

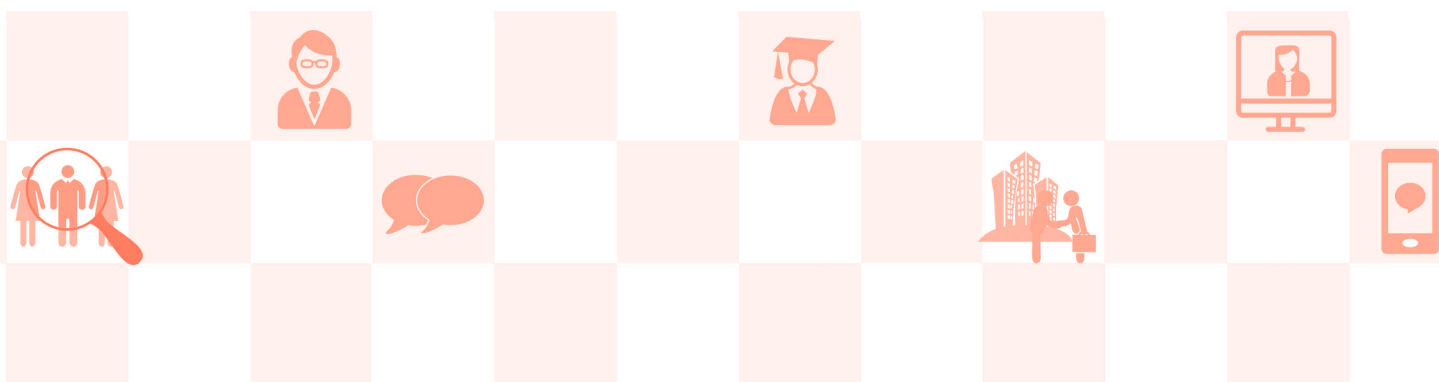


Tongdao Liepin Group 同道獵聘集團

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 6100)



INTERIM REPORT 2024



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DEFINITIONS

In this report, unless the context otherwise requires, the following terms shall have the meanings set out below. These terms and their definitions may not correspond to any industry standard definitions, and may not be directly comparable to similarly titled terms adopted by other companies operating in the same industries as our Company.

| | |
|--|---|
| “Audit Committee” | the audit committee of our Company |
| “Board” | the board of directors of our Company |
| “Business customers” | verified business users that have existing contracts with us as of a given date, excluding business customers with trial subscription |
| “Company”, “our Company”, or “the Company” | Tongdao Liepin Group (stock code: 6100) an exempted company with limited liability incorporated under the laws of the Cayman Islands on 30 January 2018, the shares of which are listed on the Main Board of the Hong Kong Stock Exchange |
| “Director(s)” | the director(s) of our Company |
| “HK\$” or “HKD” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Hong Kong Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “HR” | Human Resources |
| “IAS” | International Accounting Standards |
| “IASB” | International Accounting Standards Board |
| “IFRS” | International Finance Reporting Standards, amendments, and interpretations, as issued by the IASB |
| “Individual paying users” | the individual users that have previously subscribed for the Company’s premium membership services or CV advisory services at least once as of a given date |
| “Individual users” | the individual users that have completed all required registration and verification procedures for our talent development services to the Group’s satisfaction |
| “Job postings” | active and open positions posted by our verified business users and verified headhunters on our online platform, excluding those that have been removed upon the completion of the hiring process or due to being more than 90 days old |
| “Liepin Group”, “our Group”, “the Group”, “we”, “us” or “our” | the Company and its subsidiaries from time to time |

| | |
|--------------------------------------|---|
| “Listing Rules” | The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited |
| “PRC” | the People’s Republic of China |
| “Prospectus” | the prospectus of the Company, dated 19 June 2018, in relation to its global offering |
| “R&D” | research and development |
| “Registered individual users” | the individual users that have completed all required registration and verification procedures to the Company’s satisfaction, which include both individual paying users and individual non-paying users as of a given date |
| “Remuneration Committee” | the remuneration committee of our Company |
| “Reporting Period” | the six months ended 30 June 2024 |
| “RMB” | Renminbi, the lawful currency of PRC |
| “SaaS” | software-as-a-solution, which refers to the Company’s talent services delivery model where the Company hosts a range of proprietary software solutions and provides them to the Company’s registered individual users, verified business users and verified headhunters over the Internet |
| “Talent services” | talent acquisition services, other HR services, and talent development services provided to business users and individual users, as the case may be |
| “US\$” or “USD” | United States dollars, the lawful currency of the United States of America |
| “Verified business users” | all business users that have completed all required registration and verification procedures to the Company’s satisfaction, which include both business customers and non-paying business users who do not have active contracts with the Company as of a given date |
| “Verified headhunters” | the headhunters that have completed all required registration and verification procedures to the Company’s satisfaction |

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Dai Kebin
(Chairman and Chief Executive Officer)
Mr. Chen Xingmao* (Chief Technology Officer)
(resigned as executive Director on 3 April 2024)
Mr. Tian Ge* (Chief Financial Officer)
(appointed as executive Director on 3 April 2024)

Non-executive Director

Mr. Shao Yibo* (resigned on 3 April 2024)

Independent Non-executive Directors

Mr. Ye Yaming
Mr. Zhang Ximeng
Ms. Fan Xinpeng

HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Room 415-3, Building No. 5
Courtyard No. 59, Gaoliangqiaoxie Road
Haidian District
Beijing, PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 417, 4th Floor, Lippo Centre
Tower Two, No. 89 Queensway
Admiralty, Hong Kong

REGISTERED OFFICE

Maples Corporate Services Limited
P.O. Box 309, Ugland House
Grand Cayman KY1-1104
Cayman Islands

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Maples Fund Services (Cayman) Limited
P.O. Box 1093, Boundary Hall,
Cricket Square
Grand Cayman KY1-1102
Cayman Islands

LEGAL ADVISER TO HONG KONG LAW

Davis Polk & Wardwell
10th Floor, The Hong Kong Club Building
3A Chater Road, Hong Kong

Note:

- * Each of Mr. Shao Yibo and Mr. Chen Xingmao has tendered his resignation as a non-executive Director and executive Director, respectively on 3 April 2024, with effect from the same day.
- * Mr. Tian Ge has been appointed as an executive Director of the Company, with effect from 3 April 2024.

