



Fulu Holdings Limited 福祿控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 2101



Interim Report **2024**

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Fu Xi (符熙) (*Chairman and chief executive officer*)
Mr. Zhang Yuguo (張雨果)
Mr. Zhao Bihao (趙筆浩)

Independent Non-executive Directors

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

COMPANY SECRETARY

Ms. Ng Ka Man (吳嘉雯) (*ACG, HKACG*)

AUTHORIZED REPRESENTATIVES

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

AUDITOR

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Certified Public Accountants
Registered Public Interest Entity Auditor
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STOCK CODE

2101

COMPANY'S WEBSITE

www.fulu.com

Financial Summary

	Unaudited For the six months ended June 30,		Change (%)
	2024	2023	
	(RMB in thousands, except for percentage)		
Revenue	196,046	250,950	(21.9)
Gross profit	146,739	184,742	(20.6)
Gross profit margin ⁽¹⁾	74.8%	73.6%	1.2
Profit before tax	44,751	46,025	(2.8)
Profit and total comprehensive income for the period	35,247	38,464	(8.4)
Attributable to:			
Owners of the parent	36,320	40,807	(11.0)
Non-controlling interests	(1,073)	(2,343)	(54.2)
Non-IFRS measure adjusted profit attributable to owners of the parent for the period	36,925	43,245	(14.6)

Note:

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

	Unaudited As at June 30, 2024	Audited As at December 31, 2023	Change (%)
	(RMB in thousands)		
Assets			
Current assets	1,716,040	1,675,642	2.4
Non-current assets	57,174	86,991	(34.3)
Total assets	1,773,214	1,762,633	0.6
Liabilities			
Current liabilities	478,736	500,304	(4.3)
Non-current liabilities	2,676	4,977	(46.2)
Total liabilities	481,412	505,281	(4.7)
Net assets	1,291,802	1,257,352	2.7
Equity			
Equity attributable to owners of the parent			
Share capital	278	278	0.0
Reserves	1,308,630	1,271,761	2.9
	1,308,908	1,272,039	2.9
Non-controlling interests	(17,106)	(14,687)	16.5
Total Equity	1,291,802	1,257,352	2.7

Chairman's Statement

Dear Shareholders,

In the first half of 2024, the global economic situation remained complex and volatile, and factors such as the game between major powers and geopolitical shocks have posed persistent challenges to the global economy. Meanwhile, the domestic economy also faced multiple challenges such as deflationary pressure and sluggish consumption. Under this background, the domestic consumption environment has changed, with consumers increasingly focusing on the cost-effectiveness of commodities, tending to obtain information on commodities through a variety of channels, and keening to compare prices and pursuing a consumption experience in which low prices and high quality coexist. With the changes in the market environment and consumer mentality, major e-commerce platforms and brands have adjusted their marketing strategies accordingly, thus falling into the vortex of low-price competition in a bid to consolidate their market share. However, although the low-price competition strategy can stimulate consumption, it also led to a series of chain reactions such as a decrease in sales prices, an increase in subsidies for commodities, and adjustments to upstream and downstream policies, which in turn affected the decline in sales revenue and profit levels. In addition, as both consumers and corporate customers have constantly increased their demands for service and quality, various industries are facing greater challenges and tests.

As affected by factors such as challenges in the macroeconomic, changes in consumer demand and price wars, our revenue decreased by 21.9% to RMB196,046 thousand on a year-on-year basis in the first half of 2024. In terms of the performance of each business segment, revenue from the corporate welfare segment maintained stable growth, representing a slight increase of 0.6% as compared to the corresponding period of last year. Revenue from the lifestyle segment, leisure and entertainment segment, games segment and telecommunications segment recorded a year-on-year decrease of 23.5%, 30.9%, 12.8% and 61.1%, respectively. The significant decrease in revenue from the telecommunications segment is mainly due to our adjustments to the business structure. In terms of the perspective of business nature, revenue from digital goods-related services decreased by 42.1% to RMB113,456 thousand on a year-on-year basis, while revenue from value-added services increased by 76.2% to RMB58,979 thousand on a year-on-year basis. In addition, benefiting from steady development of the corporate welfare business, revenue from physical goods-related services increased by 10.0% to RMB23,611 thousand on a year-on-year basis. In the first half of 2024, our profit attributable to owners of the parent was RMB36,320 thousand, representing a slight year-on-year decrease of 11.0%.

In the face of fluctuations in the economic environment and market supply and demand, we have adopted a series of response strategies and adjustments from an internal management perspective. Specifically, we have further strengthened the marketing management of our commodities, strictly controlled the supply chain procurement process, enhanced the efficiency of fund utilization, and strived for excellence in cost control. In the meantime, we have also strengthened customer screening and credit management to minimize funding risks and ensure stable cash flow. With long-term profitability always as our starting point, we continued to make innovations and adjustments, gain in-depth insight into customer needs, optimize our services, expand our sales channels and shape our brand image to ensure the steady and solid development of the Group.

Chairman's Statement

Currently, consumers have generally become accustomed to the consumption habits of shopping through live streaming, so the live streaming e-commerce field is still the continued in-depth development direction of our business. With the structural adjustments of the live streaming industry, the sales performance of top live streamers has declined, while the official stores for which the brand owners conduct self-streaming have gradually become the first choice of users shopping on mainstream e-commerce platforms. This change in trend has helped us win the trust and support of more brand customers, and accordingly, we have expanded the scale of our live streaming studios and enhanced the scope of cooperation and service quality of live streaming agency services to better meet the operational service needs of brands in the live streaming e-commerce platform. In the first half of 2024, our in-depth layout in the movie industry chain has shown initial results. We have now become the top one service provider in the movie industry on the Douyin platform, occupying a considerable market share and competitive advantage. We will continue to integrate the resources of the movie industry and achieve comprehensive expansion in various fields such as ticketing, publicity and distribution, and content promotion with the Douyin platform as the core. Meanwhile, we also actively explores the direction of new genres and product portfolios, and innovatively tries the combined sales model covering the virtual and real products, which has not only verified the feasibility of this model, but also accumulated closed-loop practical experience in the whole chain, thereby laying the foundation for undertaking various types of projects in the future. In terms of cooperation with major game developers, we further deepened our cooperation with Tencent Games, increased live streaming services for its new popular games such as Black Myth: Wu Kong (WeGame version), and joined hands with top domestic game developers such as Leiting Games, NetEase Games, Taole Game and Changyou to explore diversified cooperation modes of live streaming e-commerce together. We specialize in providing integrated marketing solutions for the entire life cycle of the game industry. We utilize Douyin's small controller tool to promote and attract traffic to the game during its initial release period, and guide downloads in live streaming room, which significantly increases user bookings, registrations and other key indicators of the new game in order to satisfy the needs of the game developers in promoting and attracting new users. At the same time, we utilize the shelf and content functions of interest content e-commerce platforms such as Douyin and Kuaishou to provide one-stop operation services from store building, product testing, promotion and exposure to consumer conversion. We focus on designing unique live streaming scenarios according to different event nodes and festive atmospheres to provide audiences with fresh and rich viewing experiences, and utilize the focusing effect of dedicated live streaming to achieve explosive growth in game exposure, user acquisition and return flow. Also, we have promoted game content exposure and ecological cooperation for new user attraction by adopting strategies such as incubating various game live streamers, building content account matrix, and carrying over eco-live streamers content traffic flows. We aim to establish long-term and stable cooperative relationships with various brands, gaining insight into and meeting the diversified needs of customers in advance, and promoting our mutual win-win development.

Chairman's Statement

Despite the challenges of the current economic situation, we firmly believe that the welfare market remain an enormous field with endless potentials, in which there are rigid demands that can not be ignored. In recent years, we have continued to deepen our development and expand our business scope in the welfare field, and have won widespread recognition and trust of our customers by virtue of industry accumulation, team strength and professional services. We have a broad customer base, covering state-owned enterprises, listed companies, small and medium-sized enterprises, welfare service providers and gift companies, etc. Our business network has achieved comprehensive coverage and in-depth penetration across industries, which not only deeply covers the traditional manufacturing industry, but also widely involves the internet, finance and other diversified industries, showing strong market adaptability and expansion capabilities. We are always committed to providing customers with high-quality services and solutions so as to ensure that each contract performance and product delivery can satisfy our customers. For example, we provided customer mall services for Volkswagen Import and operation services of the employee labor protection and welfare platform for a subsidiary of Beiran Group (Beijing Beiran Enterprises Group Co., Ltd.), which have fully met the diversified and individualized needs of our customers in the first half of 2024. In addition, we have customized one-stop services such as membership marketing platforms and procurement platforms for many customers, including SaaS products, supply, operation and other aspects, which have effectively enhanced the operational efficiency and market competitiveness of our customers. Under the current economic situation, faced with the dual challenges of improved service quality and intensified price competition, we have optimized, integrated and strategically expanded our business structure, strengthened our human efficiency management and improved our business incentive mechanism, thereby fully mobilizing the motivation and creativity of our employees. In the meantime, we have transformed from relying on the traditional sales-driven marketing model to a more efficient and synergistic welfare channel enabling cooperation model to reduce costs in all aspects and ensure a stable gross profit level. In addition, we have introduced over 280 first-tier brands to enrich our supply ecosystem and enhance the diversity and reliability of our supply chain. We are constantly and actively seeking business synergies and complementarities with our upstream and downstream partners to jointly accelerate the pace of market expansion through resource sharing and complementarities of capabilities.

FINANCIAL SUMMARY

In the first half of 2024, our revenue was RMB196,046 thousand, representing a decrease of 21.9% over RMB250,950 thousand during the corresponding period of 2023. Our profit for the period decreased by 8.4% from RMB38,464 thousand in the first half of 2023 to RMB35,247 thousand in the first half of 2024, among which, profit attributable to owners of the parent for the period decreased by 11.0% from RMB40,807 thousand in the first half of 2023 to RMB36,320 thousand in the first half of 2024. The adjusted profit attributable to owners of the parent for the period decreased by 14.6% from RMB43,245 thousand in the first half of 2023 to RMB36,925 thousand in the first half of 2024; in the first half of 2024, our cash and cash equivalents amounted to RMB203,405 thousand, ensuring stable working capital.

