales and distribution industry         |                                  |                                                                                           |                                                                     |                                                                       |                                                             |
| • Recruit R&D staff                                                                                | 10.0%                            | 25.4                                                                                      | –                                                                   | 25.4                                                                  | By the end of 2026                                          |
| • Deepen the Group's cooperation with third-party vendors and enhance the Group's R&D capabilities | 10.0%                            | 25.4                                                                                      | 4.0                                                                 | 21.4                                                                  | By the end of 2026                                          |
| • Continue to improve the Group's digital information infrastructure                               | 10.0%                            | 25.4                                                                                      | 0.4                                                                 | 25.0                                                                  | By the end of 2026                                          |
| Sub-total                                                                                          | 30.0%                            | 76.2                                                                                      | 4.4                                                                 | 71.8                                                                  |                                                             |
| Expand the Group's automobile dealership operation management capacity                             |                                  |                                                                                           |                                                                     |                                                                       |                                                             |
| • Improve the Group's automobile dealership operation management services                          | 11.5%                            | 29.2                                                                                      | 2.6                                                                 | 26.6                                                                  | By the end of 2026                                          |
| • Improve the quality of the Group's automobile dealership operation management services           | 3.5%                             | 8.9                                                                                       | 1.1                                                                 | 7.8                                                                   | By the end of 2026                                          |
| Sub-total                                                                                          | 15.0%                            | 38.1                                                                                      | 3.7                                                                 | 34.4                                                                  |                                                             |
| Expand the Group's sales and marketing capacity                                                    |                                  |                                                                                           |                                                                     |                                                                       |                                                             |
| • Expand the Group's ground marketing teams                                                        | 5.8%                             | 14.7                                                                                      | 0.3                                                                 | 14.4                                                                  | By the end of 2026                                          |
| • Expand the Group's online marketing and promotion capacity                                       | 4.2%                             | 10.7                                                                                      | 0.4                                                                 | 10.3                                                                  | By the end of 2026                                          |
| Sub-total                                                                                          | 10.0%                            | 25.4                                                                                      | 0.7                                                                 | 24.7                                                                  |                                                             |

| Usage                                              | Percentage<br>of total<br>amount | Planned<br>allocation of<br>net proceeds<br><i>HK\$ million</i><br><i>(approximately)</i> | As of June 30, 2024                                                 |                                                                       | Expected<br>timeline for<br>full utilization<br>of proceeds |
|----------------------------------------------------|----------------------------------|-------------------------------------------------------------------------------------------|---------------------------------------------------------------------|-----------------------------------------------------------------------|-------------------------------------------------------------|
|                                                    |                                  |                                                                                           | Utilised<br>amount<br><i>HK\$ million</i><br><i>(approximately)</i> | Unutilised<br>amount<br><i>HK\$ million</i><br><i>(approximately)</i> |                                                             |
| General business operations and<br>working capital | 10.0%                            | 25.4                                                                                      | 13.4                                                                | 12.0                                                                  | N/A                                                         |
| <b>Total</b>                                       | <b>100%</b>                      | <b>254.1</b>                                                                              | <b>29.8</b>                                                         | <b>224.3</b>                                                          |                                                             |

The net proceeds are currently held in bank deposits and it is intended that it will be applied in the manner consistent with the proposed allocations in the Prospectus. For further information, please refer to the section headed “Future Plans and Use of Proceeds” in the Prospectus.

## AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS

The Company has established the Audit Committee in compliance with the Listing Rules to fulfil the functions of reviewing and monitoring the financial reporting process and risk management and internal control systems of the Company. The Audit Committee consists of three members, namely, Mr. Wang Fukuan, Ms. Jin Ting and Mr. Dong Yang. Mr. Wang Fukuan is the chairman of the Audit Committee. The main duties of the Audit Committee are to review and supervise the financial reporting system, risk management and internal control systems of the Group, oversee its audit process and perform other duties and responsibilities as assigned by the Board.

The Group’s interim results for the six months ended June 30, 2024 have been reviewed by the Audit Committee with the management. The Audit Committee is of the view that such results complied with the applicable accounting standards, the requirements under the Listing Rules and other applicable legal requirements, and that adequate disclosures had been made.

## Independent Review of Auditor

The Group’s interim condensed consolidated financial information for the six months ended June 30, 2024 is unaudited, but has been reviewed by KPMG, Certified Public Accountants, in accordance with Hong Kong Standard on Review Engagements No. 2410 “Review of interim financial information performed by the independent auditor of the entity” issued by the Hong Kong Institute of Certified Public Accountants.

**PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND 2024 INTERIM REPORT ON THE WEBSITES OF STOCK EXCHANGE AND THE COMPANY**

The announcement of interim results is published on the websites of the Stock Exchange at ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company at ([www.99digtech.com](http://www.99digtech.com)). The interim report of the Company for the six months ended June 30, 2024, which contains all information required by the Listing Rules, will be published on the websites of the Stock Exchange and the Company in due course.

By Order of the Board  
**Changjiu Holdings Limited**  
**Ms. Li Guiping**

*Chairwoman of the Board and Executive Director*

Hong Kong, August 27, 2024

*As of the date of this announcement, the Board comprises Ms. Li Guiping, Mr. Bo Shijiu and Ms. Zhang Yexi as executive Directors, Ms. Jin Ting as non-executive Director, and Mr. Shen Jinjun, Mr. Dong Yang and Mr. Wang Fukuan as independent non-executive Directors.*