PRINCIPAL BANK

Industrial and Commercial Bank of China
No. 110, Jianguo Road
Chaoyang District, Beijing, PRC

COMPANY SECRETARY

Ms. Fung Wai Sum (ACG, HKACG)

AUTHORIZED REPRESENTATIVES

Mr. Dai Kebin
Ms. Fung Wai Sum

AUDIT COMMITTEE

Ms. Fan Xinpeng (Chairman)
Mr. Ye Yaming
Mr. Zhang Ximeng

REMUNERATION COMMITTEE

Mr. Zhang Ximeng (Chairman)
Mr. Ye Yaming
Ms. Fan Xinpeng

NOMINATION COMMITTEE

Mr. Dai Kebin (Chairman)
Mr. Ye Yaming
Mr. Zhang Ximeng

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

STOCK CODE

6100

AUDITOR

KPMG
Public Interest Entity Auditor registered in
accordance with the Accounting and Financial
Reporting Council Ordinance
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

COMPANY WEBSITE

www.liepin.com

The key unaudited financial data during the three months ended 30 June 2024 was set out as follows:

- Revenue primarily generated from providing talent acquisition and other HR services to our business customers and providing talent development services to individual users was RMB543.8 million for the three months ended 30 June 2024, a 7.8% decrease from RMB589.8 million for the three months ended 30 June 2023.
- Gross profit was RMB426.7 million for the three months ended 30 June 2024, a 2.9% decrease from RMB439.3 million for the three months ended 30 June 2023.
- Net profit was RMB79.2 million for the three months ended 30 June 2024, a 29.6% increase from RMB61.1 million for the three months ended 30 June 2023. Net profit attributable to equity shareholders of the Company was RMB55.4 million for the three months ended 30 June 2024, a 9.4% increase from RMB50.7 million for the three months ended 30 June 2023.
- Non-GAAP operating profit of the Company (excluding share-based compensation expenses and amortization of intangible assets resulting from acquisition) was RMB95.4 million for the three months ended 30 June 2024, a 51.7% increase from RMB62.9 million for the three months ended 30 June 2023.

The key unaudited financial data during the six months ended 30 June 2024 was set out as follows:

- Revenue primarily generated from providing talent acquisition and other HR services to our business customers and providing talent development services to individual users was RMB1,014.6 million for the six months ended 30 June 2024, a 7.2% decrease from RMB1,093.0 million for the six months ended 30 June 2023.
- Gross profit was RMB791.9 million for the six months ended 30 June 2024, a 3.7% decrease from RMB822.0 million for the six months ended 30 June 2023.
- Net profit was RMB66.0 million for the six months ended 30 June 2024, a 412.9% increase from RMB12.9 million for the six months ended 30 June 2023. Net profit attributable to equity shareholders of the Company was RMB45.3 million for the six months ended 30 June 2024, a 446.2% increase from RMB8.3 million for the six months ended 30 June 2023.
- Non-GAAP operating profit of the Company (excluding share-based compensation expenses and amortization of intangible assets resulting from acquisition) was RMB94.0 million for the six months ended 30 June 2024, a 100.2% increase from RMB46.9 million for the six months ended 30 June 2023.
- The Board does not recommend the payment of interim dividend for the six months ended 30 June 2024 to the shareholders of the Company.

CHAIRMAN'S STATEMENT

Dear shareholders,

On behalf of the Board and the management of Tongdao Liepin Group (the “**Company**”), I am pleased to present the 2024 interim report of the Company and its subsidiaries (collectively, the “**Group**”, “**Liepin**” or “**we**”, “**our**” and “**us**”).

In face of the ongoing deepening of domestic industrial structure adjustments and the uncertainty of the external environment, we have been more cautious in the development of our overall business this year, paying more attention to cost control and efficiency improvement across various business lines. At the same time, we will continue to promote optimization of our group's organizational structure to achieve comprehensive efficiency improvement in management. In the first half of the year, we achieved a total revenue of RMB1.02 billion, a year-on-year decrease of 7.2%. Benefiting from strict cost control, the gross profit margin has rebounded to 78.8%, an increase of 2.8 percentage points compared to the same period last year. In terms of profit, our non-GAAP operating profit was RMB93.95 million, a year-on-year increase of 100%, and the non-GAAP net profit attributable to equity shareholders was RMB66.61 million, a year-on-year increase of 56.8%.

Now, the overall demand in the mid- to high-end recruitment market is still closely tied to the recovery of our country's macroeconomy. This year, in a market environment where the total recruitment demand is still under pressure, we've noticed a more pronounced differentiation in recruitment needs across different industries and types of enterprises. In terms of job types, there's a noticeable uptick in demand for manufacturing and technical positions, especially in areas like artificial intelligence and hardware. Backend IT positions are also showing signs of recovery from a downturn. But the demand for mid- to high-end management positions remain relatively weak. Companies paid more attention to the cost effectiveness of recruitment channels. Additionally, in our communications with enterprises, we've found that medium to large enterprises continue to show a high interest in the application of new technologies in recruitment channels.