BUSINESS OVERVIEW

In the first half of 2024, our GMV was RMB4,978,996 thousand, representing a decrease of 44.1% from RMB8,905,633 thousand during the corresponding period of 2023. Among them, GMV of lifestyle segment decreased by 41.6% year-on-year to RMB1,642,057 thousand; GMV of leisure and entertainment segment decreased by 38.3% year-on-year to RMB1,586,975 thousand; GMV of telecommunications segment decreased significantly by 84.7% year-on-year to RMB239,492 thousand; GMV of games segment decreased by 24.2% year-on-year to RMB1,178,652 thousand; and GMV of corporate welfare segment decreased by 17.3% year-on-year to RMB331,820 thousand.

Lifestyle segment

In the first half of 2024, revenue from the lifestyle segment decreased by 23.5% to RMB37,391 thousand on a year-on-year basis, accounting for 19.1% of the total revenue. Considering that the local lifestyle services sector is closely related to consumers' daily lives and has vast market growth potential, this sector remains our key business direction for development and in-depth exploration. Currently, we are focusing on expanding and deepening our resources in the tea, cafe and film sectors. We have established partnerships with major brands in this sector, and achieved new partnerships with brands such as Chagee, Pacific Cineplex, Dadi Cinema and CGV Cinema in the first half of 2024. The decrease in revenue from the lifestyle segment was mainly due to changes in policies of certain brands and sales channels, adjustments to cooperation models and the curtailment of marketing expenses on e-commerce platforms, as well as the fact that we have strategically offered concessions to customers and consumers and suspended certain businesses with high transaction volumes but very low profit margins so as to cope with short-term low-price competition. In the first half of 2024, the gross profit of the lifestyle segment decreased by 27.1% year-on-year, and the gross profit margin decreased by 3.6% year-on-year.

Chairman's Statement

Leisure and entertainment segment

In the first half of 2024, revenue from the leisure and entertainment segment decreased by 30.9% to RMB75,750 thousand on a year-on-year basis, accounting for 38.6% of the total revenue. The leisure and entertainment segment remains our primary source of revenue, and we have now widely covered most of the audiovisual and video-based entertainment brands in the market. The decrease in revenue from this segment was also mainly due to the impact of changes in policies of certain brands and sales channels, adjustments to cooperation models and the curtailment of marketing expenses on e-commerce platforms, as well as the fact that we have strategically offered concessions to customers and consumers and suspended certain businesses with high transaction volumes but very low profit margins so as to cope with short-term low-price competition. In the first half of 2024, the gross profit of the leisure and entertainment segment decreased by 28.3% year-on-year, and the gross profit margin increased by 2.8% year-on-year.

Telecommunications segment

In the first half of 2024, revenue from the telecommunications segment decreased by 61.1% to RMB2,928 thousand on a year-on-year basis, accounting for 1.5% of the total revenue. Revenue from the telecommunications segment has gradually decreased in recent years due to the adjustment of upstream and downstream policies in the telecommunications industry, including changes in the agency policies of communications operators and the compression of marketing costs. Although the business of the telecommunications segment can contribute to a certain amount of sales, considering that this business required a significant investment in working capital and had a very low gross profit margin, we decided to proactively reduce the business scale of this segment and transfer our resources to new business areas with higher gross profit margins and potentials, which therefore led to a significant decline in revenue of this segment. In the first half of 2024, the gross profit of the telecommunications segment decreased significantly by 99.7% year-on-year, and the gross profit margin decreased by 26.1% year-on-year.

Games segment

In the first half of 2024, revenue from the games segment decreased by 12.8% to RMB35,757 thousand on a year-on-year basis, accounting for 18.2% of the total revenue. Revenue from the games segment decreased lightly mainly due to the impact of strategic adjustments and budget reduction of major developers in the game industry and we have integrated the supply chain structure and reduced the number of some third-party suppliers. In the face of changes in the market environment, we focused on deepening our business cooperation with top game developers, exploring more diversified and commercialized business scenarios, continuously developing and undertaking new business models, and promoting the sales and operation of games-related digital products deployed on live streaming platform. In the first half of 2024, we have added nearly 10 popular games under game developers such as NetEase Games (網易遊戲), Shiyue.com (詩悅網絡), 37 Interactive Entertainment (37互娛) and Tanwan.com (貪玩遊戲) and conducted special small controller live streaming activities and long-term live streaming agency services. In the first half of 2024, the gross profit of the games segment decreased by 13.4% year-on-year, and the gross profit margin decreased slightly by 0.5% year-on-year.

Corporate welfare segment

In the first half of 2024, revenue from the corporate welfare segment increased slightly by 0.6% to RMB44,220 thousand on a year-on-year basis, accounting for 22.6% of the total revenue. In terms of customer expansion and service optimization, we achieved steady growth, with more than 700 new customers increased. This has not only highlighted our competitive strength in the market, but also further strengthened our market position. Although we have a solid customer base as our backup, we have proactively adjusted our marketing strategy to adapt to changes in the market environment, promoted steady development of our business, and ensured a stable level of gross profit by reducing costs and increasing efficiency. In the first half of 2024, the gross profit of the corporate welfare segment increased slightly by 0.6% year-on-year, and the gross profit margin remained stable.

Chairman's Statement

OUTLOOK

Looking ahead to the second half of 2024, uncertainties in the external environment are still on the rise. Continued geopolitical tensions, upcoming major election campaigns in many countries around the world (including the United States), as well as the declaration of bankruptcy of some local governments in the United Kingdom will have a far-reaching influence on the global economic landscape, thereby posing challenges to China's economic recovery process. However, the booming development of the tourism industry, the interest rate cuts implemented by the People's Bank of China and the consumer stimulus measures introduced by the Chinese government are expected to inject impetus to the rebound and growth of the domestic consumer market.

The Group will uphold a rigorous and rational attitude and adopt prudent management strategies to cope with changes in the external environment. We will focus on optimizing cost management, enhancing operational efficiency and adjusting the income and expenditure structure to safeguard the Group's financial stability and security. Meanwhile, we are committed to maintaining stable working capital and providing solid financial support for the Group's strategic business investments and long-term development so as to capture future growth opportunities. In order to efficiently allocate limited resources, the Group will strengthen its business screening and evaluation system, and make timely adjustments to or divestments of its businesses subject to low gross profit margins and weak profitability, as well as projects with unsatisfactory return on investment, so as to effectively reduce fund risks and achieve optimal allocation of resources. In addition, we will continue to strengthen team building and enhance team cohesion to further consolidate and intensify our competitive advantages.

In view of the booming development trend of the digital economy and digital consumption, the Group will actively explore new growth points, and deeply explore and integrate synergistic industrial resources based on Fulu's profound accumulation in technology and operation. We will continuously explore the business potential of the local lifestyle digital consumption field, apply digital and intelligent means to promote the transformation and innovation of diversified digital business models, and cultivate new growth momentums. We will adopt a flexible and adaptive attitude to keep pace with market changes and accurately grasp potential opportunities to continuously promote the sustainable development progress of the Group.

CONCLUSION

We would like to express our sincere gratitude to the management team and all employees for their hard work. Confronted with tremendous pressure and difficulties under the current challenging economic situation, each member has demonstrated extraordinary resilience and perseverance. Diligent, dedicated, courageous, responsible and enterprising, they have made constant efforts to achieve self breakthroughs and have overcome great difficulties together with a high sense of responsibility and mission, as well as professional ethics and unremitting spirit of struggle. Meanwhile, we also deeply feel the firm trust and full support from our investors and partners, which has become a strong driving force for us to continue moving forward. Entering the second half of the year, we will continue to uphold the original intention and work together more steadfastly to tackle new challenges and opportunities, and give back to such valuable trust and support with practical actions.

Fu Xi
Chairman

August 28, 2024

Management Discussion and Analysis

SIX MONTHS ENDED JUNE 30, 2024 COMPARED TO SIX MONTHS ENDED JUNE 30, 2023

The following table sets forth the comparative figures for the first half of 2023 and 2024:

	Unaudited	
	For the six months ended June 30,	
	2024	2023
	(RMB in thousands)	
Revenue	196,046	250,950
Cost of sales	(49,307)	(66,208)
Gross profit	146,739	184,742
Other income and gains	10,927	17,796
Selling and distribution expenses	(43,468)	(71,398)
Administrative expenses	(48,183)	(47,883)
Research and development costs	(16,485)	(32,514)
Impairment losses on financial and contract assets, net	(785)	(3,035)
Other expenses	(1,997)	(152)
Operating profit	46,748	47,556
Finance costs	(1,997)	(1,531)
Profit before tax	44,751	46,025
Income tax expense	(9,504)	(7,561)
Profit and total comprehensive income for the period	35,247	38,464
Attributable to:		
Owners of the parent	36,320	40,807
Non-controlling interests	(1,073)	(2,343)
Non-IFRS measure adjusted profit attributable to owners of the parent for the period ⁽¹⁾	36,925	43,245

Note:

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

REVENUE

Our revenue decreased by 21.9% from RMB250,950 thousand in the first half of 2023 to RMB196,046 thousand in the first half of 2024. The decrease in revenue was primarily due to a decrease in revenue from digital goods-related services as a result of the decrease in GMV of digital goods transactions.

Revenue by Nature

Our revenue primarily includes (a) commissions from digital goods-related services; (b) commissions from physical goods-related services; and (c) service fees from online store operation services and other value-added services. The following table sets forth revenue breakdown by types of services in the first half of 2024 and 2023:

	Unaudited			
	For the six months ended June 30,			
	2024		2023	
	RMB	%	RMB	%
	(RMB in thousands, except for percentage)			
Digital goods-related services	113,456	57.9	196,028	78.1
Physical goods-related services	23,611	12.0	21,458	8.6
Value-added services				
Online store operation services	43,619	22.2	24,224	9.7
Others ⁽¹⁾	15,360	7.9	9,240	3.6
Total	196,046	100.0	250,950	100.0

Note:

- (1) Include user acquisition and management services (e.g. flexible employment brokerage services, business travel services and platform services) and IT solutions.