In response to this, we actively addressed the market's changes. On one hand, we continued to attract more SME customers through lightweight packages. We also focused on developing key account customers in new first-tier and core second-tier cities around the Greater Bay Area and the Yangtze River Delta region. The aim is to explore incremental space for mid- to high-end recruitment business in the relatively lower-tier market. On the other hand, we strengthened our professional service capabilities and increased the promotion of AI products like “Intelligent Interviewer Doris” to deeply explore the diverse needs of medium to large enterprises. We reinforced our differentiated advantages by strengthening our products and services. In the second half of the year, with the peak season for campus recruitment approaching, Doris is expected to take on more interview demands. Since the launch of this product, there has been a promoting effect for us in terms of customer acquisition and adoption by more brand customers. At the “20th China Human Resources Service Industry Summit” and the “10th Asia-Pacific Human Resources Technology and Service Expo,” we were honored with the “Smart Technology Application Practice Case Award” for these applications. Moreover, in cities like Beijing, Shenzhen, and Hangzhou, we participated in local government recruitment activities, and Doris is being implemented in various industry sectors. We will also continue to expand into more non-first-tier cities and non-white-collar positions, penetrating into fields like urban service industry, blue-collar manufacturing industry and medical service industry, etc., broadening the scope of our services. These targeted sales and product strategies had helped us gain more business customers since the beginning of the year.

In terms of our individual users, by end of the first half of the year, our group as a whole, including Liepin and Saiyou platforms, has surpassed 100 million registered individual users, marking an 11% increase versus last year. Our Liepin main platform also reached the milestone of 100 million registered individual users in July this year. Despite challenges across various industries, we offer career transition coaching, skill enhancement guidance, and more job opportunities for professionals within our talent development sector. These efforts make Liepin a more professional choice for talents and a companion in their career growth. Although we significantly reduced our marketing expenses this year, our user engagement has still maintained a good growth. This is mainly due to the improved efficiency in acquiring new users brought by refined management of our marketing channels. At the same time, through product and recall strategy innovation, we have reactivated and stimulated a large number of talents, revitalizing the high-quality talent pool, which has also led to more efficient job matching on the platform, thereby optimizing the user experience.

Regarding headhunters, by the end of the first half of the year, the number of verified headhunters on our platform has increased to 219 thousand. These headhunters have maintained a high level of activity on the platform, contributing a large number of quality positions. In addition to continuously strengthening our headhunting ecosystem, we have also made sustained progress in our recruiting cooperation network business. In the first half of this year, despite the ongoing macroeconomic pressures faced by the headhunting industry, our Duolie RCN has provided a broad business space and development opportunities for the headhunting firms within the network through continuously refined products and rich cooperation models. As of 30 June 2024, the number of headhunters and headhunting firms within our Duolie RCN network has increased continuously, and the ratio of firms participating in cooperation has also seen a significant improvement. In the second half of the year, we will further deepen the application of large models and integrate resources of the operation system related to headhunter participation and delivery with Duolie RCN as the core. We will improve internal efficiency and empower other parties with smoother process management, thereby widely exploring market demand through technological advantages and further expanding the breadth and depth of headhunting-related services.

In the critical moment where our nation is facing multiple external disturbances and internal transformation, we anticipate that the mid- to high-end recruitment market will continue to experience certain pressures in the short term. However, this challenge also presents us with a valuable opportunity to enhance our internal strength and market share. This year, to cope with the structural changes in corporates' recruitment needs, Liepin Group will continue to employ diversified sales strategies. By optimizing organizational structures and solidifying services, we focus on in-depth development of key account customers and extensive coverage of SME businesses. At the same time, we will continuously renew recruitment products that offer high value for money and more noticeable recruitment effects, to strengthen our professional service advantages in the mid- to high-end online recruitment market, thereby expanding into broader business fields. Additionally, our exploration of AI technology is ongoing, with a focus on continuous testing in practical industry applications. We firmly believe that AI has a profound impact on human resources services. We also believe that Liepin will keep pace with the times in this field and not fall behind. Moreover, we are committed to continuous investment in the core area of talent assessment to maintain a leading position.



CHAIRMAN'S STATEMENT

Lastly, in terms of our group's internal operations, cost reduction and efficiency enhancement will always be at the core of this year's business decisions and arrangements. This year, we have significantly reduced marketing expenditures and restructured our business lines to achieve more refined team management. Meanwhile, our R&D and other mid-to-backstage support teams are also continuously improving efficiency to build a more streamlined organizational structure. Looking at the mid to long term, we still firmly believe that the total volume of our national recruitment market remains very broad. In different economic environments, more business models that fit the current market conditions will emerge. While cautiously preserving our strength, we will also continue to explore and innovate, seizing new development opportunities in the changing market and continuously creating more value for the industry and users.

Yours faithfully,
Dai Kebin
Chairman

30 August 2024

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

In the first half of 2024, China's economy demonstrated a steady upward trend amidst overall stability, but we still faced uncertainties in the external environment and the ongoing deepening of domestic industrial restructuring. According to data released by the National Bureau of Statistics, in the first half of this year, China's urban surveyed unemployment rate averaged 5.1%, representing a year-on-year decrease of 0.2 percentage points. The overall employment situation remains stable, but the recruitment demand was still under pressure in terms of total volume, with an increasingly pronounced divergence in recruitment demand across various industries. In the second quarter of this year, as the country's growth momentum accelerated towards high-tech, high-quality and green industries, the number of new job postings in the electronics & communications and automobile & machinery manufacturing sectors on the Liepin platform continued to increase. Meanwhile, compared with the same period last year, industries closely related to people's well-being, such as culture, sports and lifestyle services also released more job positions on our platform in the second quarter of this year, in line with the trend of employment recovery in China's service industries. In contrast, some large industries that absorb a significant amount of mid- to high-end employment continued to face pressure from the contraction of recruitment demand. In the real estate sector, for example, although the overall condition of this sector trended towards stability in the second quarter, the change in recruitment demand was still relatively slow. Similarly, in the financial sector, recruitment demand continued the downturn that began at the end of last year. Although the number of new job postings in the internet industry is still on a downward trend, the decline has narrowed significantly compared with the same period last year, with recruitment demand expected to stabilize gradually.

With the ongoing adjustments of the economic structure, the interests of job seekers have exhibited a trend of segmentation. On the one hand, employment choices are becoming more various. According to the data from our platform, the acceptance of flexible employment among the fresh graduates of 2024 has increased compared with previous years, among which self-media is the most popular, which allows graduates to start their own business in a low-cost and high-efficiency way to realize their individuality and self-worth. In terms of geographical choices, the downward trend of the employment market has deepened, and the attractiveness of the new first-tier cities to graduates has further strengthened, with more job opportunities and reasonable living costs making the new first-tier cities the ideal choices for graduates. On the other hand, there is a growing tendency among job seekers to prioritize stability. To cope with the economic uncertainty, graduates are more likely to choose positions in state-owned enterprises and those with fixed establishments. Furthermore, job seekers with previous full-time working experience are exhibiting a heightened degree of rationality, placing emphasis on a holistic assessment that encompasses personal career progression, remuneration, the comfort of the working environment, and the potential for corporate growth, etc. As a whole, given the overall sluggish demand for jobs, mid- to high-end job seekers have gradually adjusted and responded by seeking diverse employment opportunities.

BUSINESS REVIEW

| | As of 30 June 2024 | 2023 | % Year-on-year change |
|--|-----------------------|-----------|--------------------------|
| Individual Users | | | |
| Number of accumulative registered individual users (in millions) ¹ | 100.8 | 90.9 | 10.9% |
| Number of individual paying users for the period ¹ | 56,052 | 49,873 | 12.4% |
| Business Users and Customers | | | |
| Number of accumulative verified business users | 1,367,938 | 1,217,417 | 12.4% |
| Number of business customers | 63,472 | 60,407 | 5.1% |
| Number of valid job postings for the period (in millions) | 6.0 | 6.3 | -4.3% |
| Headhunters | | | |
| Number of verified headhunters ² | 219,006 | 218,551 | 0.2% |
| Number of contacts with registered individual users by our verified headhunters (in millions) | 529.4 | 587.1 | -9.8% |

1. In previous reports, the data of “individual user” and “number of individual paying users for the period” was sourced from Liepin’s recruitment platforms. In order to achieve a more accurate presentation of the total number of individual users of Liepin Group, from the Company’s 2023 annual report onwards, the data regarding individual users have been, and will be, consolidated to include figures from both the recruitment platforms and the online professional certification training service (Saiyou) of Liepin.

2. In the third quarter of 2023, our Group conducted its first clean-up of abnormal headhunter accounts. Excluding this measure, the year-on-year increase in the number of verified headhunters as of the second quarter of 2024 was even more significant.

Talent Acquisition Services and Other HR Services

In the second quarter of this year, China’s recruitment market continued to diversify, with an increasing recruitment demand for gray-collar and blue-collar positions, while demand for white-collar and above talent remained under pressure. For our business customers, the trend of slower demand and longer recruitment cycles was more pronounced, with a large number of companies reducing their recruitment budgets or seeking more cost-effective recruitment methods in order to reduce costs and increase efficiency. In view of the above market environment, we have adopted a diversified strategy to cater to the needs of different types of enterprises. For small and medium-sized enterprises with limited recruitment budgets, in the first half of the year we continued to establish partnerships with them through lightweight package products, attracting them to explore Liepin’s recruitment product through its convenient and easy-to-use product form and lower-priced product package. Then, we increased sales to recurring customers through the funnel model to penetrate the small and medium-sized enterprises market, which had a relatively low penetration rate in the past.

On the other hand, we have further strengthened our professional service capabilities and thoroughly explored the needs of key account customers in the field of human resource services to consolidate our differentiated advantage in providing one-stop talent service solutions. This year, based on the deepening of services for existing key account customers, we also further explored key account customers in the new first-tier and core second-tier cities in the Greater Bay Area and the Yangtze River Delta region, and sought additional space for the mid- to high-end recruitment business in the relatively lower-tier cities. This targeted sales strategy has also driven the growth of Liepin's business customer base. In the first half of 2024, the total number of Liepin's paying business customers amounted to 63,472, representing a year-on-year growth of 5.1%. The challenging market environment also prompted us to pursue organizational efficiency improvement through hard work. During the Reporting Period, we have restructured the sequence of business teams to form more targeted business management and refined operation, further realizing internal cost reduction and efficiency improvement.

Continuous product innovation and iteration have helped our business teams to capture the ever-changing recruitment needs in the challenging market. In the first half of the year, we launched "Super Chat", an AI product that helps customers reach their ideal candidates and obtain accurate intentions. With the refinement of features and technological advancement, the delivery capabilities of "Super Chat" were significantly improved in the second quarter of this year, gaining more favor with our business customers. The number of requests for the product from business customers reached a record high in this quarter, showing a quarterly growth trend. The success of this product has given us the confidence to launch more products in the future. In the second half of the year, we will launch more recruitment products that combine AI algorithms and professional service capabilities to help enterprises improve their recruitment efficiency at various aspects of the recruitment process, and further expand our differentiated service advantages in the mid- to high-end market. Internal product R&D upgrades also continued in the second quarter of this year. We have integrated the underlying product and technology frameworks of several ports to reduce development and maintenance costs, improve the efficiency of production and research, and support more flexible internal resource allocation to accelerate innovative product development.

In terms of innovative business, we have maintained our consistent emphasis. Duolie Recruiting Cooperation Network ("**Duolie RCN**"), as an online cooperation network for headhunters incubated by Liepin and officially launched in the third quarter of 2023, has been favored by more and more headhunters and maintained rapid growth. In the first half of this year, although the headhunting industry continued to face greater macro challenges, Duolie RCN continued to provide extensive business and development opportunities for headhunting companies within the network through its constantly refined and optimized products and increasingly rich cooperation models. As at 30 June 2024, there were 2,100 headhunters and 77 headhunting companies in Duolie RCN network, with the proportion of headhunting companies participating in the cooperation increasing by 8 percentage points to 85%. From the second quarter of this year, our Group has initiated resource integration for the operation system related to headhunter participation and delivery with Duolie RCN as the core, achieving efficiency improvement through smoother process management, thereby further expanding the breadth and depth of headhunting-related services. On the other hand, in the second quarter of this year, we further deepened the application of large language model in Duolie RCN by promoting AI-powered digital assistant features, so as to create value-added services for headhunting companies. Faced with the opportunities presented by technological innovation in the recruitment industry, we have extensively explored the market demand through our technological advantages, conducted product R&D and early promotion focusing on key aspects, and then continuously iterated the product features through market feedback, ultimately forming a closed loop of rapid validation of the commercialization path and laying a solid foundation for the launch of more new products and features.