Digital goods-related services. Revenue from digital goods-related services decreased by 42.1% from RMB196,028 thousand for the six months ended June 30, 2023 to RMB113,456 thousand for the six months ended June 30, 2024, primarily due to a decrease in the revenue from digital goods-related services as a result of a significant decrease in the GMV of digital goods transactions we facilitated.

Physical goods-related services. Revenue from physical goods-related services increased by 10.0% from RMB21,458 thousand for the six months ended June 30, 2023 to RMB23,611 thousand for the six months ended June 30, 2024, primarily due to an increase in revenue from physical goods-related services driven by the continuous development of corporate welfare business.

Value-added services. Our value-added services consist primarily of online store operation services and other value-added services. Revenue from online store operation services increased by 80.1% from RMB24,224 thousand for the six months ended June 30, 2023 to RMB43,619 thousand for the six months ended June 30, 2024, primarily due to our expansion of cooperation with brands, we have achieved an increase in revenue from online stores operating services by providing agency operation services for brand flagship stores. Revenue from our other value-added services increased by 66.2% from RMB9,240 thousand for the six months ended June 30, 2023 to RMB15,360 thousand for the six months ended June 30, 2024, primarily due to an increase in revenue from flexible employment brokerage services, corporate welfare business travel services and game promotion.

Revenue by Segment

We generate revenue from five business segments: (i) leisure and entertainment; (ii) games; (iii) telecommunications; (iv) lifestyle; and (v) corporate welfare. The following table sets forth our revenue by segment in the first half of 2023 and 2024:

	Unaudited			
	For the six months ended June 30,			
	2024		2023	
	RMB	%	RMB	%
	(RMB in thousands, except for percentage)			
Leisure and entertainment	75,750	38.6	109,585	43.7
Games	35,757	18.2	41,016	16.3
Telecommunications	2,928	1.5	7,534	3.0
Lifestyle	37,391	19.1	48,871	19.5
Corporate welfare	44,220	22.6	43,944	17.5
Total	196,046	100.0	250,950	100.0

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

	Unaudited			
	For the six months ended June 30,			
	2024		2023	
	RMB	%	RMB	%
	(RMB in thousands, except for percentage)			
Leisure and entertainment	1,586,975	31.9	2,572,319	28.8
Games	1,178,652	23.7	1,555,029	17.5
Telecommunications	239,492	4.8	1,565,523	17.6
Lifestyle	1,642,057	33.0	2,811,371	31.6
Corporate welfare	331,820	6.6	401,391	4.5
Total	4,978,996	100.0	8,905,633	100.0

Leisure and entertainment. Revenue from the leisure and entertainment segment decreased by 30.9% from RMB109,585 thousand for the six months ended June 30, 2023 to RMB75,750 thousand for the six months ended June 30, 2024, primarily due to changes in the policies of certain leisure and entertainment brands and sales channels, adjustments to the cooperation model, and a reduction in marketing expenses on e-commerce platforms, resulting in a decrease in leisure and entertainment digital goods transactions we facilitated in the film and television membership and video live streaming field. The GMV of leisure and entertainment digital goods transactions we facilitated decreased by 38.3% from RMB2,572,319 thousand for the six months ended June 30, 2023 to RMB1,586,975 thousand for the six months ended June 30, 2024.

Games. Revenue from the games segment decreased by 12.8% from RMB41,016 thousand for the six months ended June 30, 2023 to RMB35,757 thousand for the six months ended June 30, 2024. The decrease in the revenue of the games segment was mainly due to the consolidation of our supply chain structure and the reduction of cooperation with some third-party suppliers, resulting in a significant decrease in gaming digital goods transactions. The GMV of games-related digital goods transactions we facilitated decreased by 24.2% from RMB1,555,029 thousand for the six months ended June 30, 2023 to RMB1,178,652 thousand for the six months ended June 30, 2024.

Telecommunications. Revenue from the telecommunications segment decreased by 61.1% from RMB7,534 thousand for the six months ended June 30, 2023 to RMB2,928 thousand for the six months ended June 30, 2024, mainly due to a general reduction in marketing expenses on e-commerce platforms as a result of the adjustment of agency policies for communication operators, resulting in a significant decrease in digital goods-related transactions in telecommunications segment we facilitated. The GMV of telecommunications digital goods transactions we facilitated decreased by 84.7% from RMB1,565,523 thousand for the six months ended June 30, 2023 to RMB239,492 thousand for the six months ended June 30, 2024.

Lifestyle. Revenue from the lifestyle segment decreased by 23.5% from RMB48,871 thousand for the six months ended June 30, 2023 to RMB37,391 thousand for the six months ended June 30, 2024, primarily due to the adjustment of cooperation with some channel customers, resulting in a decrease in digital goods transactions of the lifestyle segment. The GMV of lifestyle digital goods transactions we facilitated decreased by 41.6% from RMB2,811,371 thousand for the six months ended June 30, 2023 to RMB1,642,057 thousand for the six months ended June 30, 2024.

Corporate welfare. Revenue from the corporate welfare segment increased by 0.6% from RMB43,944 thousand for the six months ended June 30, 2023 to RMB44,220 thousand for the six months ended June 30, 2024, primarily due to an increase in revenue from physical goods-related services driven by the continuous development of corporate welfare business, as well as an increase in revenue from value-added services driven by the development of corporate welfare business travel services. The GMV of the corporate welfare digital and physical goods transactions we facilitated decreased by 17.3% from RMB401,391 thousand for the six months ended June 30, 2023 to RMB331,820 thousand for the six months ended June 30, 2024.

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

	For the six months ended June 30, 2024	
	GMV	% of the Group's total GMV
	(RMB in thousands, except for percentage)	
Tibet Fulu	1,794,056	36.0%
Wuhan Fulu	1,238,838	24.9%
Wuhan Yiqiyou	779,832	15.7%
Wuhan Souka	474,470	9.5%
Beijing Fulu Fuxi	241,194	4.8%
Hubei Kejin	136,327	2.7%
Kashgar Yiqiwan	93,523	1.9%
Wuhan Lishuo	83,070	1.7%
Beijing Yiji Qifu Technology Co., Ltd.	79,588	1.6%
Xinjiang Huluwa	14,417	0.3%
Wuhan Yilu	12,644	0.3%
Beijing Fortune Travel Service Co., Ltd.	7,106	0.1%
Henan Fulu Network Technology Co., Ltd.	4,753	0.1%
Wuhan Tianshi	4,060	0.1%
Xinjiang Fulu	3,531	0.1%
Jiangxi Fulu Network Technology Co., Ltd.	2,233	0.0%
Tibet Huluwa	0	0.0%

COST OF SALES

Our cost of sales decreased by 25.5% from RMB66,208 thousand for the six months ended June 30, 2023 to RMB49,307 thousand for the six months ended June 30, 2024, primarily due to a significant decrease in the commission service fee required to be paid for the digital goods transactions we facilitated, as well as a decrease in labor costs of operating team.

Cost of Sales by Nature

The following table sets forth the components of cost of sales for the six months ended June 30, 2024 and 2023:

	Unaudited			
	For the six months ended June 30,			
	2024		2023	
	RMB	%	RMB	%
	(RMB in thousands, except for percentage)			
Commissions	12,183	24.7	23,131	34.9
Labor-related costs	31,217	63.3	37,682	56.9
Others ⁽¹⁾	5,907	12.0	5,395	8.2
Total	49,307	100.0	66,208	100.0

Note:

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

Commissions decreased by 47.3% from RMB23,131 thousand for the six months ended June 30, 2023 to RMB12,183 thousand for the six months ended June 30, 2024, primarily due to a decrease in the commission service fee required to be paid as a result of the decrease in the digital goods transactions we facilitated.

Labour-related costs decreased by 17.2% from RMB37,682 thousand for the six months ended June 30, 2023 to RMB31,217 thousand for the six months ended June 30, 2024, primarily due to a decrease in labor costs as a result of the structural adjustment of our business operations team.

Other costs increased by 9.5% from RMB5,395 thousand for the six months ended June 30, 2023 to RMB5,907 thousand for the six months ended June 30, 2024, primarily due to an increase in service fees of the online stores operated and server hosting fees.

Cost of Sale by Segment

The following table sets forth segment cost of sales for the six months ended June 30, 2024 and 2023:

	Unaudited			
	For the six months ended June 30,			
	2024		2023	
	RMB	%	RMB	%
	(RMB in thousands, except for percentage)			
Leisure and entertainment	17,712	35.9	28,676	43.3
Games	13,856	28.1	15,713	23.7
Telecommunications	2,922	5.9	5,549	8.4
Lifestyle	10,492	21.3	11,979	18.1
Corporate welfare	4,325	8.8	4,291	6.5
Total	49,307	100.0	66,208	100.0

Leisure and entertainment. Cost of sales from the leisure and entertainment segment decreased by 38.2% from RMB28,676 thousand for the six months ended June 30, 2023 to RMB17,712 thousand for the six months ended June 30, 2024, primarily due to a decrease in service commissions charged by sales channels of leisure and entertainment segment, while its operating team and labor dispatch labor costs decreased.

Games. Cost of sales from the games segment decreased by 11.8% from RMB15,713 thousand for the six months ended June 30, 2023 to RMB13,856 thousand for the six months ended June 30, 2024, primarily due to a decrease in service commissions and platform usage fees charged by sales channels as a result of the decrease in GMV of games segment.

Telecommunications. Cost of sales from the telecommunications segment decreased by 47.3% from RMB5,549 thousand for the six months ended June 30, 2023 to RMB2,922 thousand for the six months ended June 30, 2024, primarily due to a corresponding decrease in commissions paid by us to e-commerce platforms as we facilitated less telecommunications-related digital goods transactions through e-commerce platforms.

Lifestyle. Cost of sales from the lifestyle segment decreased by 12.4% from RMB11,979 thousand for the six months ended June 30, 2023 to RMB10,492 thousand for the six months ended June 30, 2024, primarily due to the decrease in GMV of lifestyle segment, which reduced the service commissions charged by sales channels.

Corporate welfare. Cost of sales from the corporate welfare segment increased by 0.8% from RMB4,291 thousand for the six months ended June 30, 2023 to RMB4,325 thousand for the six months ended June 30, 2024, primarily due to an increase in platform service fee and server hosting fees of the corporate welfare business.

GROSS PROFIT AND GROSS PROFIT MARGIN

The following table sets forth our gross profit and gross profit margin by each segment for the six months ended June 30, 2024 and 2023:

	Unaudited			
	For the six months ended June 30,			
	2024		2023	
	RMB	%	RMB	%
	(RMB in thousands, except for percentage)			
Leisure and entertainment	58,038	76.6	80,909	73.8
Games	21,901	61.2	25,303	61.7
Telecommunications	6	0.2	1,985	26.3
Lifestyle	26,899	71.9	36,892	75.5
Corporate welfare	39,895	90.2	39,653	90.2
Total	146,739	74.8	184,742	73.6

Our overall gross profits decreased by 20.6% from RMB184,742 thousand for the six months ended June 30, 2023 to RMB146,739 thousand for the six months ended June 30, 2024, primarily due to a decrease in revenue from digital goods-related services; and our gross profit margin increased from 73.6% for the six months ended June 30, 2023 to 74.8% for the corresponding period of 2024, primarily due to an increase in the gross profit margin from the leisure and entertainment segment which accounts for the higher proportion of gross profit.

Leisure and entertainment. The gross profit from the leisure and entertainment segment decreased by 28.3% from RMB80,909 thousand for the six months ended June 30, 2023 to RMB58,038 thousand for the six months ended June 30, 2024, primarily due to a decrease in GMV and revenue of leisure and entertainment-related digital goods facilitated.

Games. The gross profit from the games segment decreased by 13.4% from RMB25,303 thousand for the six months ended June 30, 2023 to RMB21,901 thousand for the six months ended June 30, 2024, primarily due to a decrease in GMV and revenue of games-related digital goods facilitated.

Telecommunications. The gross profit from the telecommunications segment decreased by 99.7% from RMB1,985 thousand for the six months ended June 30, 2023 to RMB6 thousand for the six months ended June 30, 2024, primarily due to a significant decrease in GMV and revenue of telecommunications-related digital goods facilitated.

Lifestyle. The gross profit from the lifestyle segment decreased by 27.1% from RMB36,892 thousand for the six months ended June 30, 2023 to RMB26,899 thousand for the six months ended June 30, 2024, primarily due to a decrease in GMV and revenue of lifestyle-related digital goods facilitated.

Corporate welfare. The gross profit from the corporate welfare segment increased by 0.6% from RMB39,653 thousand for the six months ended June 30, 2023 to RMB39,895 thousand for the six months ended June 30, 2024, representing a relatively small change as compared to the same period last year.

OTHER INCOME AND GAINS

Our other income and gains decreased by 38.6% from RMB17,796 thousand for the six months ended June 30, 2023 to RMB10,927 thousand for the six months ended June 30, 2024, mainly due to the expiry of the tax incentive.

SELLING AND DISTRIBUTION EXPENSES

Our selling and distribution expenses decreased by 39.1% from RMB71,398 thousand for the six months ended June 30, 2023 to RMB43,468 thousand for the six months ended June 30, 2024, primarily due to a decrease in market promotion service fees, staff salary and welfare expenses as well as business operation expenses. Our market promotion service fees decreased by 53.2% from RMB26,019 thousand for the six months ended June 30, 2023 to RMB12,188 thousand for the six months ended June 30, 2024. Our staff salary and welfare expenses and labor dispatch service fees decreased by 24.4% from RMB31,843 thousand for the six months ended June 30, 2023 to RMB24,089 thousand for the six months ended June 30, 2024, primarily due to the fact that, as a result of the strategic adjustment to the traditional e-commerce platform business, we have reduced the number of our e-commerce operation team and customer service team. The business operation expenses for business expansion, such as travel expenses and entertainment expenses, decreased by 56.8% from RMB11,854 thousand for the six months ended June 30, 2023 to RMB5,124 thousand for the six months ended June 30, 2024.

ADMINISTRATIVE EXPENSES

Administrative expenses increased by 0.6% from RMB47,883 thousand for the six months ended June 30, 2023 to RMB48,183 thousand for the six months ended June 30, 2024, primarily due to (i) an increase of RMB5,780 thousand in termination benefits; (ii) a decrease of RMB1,814 thousand in staff salary and welfare expenses and labor dispatch service fees; (iii) a decrease of RMB1,484 thousand in short-term and low value leasing charges; (iv) a decrease of RMB1,020 thousand in hospitality expenses; and (v) a decrease of RMB966 thousand in stamp duty.

RESEARCH AND DEVELOPMENT COSTS

Research and development costs decreased by 49.3% from RMB32,514 thousand for the six months ended June 30, 2023 to RMB16,485 thousand for the six months ended June 30, 2024, primarily due to a decrease in staff salary and welfare expenses and labor dispatch service fees and share-based payments for the development team.

IMPAIRMENT LOSSES ON FINANCIAL AND CONTRACT ASSETS

Impairment losses on financial and contract assets decreased by 74.1% from RMB3,035 thousand for the six months ended June 30, 2023 to RMB785 thousand for the six months ended June 30, 2024, primarily due to the fact that the Group strengthened the management and credit risks control on customers, which reduced the losses caused by impairment.

OTHER EXPENSES

Other expenses increased by 1,213.8% from RMB152 thousand for the six months ended June 30, 2023 to RMB1,997 thousand for the six months ended June 30, 2024, mainly due to an increase in the expenditure of compensation.

OPERATING PROFIT

Our operating profit was RMB46,748 thousand for the six months ended June 30, 2024, compared to operating profit of RMB47,556 thousand for the six months ended June 30, 2023.

FINANCE COSTS

Finance costs increased by 30.4% from RMB1,531 thousand for the six months ended June 30, 2023 to RMB1,997 thousand for the six months ended June 30, 2024, mainly due to an increase in interest payments after an increase in interest-bearing bank loans.

PROFIT BEFORE TAX

After the deduction of finance costs, our profit before income tax was RMB44,751 thousand for the six months ended June 30, 2024, compared to RMB46,025 thousand for the six months ended June 30, 2023.

INCOME TAX EXPENSES

The income tax expense increased by 25.7% from RMB7,561 thousand for the six months ended June 30, 2023 to RMB9,504 thousand for the six months ended June 30, 2024, mainly due to an increase in the actual income tax expense payable as a result of the growth in profits of some companies with higher tax rates.

PROFIT FOR THE PERIOD

As a result of the foregoing, our profit for the period decreased by 8.4% from RMB38,464 thousand for the six months ended June 30, 2023 to RMB35,247 thousand for the six months ended June 30, 2024.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

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

RECONCILIATION OF NON-IFRS MEASURES TO THE NEAREST IFRS_s MEASURES

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

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

	Unaudited	
	For the six months ended June 30,	
	2024	2023
	(RMB in thousands)	
Profit attributable to owners of the parent for the period	36,320	40,807
Adjustments:		
Share-based payment	549	2,463
Foreign exchange gains and losses	56	(25)
Non-IFRS measure adjusted profit attributable to owners of the parent for the period	36,925	43,245

OTHER FINANCIAL INFORMATION

Liquidity and Capital Resources

Our principal sources of liquidity were cash from operations, and bank and other borrowings. As at June 30, 2024, we had cash and cash equivalents of RMB203,405 thousand, which were mainly denominated in Renminbi. Going forward, we believe that our liquidity requirements will be satisfied by using a combination of cash generated from our operations, bank loans, net proceeds from the Global Offering and other funds raised from capital markets from time to time, when necessary. In order to achieve better risk control, we have put in place relevant policies on cash and finance management and implemented strictly. We will regularly review our liquidity and financing needs.

The following table sets forth a summary of our net cash flow for the six months ended June 30, 2024 and 2023:

	Unaudited	
	For the six months ended June 30,	
	2024	2023
	(RMB in thousands)	
Operating cash flow before change in working capital	51,869	55,811
Changes in working capital	(14,257)	(61,963)
Income tax paid	(6,364)	(7,214)
Net cash generated from/(used in) operating activities	31,248	(13,366)
Net cash generated from/(used in) investing activities	361	(18,284)
Net cash generated from financing activities	24,237	81,811
Net increase in cash and cash equivalents	55,846	50,161
Effect of foreign exchange gains and losses	212	103
Cash and cash equivalent at the end of period	203,405	200,089

Net Cash Generated from Operating Activities

Net cash generated from operating activities for the six months ended June 30, 2024 was RMB31,248 thousand, primarily attributable to profit before tax of RMB44,751 thousand, as adjusted by:

- (a) non-cash and non-operating items, which primarily comprised RMB5,152 thousand of depreciation of right-of-use assets, RMB4,738 thousand of gain on disposal of subsidiaries, RMB3,895 thousand of amortisation of intangible assets, RMB1,359 thousand of depreciation of fixed assets and RMB549 thousand of share-based payment expenses; and
- (b) changes in working capital, which primarily comprised:
 - (i) a decrease of RMB141,210 thousand in prepayments, other receivables and other assets, primarily due to the decline in the scale of digital goods transactions, which resulted in a decrease in procurement expenses for digital goods;
 - (ii) an increase of RMB102,093 thousand in trade receivables, primarily due to an increase in the number of large enterprises and financial institutions customers, who had longer credit terms and fund settlement cycles;
 - (iii) an increase of RMB12,111 thousand in trade payables, primarily due to the change in the settlement method for certain products of the lifestyle segment from prepayment to post settlement; and
 - (iv) a decrease of RMB63,053 thousand in other payables and accruals, primarily due to a decrease in receipts of prepayments from downstream customers under the goods sales channels.

Net Cash Generated from Investing Activities

Net cash generated from investing activities for the six months ended June 30, 2024 was RMB361 thousand, comprising mainly (i) purchase of financial products of RMB20,000 thousand; (ii) proceeds from disposal of financial products of RMB20,000 thousand; (iii) proceeds from disposal of subsidiaries of RMB2,565 thousand; (iv) addition to intangible assets of RMB2,119 thousand; (v) addition to fixed assets of RMB785 thousand; and (vi) interest received of RMB700 thousand.