Doris, an AI intelligent interview product launched by the Group in the first quarter of this year, effectively addresses the interviewing needs of various types of enterprises in bulk recruitment. The product has opened up an incremental market for Liepin with its leading technical capabilities and highly customizable tools, and will expand into a broader and more diversified market in the second half of the year. In the second quarter of this year, we focused on polishing the product and optimizing the underlying strategy with features such as resume parsing, in-depth intelligent questioning and a comprehensive anti-cheating system. On the other hand, we specifically developed various capability models to meet the needs of job interviews in different industries, and successfully secured benchmark customers in retail, catering, logistics, medical and other industries, as well as large state-owned enterprises. In the second half of the year, with the arrival of the peak season for campus recruitment and the increasing emphasis on campus hiring by more companies, Doris will gradually establish its product advantages and brand recognition in campus recruitment. Meanwhile, based on the demonstration effect brought by our benchmark customers, in the second half of the year, we will also strive to expand the interview demand in lower-tier markets with larger recruitment scale, so as to expand the service coverage of Liepin Group.

In terms of sub-businesses, our online survey business continued to strengthen its leading position in its market segments. The overall user activity rate of the business stabilized in the second quarter of this year, with the number of questionnaires distributed increasing year-on-year. As of 30 June 2024, we have distributed 276 million questionnaires and collected 20.2 billion responses. Overall, the business continued to be impacted by the downturn in the advertising market. However, the SaaS business made steady progress, and was generally in a relatively stable recovery. AI-related functions were in the process of refinement and optimization, and the AI functions that we have launched so far, such as report interpretation, content generation and exam paper generation, will also lay the foundation for further commercialization in the future. On the other hand, our flexible staffing business also achieved sustained business growth in the second quarter, and we will continue to strengthen the service capabilities of this business in the catering, retail and technology industries to further expand our customer coverage.

Talent Development

In terms of our individual users, as of 30 June 2024, the number of registered individual users exceeded 100 million, reaching 100.8 million, representing a year-on-year increase of 10.9%. Additionally, user activity has also grown significantly, with the average number of monthly active users in the second quarter of this year increasing by 10.3% year-on-year. In the first half of the year, we placed greater emphasis on refining our marketing channel management, optimizing budget allocations based on the conversion rates of each channel to better enhance the efficiency of user acquisition on our platform. At the same time, we continued to explore methods to recall and revitalize high-quality talent through innovative product offerings and recall strategies. This allows us to revitalize the high-quality existing talent pool, facilitating more efficient job-candidate matching, thereby optimizing the platform experience for both business and individual users.

In the second quarter and the first half of this year, the revenue generated from providing talent development services to individual users was RMB91.3 million and RMB160.5 million, respectively, representing a year-on-year increase of 44.5% and 40.6%, respectively. Our online professional certification training services achieved notable growth in the first half of 2024, which contributed to the overall revenue growth of our talent development services. In the first half of the year, we focused on optimizing the operational efficiency of our psychological counsellor training programs by leveraging precise traffic management and AI-assisted sales enhancements, which improved

the productivity of our sales staff and increased the profit margin of our product lines. In addition, the Company has launched new offerings such as the master of international psychology and family counseling courses to increase cross-purchase and enhance the lifetime value of each customer. We will continue our efforts in this area during the year to improve existing business efficiencies while meeting the diversified demands of more clients, thereby enhancing our professionalism and market competitiveness.

FUTURE OUTLOOK AND STRATEGIES

The overall demand for mid- to high-end recruitment market in China is highly linked to the recovery of economic fundamentals, especially the recovery of large enterprises in core industries. As our country is still in a critical period where multiple external disturbances are superimposed on the transformation of internal development dynamics, we expect that the mid- to high-end recruitment market will still face certain pressures in the short term. However, the challenging market environment also provides us with a valuable opportunity to strengthen our core competitiveness, solidify our advantages, and expand our market share. In recent years, the demand for cost reduction and efficiency improvement among enterprises has driven HR service providers to continuously enhance the efficiency and certainty of their product offerings. The intensifying market competition has put pressure on service providers with limited scale, insufficient technical advantages and slow adaptability, leading to increased concentration in the mid- to high-end recruitment market, while leading service providers that can navigate through the economic cycle smoothly will benefit from a more favorable competitive environment as the market recovers.

Throughout this year, in the face of structural changes in enterprises recruitment demand, we continue to follow a diversified sales strategy. We will achieve deeper penetration with large customers and broader coverage of small and medium-sized enterprises through organizational restructuring and service enhancements. Additionally, we will also focus on iterating recruitment products with higher cost-effectiveness and more intuitive recruitment effects. This approach will amplify our professional service advantages in the mid- to high-end online recruitment market to explore broader business opportunities. In terms of innovative businesses, the rapid growth of the Duolie RCN business aligns with the development goal the Group set at the beginning of the year. As the business expands, we expect that Duolie RCN will gradually refine its collaboration models and explore more diversified commercialization paths. On the other hand, after nearly half a year of market expansion, Doris, our AI intelligent interviewer, will be used and validated by more enterprises in the second half of this year. We also look forward to extending our business by leveraging this product to extend our reach and tap into the growth potential of the lower-tier market.