Net Cash Generated from Financing Activities

Net cash generated from financing activities for the six months ended June 30, 2024 was RMB24,237 thousand. This was primarily due to the following factors: (i) bank and other borrowings received of RMB392,678 thousand; (ii) repayment of bank and other borrowings of RMB359,330 thousand; (iii) payment of rental amounts of right-of use assets of RMB5,613 thousand; and (iv) payment of interest related expenses of RMB3,498 thousand.

Capital Expenditures

Our capital expenditures primarily consist of expenses on the purchases of property, plant and equipment as well as intangible assets. Our capital expenditures increased by RMB246 thousand from RMB2,658 thousand for the six months ended June 30, 2023 to RMB2,904 thousand for the six months ended June 30, 2024, primarily due to an increase in the expenditure on developing this business data intelligent financial management platform system driven by the continuous development of corporate welfare business.

Indebtedness, Off-balance Sheet Commitment and Contingent Liabilities

As at June 30, 2024, our total indebtedness amounted to RMB481,412 thousand, as compared with RMB505,281 thousand as at December 31, 2023, of which, our interest-bearing indebtedness consists of lease liabilities of RMB8,207 thousand and interest-bearing bank and other borrowings of RMB171,499 thousand. As at June 30, 2024, all our bank and other borrowings were denominated in Renminbi. For the six months ended June 30, 2024, our bank loans and other borrowings were interest-bearing at rates ranging from 1.35% to 3.80% per annum (for the year ended December 31, 2023: ranging from 3.55% to 4.80%).

As of June 30, 2024, we did not have any off-balance sheet arrangements and material contingent liabilities.

Significant Investments Held

For the six months ended June 30, 2024, we did not have any significant investments.

Material Acquisitions, Disposals and Future Plans of Subsidiaries and Affiliated Companies

For the six months ended June 30, 2024, we did not have any material acquisitions or disposals of subsidiaries or affiliated companies. We also have no specific plans to make significant investments or to acquire significant capital assets or other businesses. However, we will continue to identify new opportunities for business development.

In addition to the above, we disposed of 51% of the equity interest in our subsidiary, Hubei Luma Network Technology Co., Ltd. in February 2024, which did not constitute a notifiable transaction under Chapter 14 or a connected transaction under Chapter 14A of the Listing Rules.

Gearing Ratio

As at June 30, 2024, we did not have any net debt (represented by interest-bearing borrowings minus cash and cash equivalents), as the Group's cash and cash equivalents were more than its interest-bearing borrowings. As such, the gearing ratio (calculated as net debt divided by total equity plus net debt of the Group) did not apply to us.

Pledge of Assets

As at June 30, 2024, the Group has pledged certificates of deposit in the amount of RMB20,000 thousand. The Group has no charges on assets.

Interim Dividend

The Board did not recommend the payment of interim dividend for the six months ended June 30, 2024.

Foreign Exchange Risk Management

We mainly carry out our operations in the PRC with most transactions settled in Renminbi. As at June 30, 2024, our cash and cash equivalent balance was primarily denominated in Renminbi. Our management considers that the principal business is not exposed to significant foreign exchange risk as there are no significant financial assets or liabilities denominated in the currencies other than the respective functional currencies of our entities, but some of our funding raised in Hong Kong is subject to foreign exchange risk.

Employee and Remuneration Policy

As at June 30, 2024, we had 834 full-time employees, all of whom were based in the PRC.

Our success depends on our ability to attract, retain and motivate excellent personnel. As part of our human resources strategy, we offer employees competitive remuneration packages, which generally include basic wages, variable wages, bonuses and other benefits. We also provide customized training to our staff to enhance their technical and product knowledge.

We participate in employee benefit plans mandated by the PRC government, including basic pension insurance, work-related injury insurance, maternity insurance, basic medical insurance, unemployment insurance and housing provident fund scheme. We contribute to employee benefit plans based on certain percentages of employee compensation costs.

Other Information

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance practices with a view to enhance the management efficiency of the Company as well as preserving the interests of its Shareholders as a whole. During the Reporting Period, save for the deviation from code provision C.2.1 described in the paragraph headed “C. Directors’ Responsibilities, Delegation and Board Proceedings – C.2 Chairman and Chief Executive”, the Company has complied with the code provisions set out in the CG Code contained in Appendix C1 to the Listing Rules, and adopted the recommended best practices therein as appropriate.

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

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

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

CORPORATE CULTURE

The Group continues to develop, innovate and enhance its corporate technology, actively understand the diversified needs of customers and is committed to responsible operations. At the same time, the Group also respects and promotes creativity, providing employees with opportunities for intellectual exchange. Led by its core values of “Unity and Collaboration, Simplicity and Efficiency, Continuous Innovation, and Pursuit of Excellence”, the Board sets the tone and shapes the Group’s corporate culture to ensure that the Group’s business development is consistent with its corporate culture. The Group has established a desirable culture which is continuously reflected in its operational practices. The Board has adopted a series of measures and methods to implement the corporate culture with the aim of acting in a fair, ethical, and legally applicable manner, including:

Unity and Collaboration: The Group focuses on team goals, guided by common goals, consolidates consensus, and encourages collaboration among different business departments, teams and hierarchical levels in order to gain a deeper understanding of customers’ needs, promote cooperation and diversified thinking, which helps to stimulate the innovative potential of our employees and provide a favorable environment for them to fully develop their potentials, thus contributing to the long-term performance and sustainable development of the Group.

Simplicity and Efficiency: The Group is committed to making complex management simple and efficient, and to improving operational efficiency in the most direct and effective way. The Group has implemented this value to the level of customer service, and has formulated a standardized service mechanism and process for customer needs and emergencies in the process of service and has established a number of customer communication channels to ensure that customer problems and anomalies can be responded to in a timely manner and resolved quickly so as to enhance customer services.

Other Information

Continuous Innovation: In order to meet the diversified needs of our customers, the Group is committed to research and development of new technologies, optimization of solutions, formation of a multi-dimensional product matrix, and always maintains a keen insight into the development of the industry in order to enhance our competitive edge.

Pursuit of Excellence: In the course of business development, the Group always adheres to high standards and pursues excellence, attaches great importance to the quality of work and services, and actively builds a team with the right talents to continuously improve and surpass.

MODEL CODE FOR SECURITIES TRANSACTIONS

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

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

AUDIT COMMITTEE

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

The Audit Committee and the management have reviewed the accounting standards and policies adopted by the Group as well as the interim report of the Group for the six months ended June 30, 2024. The financial results for the six months ended June 30, 2024 have not been audited by the auditors of the Company but have been reviewed by the Audit Committee.

CHANGES TO DIRECTORS' INFORMATION

Mr. Fu Xi, our executive Director and the chief executive officer of the Company, has been appointed as an executive director of Nanjing Hongsheng Network Technology Co., Ltd., a subsidiary of the Company, in April 2024. Mr. Zhang Yuguo, our executive Director, resigned as an executive director and the general manager of Kashgar Yiqiwan in June 2024.

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

COMPANY SECRETARY, AUTHORIZED REPRESENTATIVE AND PROCESS AGENT

During the Reporting Period, Ms. Ng Ka Man was the company secretary and the process agent of the Company, and Mr. Fu Xi and Ms. Ng Ka Man were the authorized representatives of the Company.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Reporting Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares, if any).

USE OF NET PROCEEDS FROM LISTING

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

Other Information

Since the Listing, the Company has gradually utilized the listing proceeds for the purposes consistent with those set out in the section headed “Future Plans and Use of Proceeds” in the Prospectus. The following table sets forth the use of the net proceeds and fund balances as at June 30, 2024:

No.	Use	The net proceeds (HK\$ million)	Unutilized amount as of January 1, 2024 (HK\$ million)	Utilized amount during the period (HK\$ million)	Unutilized amount as of June 30, 2024 (HK\$ million)	Utilized amount from the Listing Date to June 30, 2024 (HK\$ million)	Expected timeline of application of remaining net proceeds
1.	To facilitate digital goods transactions for more digital goods vendors and increase the varieties of digital goods transactions we facilitate;	241.03 (representing approximately 30% of total net proceeds)	–	–	–	241.03	N/A
2.	To increase the number of our digital goods sales channel partners;	160.68 (representing approximately 20% of total net proceeds)	–	–	–	160.68	N/A
3.	To develop our value-added services, such as membership management and interactive advertising services, virtual employee benefit services for corporate customers, game leveling and companion services and professional game account leasing services;	160.68 (representing approximately 20% of total net proceeds)	–	–	–	160.68	N/A
4.	For potential acquisitions of businesses and assets complementary to our business, including companies in games-related industries; and	160.68 (representing approximately 20% of total net proceeds)	160.68	–	160.68	–	On or before December 31, 2025*
5.	To fund working capital and other general corporate purposes	80.35 (representing approximately 10% of total net proceeds)	–	–	–	80.35	N/A
		803.42	160.68	–	160.68	642.74	

* The delay in the expected timeline is due to the fact that the Company has not yet identified suitable acquisition targets.

Other Information

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

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

As of June 30, 2024, interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have taken under such provisions of the SFO), or which were recorded in the register required to be kept pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix C3 of the Listing Rules were as follows:

(a) Interests in Shares

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

Notes:

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

(b) Interests in associated corporations

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

Notes:

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

Save as disclosed above, as of June 30, 2024, none of the Directors and chief executive of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have taken under such provisions of the SFO), or which were recorded in the register required to be kept pursuant to section 352 of the SFO or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As of June 30, 2024, to the best knowledge of the Directors, the following persons (other than a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which were required to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of Shareholders	Capacity	Nature of interest	Number of underlying Shares ⁽⁴⁾	Approximate percentage of the issued share capital of the Company (%)
FuXi Limited ⁽¹⁾	Beneficial interest	Long position	141,094,800	34.53
Zhangyuguo Holdings ⁽²⁾	Beneficial interest	Long position	45,999,600	11.26
Luzhi Holdings ⁽³⁾	Beneficial interest	Long position	53,291,300	13.04

Notes:

- (1) Mr. Fu Xi holds the entire share capital of FuXi Limited, which in turn directly holds 141,094,800 Shares. Mr. Fu Xi is the sole shareholder of FuXi Limited. Under the SFO, Mr. Fu Xi is deemed to be interested in the Shares held by FuXi Limited.
- (2) Mr. Zhang Yuguo holds the entire share capital of Zhangyuguo Holdings. Under the SFO, Mr. Zhang Yuguo is deemed to be interested in the Shares held by Zhangyuguo Holdings.
- (3) Luzhi Holdings is owned as to 14.52%, 3.65%, 4.06%, 7.15%, 18.38%, 10.24%, 19.36%, 2.99%, 11.00%, 3.21%, 2.72% and 2.72% by Mr. Yang Yuquan, Mr. Liu Lufeng, Mr. Tian Xuan, Mr. Ding Chao, Mr. Xu Jian, Mr. Ren Wei, Mr. Mei Qiaojun, Ms. Shen Yaling, Mr. Chen Tianjun, Mr. Li Jun, Mr. Wang Qiang and Ms. Guo Chenxi, respectively.
- (4) According to Section 336 of the SFO, the Shareholders are required to file disclosure of interest forms when certain criteria are fulfilled. When the shareholdings of the Shareholders in the Company change, it is not necessary for the Shareholders to notify the Company and the Stock Exchange unless certain criteria are fulfilled. Therefore, the latest shareholdings of the Shareholders in the Company may be different from the shareholdings in the disclosure of interest forms filed with the Stock Exchange.

Save as disclosed above, as of June 30, 2024, the Company is not aware of any person (other than a Director or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

SHARE INCENTIVE SCHEME

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

The Scheme was adopted before the new Chapter 17 of the Listing Rules coming into effect (i.e., January 1, 2023). Prior to revising the Scheme or adopting a new share award scheme, the Company would not issue new shares as the award shares for the Scheme pursuant to the general mandate. The Company will consider modifying the Scheme or adopting new share award scheme in accordance with the Listing Rules based on actual circumstances in the future, and disclose relevant information in a timely manner.

Purpose

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

Participants in the Scheme

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

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

Administration

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

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

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

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

Term

Subject to early termination by the Board or its delegate(s), the Scheme shall be valid and effective for ten (10) years commencing on the adoption date, i.e., it will expire on August 19, 2031. As at the date of this interim report, the remaining term of the Scheme is approximately 6 years and 11 months.

Maximum number of shares pursuant to RSUs

Unless otherwise duly approved by the Shareholders, the total number of Shares underlying the Scheme shall not exceed 20,000,000 Shares (excluding RSUs that have lapsed, been cancelled or forfeited in accordance with the Scheme Rules) subject to an annual limit of 3% of the total number of issued Shares of the Company at the relevant time. As at the date of this interim report, no new Share is available for issue under the Scheme until the Scheme is revised to comply with the new Chapter 17 of the Listing Rules, and the total number of Shares available underlying the Scheme was 11,359,113 Shares, which represents approximately 2.78% of the issued share capital of the Company as at the date of this interim report.

Other Information

Maximum entitlement of each participant

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

Purchase price

Nil.

Appointment of the RSU Trustee

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

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

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

Outstanding RSUs granted pursuant to the Scheme

The Company has granted 8,640,887 RSUs as of June 30, 2024. The following table sets forth details of RSUs granted to senior management and other employees pursuant to the Scheme:

Name	Date of grant	Number of restricted shares granted	Vesting period	Purchase price ⁽¹⁾ (HK\$)	As at January 1, 2024 (Units)	Restricted shares					Outstanding as of June 30, 2024 (Units)	Closing price of share on the Hong Kong Stock Exchange immediately preceding the date of grant ⁽²⁾ (HK\$)	Fair value at the date of grant ⁽³⁾ (HK\$)	Weighted average price immediately preceding the vesting date (HK\$)
						Granted during the period (Units)	Vested during the period (Units)	Lapsed during the period (Units)	Cancelled during the period (Units)	Preceding the date of grant (Units)				
Senior management	June 2, 2023	203,031	0-46 months ⁽⁴⁾	0	-	-	-	-	-	-	4.75	4.79	-	
	May 27, 2022	361,669	0-4 years	0	-	-	-	-	-	-	5.38	5.54	-	
	September 1, 2021	544,567	0-4 years	0	75,905	-	23,457	52,448	-	-	7.48	7.21	2.29	
Other employees	June 2, 2023	1,970,812	0-46 months ⁽⁴⁾	0	1,464,986	-	238,751	339,756	-	886,479	4.75	4.79	2.35	
	May 27, 2022	2,789,447	0-4 years	0	611,561	-	178,242	76,846	-	356,473	5.38	5.54	2.42	
	September 1, 2021	2,771,361	0-4 years	0	302,194	-	29,321	34,790	-	238,083	7.48	7.21	2.29	
Total		8,640,887			2,454,646	-	469,771	503,840	-	1,481,035				

Notes:

1. Senior management and employees who have been granted RSUs are not required to pay any amount when accepting RSUs.
2. The 468,181 restricted shares granted on June 2, 2023, the vesting period was less than 12 months as the RSUs were originally scheduled to be granted in the second half of 2022 but for administrative and compliance reasons were only granted in June 2023 together with a subsequent tranche of restricted shares. For this reason, the Remuneration Committee considers that a shorter vesting period for this portion of restricted shares is appropriate and consistent with the purpose of the Scheme.
3. When evaluating the fair value on the grant date, the expected dividends during the vest period have been taken into account.

As at January 1, 2024 and June 30, 2024, the awards available for grant under the authority of the Scheme (including shares that have lapsed but can be granted under the Scheme) was 12,957,731 and 13,461,571 Shares respectively. During the Reporting Period, no awards have been granted under the Scheme and hence no Shares may be issued under all awards granted during the Reporting Period under the Company's share schemes.

As of the Latest Practicable Date, all RSUs granted under the Scheme do not relate to existing Shares and relate only to new Shares issued under the general mandate of the Company.

SIGNIFICANT LEGAL PROCEEDINGS

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

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

For the six months ended 30 June 2024

	<i>Notes</i>	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
REVENUE	4	196,046	250,950
Cost of sales		(49,307)	(66,208)
Gross profit		146,739	184,742
Other income and gains		10,927	17,796
Selling and distribution expenses		(43,468)	(71,398)
Administrative expenses		(48,183)	(47,883)
Research and development costs		(16,485)	(32,514)
Impairment losses on financial and contract assets, net		(785)	(3,035)
Other expenses		(1,997)	(152)
Finance costs		(1,997)	(1,531)
PROFIT BEFORE TAX	5	44,751	46,025
Income tax expense	6	(9,504)	(7,561)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		35,247	38,464
Attributable to:			
Owners of the parent		36,320	40,807
Non-controlling interests		(1,073)	(2,343)
		35,247	38,464
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted			
For profit for the period (RMB)	8	0.09	0.10

Interim Condensed Consolidated Statement of Financial Position

30 June 2024

		30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment		4,517	5,091
Right-of-use assets		9,408	12,568
Goodwill		674	674
Other intangible assets		29,534	31,310
Deferred tax assets		13,041	17,348
Pledged deposits		–	20,000
Total non-current assets		57,174	86,991
CURRENT ASSETS			
Trade receivables	9	646,161	544,148
Contract assets		37,969	37,291
Prepayments, other receivables and other assets	10	689,205	829,005
Due from related parties	13	23,285	23,572
Financial assets at fair value through profit or loss	14	12,247	12,552
Pledged deposits		20,000	–
Restricted cash		83,768	81,727
Cash and cash equivalents		203,405	147,347
Total current assets		1,716,040	1,675,642
CURRENT LIABILITIES			
Trade payables	11	125,219	113,108
Other payables and accruals		169,589	232,644
Interest-bearing bank and other borrowings		171,499	139,652
Lease liabilities		5,531	6,835
Tax payable		6,898	8,065
Total current liabilities		478,736	500,304
NET CURRENT ASSETS		1,237,304	1,175,338
TOTAL ASSETS LESS CURRENT LIABILITIES		1,294,478	1,262,329

Interim Condensed Consolidated Statement of Financial Position

30 June 2024

	<i>Notes</i>	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
NON-CURRENT LIABILITIES			
Lease liabilities		2,676	4,977
Total non-current liabilities		2,676	4,977
NET ASSETS			
EQUITY			
Equity attributable to owners of the parent			
Share capital	12	278	278
Reserves		1,308,630	1,271,761
		1,308,908	1,272,039
Non-controlling interests		(17,106)	(14,687)
TOTAL EQUITY		1,291,802	1,257,352

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2024

	Notes	Attributable to owners of the parent								
		Share capital RMB'000	Share premium RMB'000	Merger reserve and others RMB'000	Share-based payment reserve RMB'000	Statutory surplus reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
At 1 January 2024 (audited)		278	521,526	19,416	161,648	45,779	523,392	1,272,039	(14,687)	1,257,352
Profit/(Loss) for the period		-	-	-	-	-	36,320	36,320	(1,073)	35,247
Equity-settled share-based payments	12	-	-	-	549	-	-	549	-	549
Final 2023 dividend declared		-	-	-	-	-	-	-	-	-
Disposal of a subsidiary		-	-	-	-	-	-	-	(1,346)	(1,346)
At 30 June 2024 (unaudited)		278	521,526*	19,416*	162,197*	45,779*	559,712*	1,308,908	(17,106)	1,291,802

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

* These reserve accounts comprise the consolidated reserves of RMB1,308,630,000 (30 June 2023: RMB1,217,081,000) in the consolidated statement of financial position.