In terms of the internal operations of the Group, cost reduction and efficiency improvement remain the main themes guiding our business decisions and activities throughout this year. Since the beginning of the year, the Group has significantly scaled back its marketing expenditures, restructured its business framework to implement more precise team management. Meanwhile, product development and other back-office teams have also continued to enhance their efficiency and adjusted personnel allocation based on actual needs, with a view to building a more streamlined organizational structure. In the medium to long term, we will focus on the sustainable development of the Group, implementing flexible strategies in response to market changes, and continuously creating value for our users and the industry.

FINANCIAL REVIEW

Six Months Ended 30 June 2024 Compared to Six Months Ended 30 June 2023

| | Note | Six months ended 30 June | |
|-------------------------------------|------|--------------------------|-----------------|
| | | 2024 RMB'000 | 2023 RMB'000 |
| Revenue | 3 | 1,014,571 | 1,092,965 |
| Cost of revenue | | (222,692) | (270,946) |
| Gross profit | | 791,879 | 822,019 |
| Other income | 4 | 66,487 | 75,350 |
| Sales and marketing expenses | | (482,680) | (557,552) |
| General and administrative expenses | | (142,497) | (157,676) |
| Research and development expenses | | (160,516) | (169,411) |
| Profit from operations | | 72,673 | 12,730 |
| Net finance (cost)/income | 5 | (1,614) | 6,241 |
| Share of results of associates | | 1,856 | 295 |
| Profit before taxation | 5 | 72,915 | 19,266 |
| Income tax | 6 | (6,890) | (6,394) |
| Profit for the period | | 66,025 | 12,872 |
| Attributable to: | | | |
| Equity shareholders of the Company | | 45,333 | 8,300 |
| Non-controlling interests | | 20,692 | 4,572 |
| Profit for the period | | 66,025 | 12,872 |
| Earnings per share | | | |
| Basic (RMB Cent) | 7 | 9.52 | 1.71 |
| Diluted (RMB Cent) | | 9.48 | 1.70 |

Revenue

Our revenue was RMB1,014.6 million for the six months ended 30 June 2024, a 7.2% decrease from RMB1,093.0 million for the six months ended 30 June 2023. Revenue from talent acquisition and other HR services to our business customers, accounting for 84.1% of our revenue, was RMB853.2 million for the six months ended 30 June 2024, an 12.8% decrease from RMB978.0 million for the six months ended 30 June 2023, primarily due to the drag from decreasing cash billings during the previous year and enterprises' hesitation in reopening job positions in the first half of this year. Revenue from talent acquisition and other HR services to our business customers mainly comprised (1) customized subscription packages that include various talent services charging various fixed rates; and (2) transaction-based talent acquisition services that charge a fixed rate based on the offered annual salary of a particular job upon completion of certain hiring milestones.

Revenue from talent development services to individual users, accounting for 15.8% of our revenue, was RMB160.5 million for the six months ended 30 June 2024, a 40.6% increase from RMB114.1 million for the six months ended 30 June 2023, primarily driven by the deep commitment to our psychological counselor training course, and the successful expansion of psychology related courses. Revenue from talent development services to individual users primarily consisted of providing premium membership services, career coaching, CV advisory and certification training services.

Revenue from rental income from investment properties was RMB0.9 million for the six months ended 30 June 2024, and RMB0.9 million for the six months ended 30 June 2023.

The table below sets forth a breakdown of sources of our revenue for the periods indicated:

| | For the six months ended 30 June | | | |
|--|----------------------------------|--------------|------------------|--------------|
| | 2024 | | 2023 | |
| | RMB'000 | % | RMB'000 | % |
| | (unaudited) | | (unaudited) | |
| Talent acquisition and other | | | | |
| HR services to business users | 853,218 | 84.1 | 977,968 | 89.5 |
| Talent development services to | | | | |
| individual users | 160,465 | 15.8 | 114,132 | 10.4 |
| Rental income from investment properties | 888 | 0.1 | 865 | 0.1 |
| Total | 1,014,571 | 100.0 | 1,092,965 | 100.0 |

Cost of Revenue

Our cost of revenue primarily comprises service and project expenses, salaries and benefits for our talent service personnel, and IT infrastructure and maintenance costs. Our cost of revenue was RMB222.7 million for the six months ended 30 June 2024, a 17.8% decrease from RMB270.9 million for the six months ended 30 June 2023. The amortization of intangible assets resulting from acquisition was RMB8.6 million (2023: RMB8.6 million). The share-based compensation expenses were RMB(0.7) million (2023: RMB0.2 million).

Gross Profit and Gross Profit Margin

As a result of the foregoing, the Company's gross profit was RMB791.9 million for the six months ended 30 June 2024, a 3.7% decrease from RMB822.0 million for the six months ended 30 June 2023. Gross profit margin increased to 78.1% for the six months ended 30 June 2024 from 75.2% for the six months ended 30 June 2023, primarily due to our strict controls on the gross margins of project-based products and cost-saving and efficiency improvement measures on the personnel side.

Sales and Marketing Expenses

Our sales and marketing expenses primarily comprise salaries and benefits (including share-based compensation expenses) for sales, sales support and marketing personnel, advertising and promotion expenses and other expenses associated with our sales and marketing activities. Our sales and marketing expenses were RMB482.7 million for the six months ended 30 June 2024, a 13.4% decrease from RMB557.6 million for the six months ended 30 June 2023, which was primarily due to the decrease in marketing spending and sales personnel incentive expenses. The share-based compensation expenses were RMB2.1 million (2023: RMB5.6 million), and the amortization of intangible assets resulting from acquisition was RMB0.5 million (2023: RMB0.7 million). Our sales and marketing expenses as a percentage of revenue decrease from 51.0% for the six months ended 30 June 2023 to 47.6% for the six months ended 30 June 2024.

General and Administrative Expenses

Our general and administrative expenses primarily encompass salaries and benefits (including share-based compensation expenses) for our general and administrative personnel, office expenses (including rental expense) and other operating expenses which include expected credit losses of trade receivables. Our general and administrative expenses were RMB142.5 million for the six months ended 30 June 2024, a 9.6% decrease from RMB157.7 million for the six months ended 30 June 2023, which was primarily due to the decrease in general and administrative personnel costs, among which, the share-based compensation expenses was RMB8.0 million (2023: RMB11.9 million). Our general and administrative expenses as a percentage of revenue decrease from 14.4% for the six months ended 30 June 2023 to 14.0% for the six months ended 30 June 2024.

Research and Development Expenses

Our R&D expenses primarily comprise salaries and benefits (including share-based compensation expenses) for R&D personnel and other R&D related expenses, such as office rental and depreciation of equipment associated with R&D activities. Our R&D expenses were RMB160.5 million for the six months ended 30 June 2024, an 5.3% decrease from RMB169.4 million for the six months ended 30 June 2023, which was primarily due to the decrease in the R&D personnel costs. Among which, the share-based compensation expenses decreased from RMB7.2 million for the six months ended 30 June 2023 to RMB2.8 million for the six months ended 30 June 2024. As a percentage of revenue, our R&D expenses increase from 15.5% for the six months ended 30 June 2023 to 15.8% for the six months ended 30 June 2024.

Other Income

Other income primarily comprises interest income from bank deposits and government grants. Our other income decrease by 11.8% from RMB75.4 million for the six months ended 30 June 2023 to RMB66.5 million for the six months ended 30 June 2024, primarily due to the decrease in dividend income, partially offset by the increase in investment income from wealth management products, due to optimizing investment in financial products.

Profit from Operations

As a result of the foregoing, our profit from operations was RMB72.7 million for the six months ended 30 June 2024, compared to RMB12.7 million for the six months ended 30 June 2023, primarily attributable to the improving operation leverage driven by the increase in efficiency of our management and sales team.

Net Finance (Cost)/Income

Net finance (cost)/income primarily consists of interest expenses on bank loans and other borrowings, interest on lease liabilities rising from the adoption of IFRS 16, bank charges and foreign currency exchange gain due to fluctuation of USD against RMB. Our net finance cost was RMB1.6 million for the six months ended 30 June 2024, compared to a net finance income of RMB6.2 million for the six months ended 30 June 2023, primarily as a result of the decrease in foreign currency exchange gain due to the narrow appreciation of USD against RMB in 2024.

Profit before Taxation

As a result of the foregoing, profit before taxation was RMB72.9 million for the six months ended 30 June 2024, compared to RMB19.3 million for the six months ended 30 June 2023.

Income Tax

Income tax was RMB6.9 million for the six months ended 30 June 2024, compared to RMB6.4 million for the six months ended 30 June 2023.

Profit for the Period

As a result of the aforementioned factors, profit for the period was RMB66.0 million for the six months ended 30 June 2024, compared to RMB12.9 million for the six months ended 30 June 2023, primarily attributable to the improving operation leverage driven by the increase in efficiency of our management and sales team.

MANAGEMENT DISCUSSION AND ANALYSIS

Three Months Ended 30 June 2024 Compared to Three Months Ended 30 June 2023

| | Three months ended 30 June | |
|--|-----------------------------------|----------------|
| | 2024 | 2023 |
| | (unaudited) | (unaudited) |
| | RMB'000 | RMB'000 |
| Revenue | 543,758 | 589,801 |
| Cost of revenue | (117,033) | (150,484) |
| Gross profit | 426,725 | 439,317 |
| Other income | 30,688 | 46,487 |
| Sales and marketing expenses | (230,396) | (279,541) |
| General and administrative expenses | (62,253) | (76,012) |
| Research and development expenses | (79,214) | (80,881) |
| Profit from operations | 85,550 | 49,370 |
| Net finance (cost)/income | (410) | 13,388 |
| Share of results of associates | 1,201 | 46 |
| Profit before taxation | 86,341 | 62,804 |
| Income tax | (7,116) | (1,663) |
| Profit for the period | 79,225 | 61,141 |
| Attributable to: | | |
| — Equity shareholders of the Company | 55,428 | 50,683 |
| — Non-controlling interests | 23,797 | 10,458 |
| Profit for the period | 79,225 | 61,141 |
| Non-GAAP Profit from Operations | 95,431 | 62,925 |

Revenue

Our revenue was RMB543.8 million for the three months ended 30 June 2024, an 7.8% decrease from RMB589.8 million for the three months ended 30 June 2023. Revenue from talent acquisition and other HR services to our business customers, accounting for 83.1% of our revenue, was RMB452.0 million for the three months ended 30 June 2024, a 14.1% decrease from RMB526.2 million for the three months ended 30 June 2023, primarily due to the drag from decreasing cash billings during the previous year and enterprises' hesitation in reopening job positions in the first half of this year.

Revenue from talent development services to individual users, accounting for 16.8% of our revenue, was RMB91.3 million for the three months ended 30 June 2024, a 44.5% increase from RMB63.2 million for the three months ended 30 June 2023, primarily driven by the deep commitment to our psychological counselor training course, and the successful expansion of psychology related courses.

Revenue from rental income from investment properties was RMB0.4 million for the three months ended 30 June 2024, and RMB0.4 million for the three months ended 30 June 2023.

The table below sets forth a breakdown of sources of our revenue for the periods indicated:

| | For the three months ended 30 June | | | |
|--|------------------------------------|--------------|----------------|--------------|
| | 2024 | | 2023 | |
| | RMB'000 | % | RMB'000 | % |
| | (unaudited) | | (unaudited) | |
| Talent acquisition and other | | | | |
| HR services to business users | 452,008 | 83.1 | 526,198 | 89.2 |
| Talent development services to | | | | |
| individual users | 91,304 | 16.8 | 63,171 | 10.7 |
| Rental income from investment properties | 446 | 0.1 | 432 | 0.1 |
| Total | 543,758 | 100.0 | 589,801 | 100.0 |

Cost of Revenue

Our cost of revenue primarily comprises service and project expenses, salaries and benefits for our talent service personnel, and IT infrastructure and maintenance costs. Our cost of revenue was RMB117.0 million for the three months ended 30 June 2024, a 22.2% decrease from RMB150.5 million for the three months ended 30 June 2023. The amortization of intangible assets resulting from acquisition was RMB4.3 million in 2024 (2023: RMB4.3 million). The share-based compensation expenses were RMB(0.8) million (2023: RMB0.1 million).