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2024

	Note	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		44,751	46,025
Adjustments for:			
Depreciation of property, plant and equipment	5	1,359	1,151
Amortization of intangible assets	5	3,895	2,993
Depreciation of right-of-use assets	5	5,152	4,329
Interest income		(1,205)	(2,396)
Equity-settled share-based payment expenses		549	2,463
Finance costs		1,997	1,531
Financial assets at fair value through profit or loss		305	(182)
Gain on disposal of subsidiaries		(4,738)	–
Loss on disposal of right-of-use assets		16	–
Foreign exchange gain		(212)	(103)
		51,869	55,811
Increase in trade receivables		(102,093)	(1,905)
Increase in contract assets		(678)	(7,503)
Decrease/(increase) in prepayments, other receivables and other assets		141,210	(94,154)
Decrease in due from related parties		287	9
(Increase)/decrease in restricted cash		(2,041)	3,147
Increase in trade payables		12,111	32,260
(Decrease)/increase in other payables and accruals		(63,053)	6,183
		37,612	(6,152)
Cash generated/(used in) from operations		(6,364)	(7,214)
Income tax paid			
		31,248	(13,366)
Net cash flows from/(used in) operating activities			
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(785)	(839)
Addition to intangible assets		(2,119)	(1,819)
Interest received		700	2,374
Proceeds from disposal of financial products		20,000	40,000
Disposal of subsidiaries		2,565	–
Purchase of financial products		(20,000)	(58,000)
		361	(18,284)
Net cash flows from/(used in) investing activities			

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2024

	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital contribution from non-controlling shareholders of a subsidiary	–	1,170
Decrease in pledged deposits	–	20,000
New bank and other borrowings	392,678	229,530
Principal portion of lease payments	(5,613)	(4,912)
Repayment of bank and other borrowings	(359,330)	(119,583)
Dividends paid	–	(42,863)
Interest paid	(3,498)	(1,531)
Net cash flows from financing activities	24,237	81,811
NET INCREASE IN CASH AND CASH EQUIVALENTS	55,846	50,161
Effect of foreign exchange rate changes, net	212	103
Cash and cash equivalents at beginning of the period	147,347	149,825
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	203,405	200,089
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	307,173	200,264
Pledged bank balances and restricted cash	(103,768)	(175)
	203,405	200,089

Notes to Interim Condensed Consolidated Financial Information

30 June 2024

1 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2024 has been prepared in accordance with IAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2023.

2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of the following revised International Financial Reporting Standards ("IFRSs") for the first time for the current period's financial information.

Amendments to IFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current</i> (the "2020 Amendments")
Amendments to IAS 1	<i>Non-current Liabilities with Covenants</i> (the "2022 Amendments")
Amendments to IAS 7 and IFRS 7	<i>Supplier Finance Arrangements</i>

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

- (a) Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of IFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

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

- (b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

- (c) Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure of relevant information for supplier finance arrangements is not required for any interim reporting period during the first annual reporting period in which an entity applies the amendments. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the interim condensed consolidated financial information.

3 OPERATING SEGMENT INFORMATION

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

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

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

Six months ended 30 June 2024	Leisure and entertainment RMB'000 (Unaudited)	Games RMB'000 (Unaudited)	Telecommuni- cations RMB'000 (Unaudited)	Lifestyle RMB'000 (Unaudited)	Corporate welfare RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Segment revenue						
External customers (note 4)	75,750	35,757	2,928	37,391	44,220	196,046
Segment cost	(17,712)	(13,856)	(2,922)	(10,492)	(4,325)	(49,307)
Gross profit	58,038	21,901	6	26,899	39,895	146,739
<i>Reconciliation:</i>						
Unallocated income and gains						10,927
Corporate and unallocated expense						(110,918)
Finance costs						(1,997)
Profit before tax						44,751

3 OPERATING SEGMENT INFORMATION (CONTINUED)

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

(a) Revenue from external customers

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

(b) Non-current assets

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

4 REVENUE

An analysis of revenue is as follows:

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<i>Revenue from contracts with customers</i>		
Digital goods-related services – acted as an agent	113,456	196,028
Physical goods-related services – acted as an agent	23,611	21,458
Online stores operating services – acted as an agent	43,619	24,224
Others – acted as a principal	15,360	9,240
Total	196,046	250,950

Disaggregated revenue information for revenue from contracts with customers Six months ended 30 June 2024

Segments	Leisure and entertainment	Games	Telecommuni- cations	Lifestyle	Corporate welfare	Total
	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Type of services						
Provision of digital goods-related services	53,571	14,972	2,790	26,518	15,605	113,456
Provision of physical goods-related services	-	-	-	-	23,611	23,611
Provision of online stores operating services	22,173	18,642	-	2,804	-	43,619
Others	6	2,143	138	8,069	5,004	15,360
Total	75,750	35,757	2,928	37,391	44,220	196,046
Timing of revenue recognition						
Services transferred at a point in time	75,750	35,757	2,928	37,391	44,220	196,046

4 REVENUE (CONTINUED)

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

Six months ended 30 June 2023

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

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

5 PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Employee benefit expense* (including directors' and chief executive's remuneration):		
Wages and salaries	87,795	91,151
Equity-settled share-based payment expenses	549	2,463
Pension scheme contributions	4,328	7,138
Social security contributions and accommodation benefits	4,771	10,078
	97,443	110,830
Promotion and marketing expenses	12,188	26,019
Commission to third party platforms	12,182	23,131
Foreign exchange loss/(gain)	56	(25)
Platform usage fees and others	5,869	5,395
Auditor's remuneration	600	600
Depreciation of right-of-use assets	5,152	4,329
Depreciation of property, plant and equipment	1,359	1,151
Impairment losses on financial and contract assets, net	785	3,035
Amortisation of intangible assets	3,895	2,993

* Employee benefit expenses of RMB14,856,000 and RMB29,772,000 were included in the research and development costs for the six months ended 30 June 2024 and 2023, respectively.

6 INCOME TAX

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

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

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Current – PRC Charge for the year	5,197	126
Deferred tax	4,307	7,435
Total tax charge for the period	9,504	7,561

7 DIVIDENDS

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Final declared and paid – Nil (2023: HKD0.116) per ordinary share	–	42,863

No dividends were paid or declared by the Company for the period ended 30 June 2024.

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

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 406,616,713 (For six months ended 30 June 2023: 405,012,224) in issue during the period.

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

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

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Earnings Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation	36,320	40,807

	Number of shares Six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Shares Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	406,616,713	405,012,224
Effect of dilution – weighted average number of ordinary shares: – Restricted share unit scheme	1,115,527	1,015,136
Total	407,732,240	406,027,360

	Six months ended 30 June	
	2024	2023
Basic earnings per share (RMB)	0.09	0.10
Diluted earnings per share (RMB)	0.09	0.10

9 TRADE RECEIVABLES

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Trade receivables	653,376	551,883
Impairment allowance	(7,215)	(7,735)
Total	646,161	544,148

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

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Within 3 months	395,880	442,728
4 to 6 months	172,269	84,237
7 to 12 months	73,400	15,228
Over 1 year	4,612	1,955
Total	646,161	544,148

10 PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Prepayments to digital goods providers		
Non-refundable	337,236	430,609
Refundable	49,593	63,977
Other receivables	100,119	129,770
Deposits to digital goods providers	105,542	106,371
Prepaid value-added tax	72,746	76,097
Prepayments for various services	34,677	33,065
	699,913	839,889
Impairment allowance	(10,708)	(10,884)
Total	689,205	829,005

Refundable prepayments, deposits and other receivables mainly represent refundable prepayments and deposits to digital goods providers, receivables from online platform operators (such as Tmall and JD) and other receivables from third parties. Where applicable, an impairment analysis is performed at the end of each reporting period by considering the probability of default of the industry. Except for specific balances for which a 100% ECL rate is determined, as at 30 June 2024 and 31 December 2023, the probability of default rate applied both ranged from 0.001% to 5.08%, respectively. The loss given default during each reporting period was estimated to be 64.30%. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate. The loss rate applied where there were no comparable companies in the industry as at 30 June 2024 was 1.17%.

11 TRADE PAYABLES

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

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Within 3 months	99,369	104,554
4 to 6 months	18,386	4,079
7 to 12 months	4,446	2,732
Over 1 year	3,018	1,743
Total	125,219	113,108

12 SHARE CAPITAL

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

	Number of shares in issue	Share capital RMB'000
At 31 December 2022 and 1 January 2023	406,467,044	277
Issue of shares under the restricted share unit scheme	2,173,843	1
At 30 June 2023	408,640,887	278
At 31 December 2023 and 1 January 2024	408,640,887	278
Issue of shares under the restricted share unit scheme	–	–
At 30 June 2024	408,640,887	278

13 RELATED PARTY TRANSACTIONS

The Group's principal related parties are as follows:

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

- (i) Mr Shui Yingyu resigned from the Group on 28 March 2024.
- (ii) Mr Huang Tao resigned from the Group on 7 May 2024.

13 RELATED PARTY TRANSACTIONS (CONTINUED)

(a) The Group had the following transactions with related parties during the reporting period:

	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
<i>Purchase of right-of-use asset</i> Wuhan Xunyue Technology Co., Ltd.	1,102	3,852
<i>Disposal of right-of-use asset</i> Wuhan Xunyue Technology Co., Ltd.	1,456	–
<i>Rental expense paid to a related party</i> Wuhan Xunyue Technology Co., Ltd.	–	561

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

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
	<i>Due from related parties</i>	
Mr. Mao Feng	9,392	9,392
Mr. Ding Zhigang	3,875	3,875
Mr. Zhang Yuguo	3,171	3,171
Mr. Zhao Bihao	2,927	2,927
Mr. Chen Tianjun	1,982	1,982
Mr. Ren Wei	1,938	1,938
Mr. Shui Yingyu	–	287
	23,285	23,572
<i>Lease liabilities</i> Wuhan Xunyue Technology Co., Ltd.	1,834	2,740

The aggregate amounts due from key management personnel, amounting to RMB23,285,000 (2023: RMB23,572,000), were of withholding individual income tax for equity-settled shared-based payments.

13 RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Compensation of key management personnel of the Group

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Salaries, allowances and benefit in kind	2,171	3,432
Pension scheme contributions	63	208
Share-based payment	13	158
Total compensation paid to key management personnel	2,247	3,798

14 FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

Carrying amounts

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Financial assets		
Financial assets measured at fair value through profit or loss	12,247	12,552

Fair values

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Financial assets		
Financial assets measured at fair value through profit or loss	12,247	12,552

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

Fair values (Continued)

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

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer. At the end of the reporting period, the finance department analysed the movements in the values of financial instruments and determined the major inputs applied in the valuation. The valuation was reviewed and approved by the chief financial officer.

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

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

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

Fair value hierarchy

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

Assets measured at fair value:

	Fair value measurement using quoted prices in active markets (Level 1) <i>RMB'000</i> (Unaudited)	Significant observable inputs (Level 2) <i>RMB'000</i> (Unaudited)	Significant unobservable inputs (Level 3) <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
As at 30 June 2024 Financial assets at fair value through profit or loss	–	12,247	–	12,247
As at 31 December 2023 Financial assets at fair value through profit or loss	–	12,552	–	12,552

Liabilities measured at fair value:

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

15 EVENTS AFTER THE REPORTING PERIOD

No events after the reporting period have occurred as at the date of this report.

Definitions and Glossary

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

“Audit Committee”	the audit committee of the Company
“Auditor”	the external auditor of the Company
“Beijing Fulu Fuxi”	Beijing Fulu Fuxi Technology Co., Ltd. (北京福祿福喜科技有限公司), a limited liability company established in the PRC on December 31, 2021, a wholly-owned subsidiary of Beijing Fuluxi Technology Co., Ltd.
“Board”	the board of Directors
“CG Code”	Corporate Governance Code as set out in Appendix C1 to the Listing Rules
“Company” or “Fulu”	Fulu Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability and whose Shares are listed on the Main Board of the Stock Exchange (Stock Code: 2101)
“Consolidated Affiliated Entities”	the entities we control through the contractual arrangements, namely the PRC Holdcos and their respective subsidiaries
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to each of Mr. Fu Xi, Mr. Zhang Yuguo, Mr. Shui Yingyu, Mr. Zhao Bihao, FuXi Limited, Fuxu Holdings, Fuzhi Holdings, Zhangyuguo Holdings, Shuiyingyu Holdings and Zhaobihao Holdings or all of them as a group of Controlling Shareholders
“Director(s)”	director(s) of the Company
“Fulu Technology” or “WFOE”	Fulu (Wuhan) Technology Co., Ltd (福祿(武漢)科技集團有限公司), a limited liability company established in the PRC on December 25, 2019 and a wholly-owned subsidiary of Fulu (Hongkong) Limited
“FuXi Limited”	FuXi Limited, a limited liability company incorporated in the BVI on June 27, 2019 and wholly owned by Mr. Fu Xi. It is one of our Controlling Shareholders
“Fuxu Holdings”	Fuxu Holdings Limited, a limited liability company incorporated in the BVI on September 12, 2019 and wholly owned as to 99.99% and 0.01% by Fuze Holdings Limited and FuXi Limited, respectively

Definitions and Glossary

“Fuzhi Holdings”	Fuzhi Holdings Limited, a limited liability company incorporated in the BVI on September 3, 2019, which is owned as to 94.1% and 5.9% by Fuze Holdings Limited and FuXi Limited, respectively
“Global Offering”	the Hong Kong public offering and the International offering of the Company’s Shares
“GMV”	gross merchandize value, which equals to the sales price per item (inclusive of VAT) multiplied by the number of items sold. The GMV of goods transactions we facilitated as disclosed in this interim report excludes the GMV of digital goods transactions that occur in online stores we operate for digital goods vendors
“Group”, “the Group”, “we”, “us” or “our”	the Company, our subsidiaries and the Consolidated Affiliated Entities from time to time, or where the context so requires, in respect of the period before the Company became the holding company of its present subsidiaries, the subsidiaries as if they were the subsidiaries of the Company at the relevant time (or the Company and any one or more of its subsidiaries, as the context may require)
“HK\$” or “Hong Kong dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hubei Kejin”	Hubei Kejin Network Technology Co., Ltd. (湖北氩金網絡科技有限公司), a limited liability company established in the PRC on May 22, 2017, a Consolidated Affiliated Entity and a wholly-owned subsidiary of Tibet Fulu
“IFRSs”	International Financial Reporting Standards
“Kashgar Yiqiwan”	Kashgar Yiqiwan Network Technology Co., Ltd. (喀什一起玩網絡科技有限公司), a limited liability company established in the PRC on March 27, 2017, and one of the PRC Holdcos
“Latest Practicable Date”	August 28, 2024, the latest practicable date for ascertaining certain information in this interim report before bulk-printing of this interim report
“Listing”	listing of the Shares on the Main Board of the Stock Exchange
“Listing Date”	September 18, 2020, being the date on which the Shares were listed on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended, supplemented or otherwise modified from time to time

“Luzhi Holdings”	Luzhi Holdings Limited, a limited liability company incorporated in the BVI on September 20, 2019 and owned as to 14.52%, 3.65%, 4.06%, 7.15%, 18.38%, 10.24%, 19.36%, 2.99%, 11.00%, 3.21%, 2.72% and 2.72% by Mr. Yang Yuquan, Mr. Liu Lufeng, Mr. Tian Xuan, Mr. Ding Chao, Mr. Xu Jian, Mr. Ren Wei, Mr. Mei Qiaojun, Ms. Shen Yaling, Mr. Chen Tianjun, Mr. Li Jun, Mr. Wang Qiang and Ms. Guo Chenxi, respectively
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange, which is independent from and operates in parallel with the GEM of the Stock Exchange
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
“PRC” or “China”	the People’s Republic of China, for the purposes of this interim report only and except where the context requires otherwise, excludes Hong Kong, Macau and Taiwan
“PRC Holdcos”	Kashgar Yiqiwan and Wuhan Fulu
“Prospectus”	the prospectus of the Company dated September 7, 2020
“Remuneration Committee”	the remuneration committee of the Company
“Reporting Period”	the six months ended June 30, 2024
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“Securities and Futures Ordinance” or “SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) with a nominal value of US\$0.0001 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Shuiyingyu Holdings”	Shuiyingyu Holdings Limited, a limited liability company incorporated in the BVI on June 25, 2019. It is one of our Controlling Shareholders
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it in section 15 of the Companies Ordinance
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules

Definitions and Glossary

“Tibet Fulong”	Tibet Fulong Venture Capital Management Partnership (Limited Partnership) (西藏福隆創業投資管理合夥企業(有限合夥)), a limited liability partnership established in the PRC on January 12, 2017 and owned by Mr. Ren Wei as to 11.75%, Mr. Fu Xi as to 35.36%, Mr. Ding Chao as to 6.29%, Mr. Xu Jian as to 39.31%, Mr. Chen Tianjun as to 4.37%, Mr. Mei Qiaojun as to 1.18% and Mr. Li Jun as to 1.75%. Mr. Fu Xi is our Controlling Shareholder and an executive Director. Mr. Ren Wei and Mr. Chen Tianjun are members of our senior management. Mr. Ding Chao, Mr. Mei Qiaojun and Mr. Li Jun are our employees. Mr. Fu Xi is the sole general partner of Tibet Fulong
“Tibet Fulu”	Tibet Fulu Network Technology Co., Ltd. (西藏福祿網絡科技有限公司), a limited liability company established in the PRC on December 8, 2016, a Consolidated Affiliated Entity and a wholly-owned subsidiary of Wuhan Fulu
“Tibet Fuxu”	Tibet Fuxu Venture Capital Management Partnership (Limited Partnership) (西藏福旭創業投資管理合夥企業(有限合夥)), a limited liability partnership established in the PRC on January 17, 2017 and owned by Mr. Fu Xi as to 37.74%, Mr. Yang Yuquan as to 15.01%, Mr. Liu Lufeng as to 3.78%, Ms. Shen Yaling as to 3.09%, Mr. Wang Qiang as to 2.81%, Ms. Guo Chenxi as to 2.81%, Mr. Zhang Yuguo as to 2.02%, Mr. Zhao Bihao as to 15.09%, Mr. Tian Xuan as to 4.19%, Mr. Xu Jian as to 0.11%, Mr. Ding Chao as to 1.72%, Mr. Mei Qiaojun as to 2.44%, Mr. Chen Tianjun as to 7.43% and Mr. Li Jun as to 1.75%. Mr. Fu Xi, Mr. Zhang Yuguo and Mr. Zhao Bihao are our Controlling Shareholders and executive Directors. Mr. Chen Tianjun is a member of our senior management. Mr. Yang Yuquan, Mr. Liu Lufeng, Ms. Shen Yaling, Mr. Wang Qiang, Ms. Guo Chenxi, Mr. Ding Chao, Mr. Mei Qiaojun and Mr. Li Jun are our employees. Mr. Fu Xi is the sole general partner of Tibet Fuxu
“Tibet Huluwa”	Tibet Huluwa Network Technology Co., Ltd. (西藏葫蘆娃網絡科技有限公司), a limited liability company established in the PRC on May 15, 2019, a Consolidated Affiliated Entity and a wholly-owned subsidiary of Wuhan Fulu
“US\$”	U.S. dollars, the lawful currency of the United States of America
“VAT”	value-added tax
“Wuhan Fulu”	Wuhan Fulu Network Technology Co., Ltd. (武漢福祿網絡科技有限公司), a limited liability company established in the PRC on March 24, 2009, and one of our PRC Holdcos
“Wuhan Lishuo”	Wuhan Lishuo Technology Co., Ltd. (武漢立碩科技有限公司), a limited liability company established in the PRC on January 6, 2017, a Consolidated Affiliated Entity and a wholly-owned subsidiary of Wuhan Fulu
“Wuhan Souka”	Wuhan Souka Technology Co., Ltd. (武漢搜卡科技有限公司), a limited liability company established in the PRC on June 8, 2017, a Consolidated Affiliated Entity and a wholly-owned subsidiary of Wuhan Fulu
“Wuhan Tianshi”	Wuhan Tianshi Technology Co., Ltd. (武漢天識科技有限公司), a limited liability company established in the PRC on July 24, 2014, a Consolidated Affiliated Entity and a wholly-owned subsidiary of Wuhan Fulu

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

Unless expressly stated or the context otherwise requires, all data in this document is as of the Latest Practicable Date.

The English names of the PRC entities, PRC laws or regulations, and the PRC governmental authorities referred to in this document are translations from their Chinese names and are for identification purposes only. If there is any inconsistency, the Chinese names shall prevail.

Certain amounts and percentage figures included in this document have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.