Gross Profit and Gross Profit Margin

As a result of the foregoing, the Company's gross profit was RMB426.7 million for the three months ended 30 June 2024, a 2.9% decrease from RMB439.3 million for the three months ended 30 June 2023. Gross profit margin increase to 78.5% for the three months ended 30 June 2024 from 74.5% for the three months ended 30 June 2023 due to our strict controls on the gross margins of project-based products and cost-saving and efficiency improvement measures on the personnel side.

Sales and Marketing Expenses

Our sales and marketing expenses primarily comprise salaries and benefits (including share-based compensation expenses) for sales, sales support and marketing personnel, advertising and promotion expenses and other expenses associated with our sales and marketing activities. Our sales and marketing expenses were RMB230.4 million for the three months ended 30 June 2024, a 17.6% decrease from RMB279.5 million for the three months ended 30 June 2023, due to the decrease in marketing spending and sales personnel incentive expenses. The share-based compensation expenses were RMB0.5 million (2023: RMB3.0 million), and the amortization of intangible assets resulting from acquisition was RMB0.3 million (2023: RMB0.3 million). Our sales and marketing expenses as a percentage of revenue decrease from 47.4% for the three months ended 30 June 2023 to 42.4% for the three months ended 30 June 2024.

General and Administrative Expenses

Our general and administrative expenses primarily encompass salaries and benefits (including share-based compensation expenses) for our general and administrative personnel, office expenses (including rental expense) and other operating expenses which include expected credit losses of trade receivables. Our general and administrative expenses were RMB62.3 million for the three months ended 30 June 2024, a 18.1% decrease from RMB76.0 million for the three months ended 30 June 2023, which was primarily due to the decrease in general and administrative personnel costs. The share-based compensation expenses were RMB5.5 million in the three months ended 30 June 2024 as compared to RMB2.3 million in the three months ended 30 June 2023. Our general and administrative expenses as a percentage of revenue decreased from 12.9% for the three months ended 30 June 2023 to 11.4% for the three months ended 30 June 2024.

Research and Development Expenses

Our R&D expenses primarily comprise salaries and benefits (including share-based compensation expenses) for R&D personnel and other R&D related expenses, such as office rental and depreciation of equipment associated with R&D activities. Our R&D expenses were RMB79.2 million for the three months ended 30 June 2024, a 2.1% decrease from RMB80.9 million for the three months ended 30 June 2023. The share-based compensation expenses decreased from RMB3.5 million for the three months ended 30 June 2023 to RMB0.1 million for the three months ended 30 June 2024. As a percentage of revenue, our R&D expenses increased from 13.7% for the three months ended 30 June 2023 to 14.6% for the three months ended 30 June 2024.

Other Income

Other income primarily comprises interest income from bank deposits and government grants. Our other income decreased by 34.0% from RMB46.5 million for the three months ended 30 June 2023 to RMB30.7 million for the three months ended 30 June 2024, primarily due to the decrease in dividend income.

Profit from Operations

As a result of the foregoing, our profit from operations was RMB85.6 million for the three months ended 30 June 2024, compared to RMB49.4 million for the three months ended 30 June 2023, primarily attributable to the improving operation leverage driven by the increase in efficiency of our management and sales team.

Net Finance (Cost)/Income

Net finance (cost)/income primarily consists of interest expenses on bank loans and other borrowings, interest on lease liabilities rising from the adoption of IFRS 16, bank charges and foreign currency exchange gain due to fluctuation of USD against RMB. Our net finance cost was RMB0.4 million for the three months ended 30 June 2024, compared to a net finance income of RMB13.4 million for the three months ended 30 June 2023, primarily as a result of the decrease in foreign currency exchange gain due to the narrow appreciation of USD against RMB in 2024.

Profit before Taxation

As a result of the foregoing, profit before taxation was RMB86.3 million for the three months ended 30 June 2024, compared to RMB62.8 million for the three months ended 30 June 2023.

Income Tax

Income tax expenses was RMB7.1 million for the three months ended 30 June 2024, compared to an income tax credit of RMB1.7 million for the three months ended 30 June 2023.

Profit for the Period

As a result of the aforementioned factors, profit for the period was RMB79.2 million for the three months ended 30 June 2024, compared to RMB61.1 million for the three months ended 30 June 2023, primarily attributable to the improving operation leverage driven by the increase in efficiency of our management and sales team.

Non-GAAP Financial Measures

To supplement the consolidated results of the Group prepared in accordance with the IFRS and to enable the shareholders of the Company and potential investors to make an informed assessment of the Group's performance, non-GAAP operating profit of the Company (excluding share-based compensation expenses and amortization of intangible assets resulting from acquisition) has been presented in this report.

These unaudited non-GAAP financial measures should be considered in addition to, not as a substitute for, measures of the Group's financial performance prepared in accordance with the IFRS. In addition, these non-GAAP financial measures may be defined differently from similar terms used by other companies and therefore may not be comparable to similar measures presented by other companies. The Company's management believes that these non-GAAP financial measures provide investors with useful supplementary information to assess the performance of the Group's core operations by excluding certain non-cash items and one-off items.

| | For the three months ended 30 June | | For the six months ended 30 June | |
|---|---------------------------------------|--------------------------------|-------------------------------------|--------------------------------|
| | 2024 (unaudited) RMB'000 | 2023 (unaudited) RMB'000 | 2024 (unaudited) RMB'000 | 2023 (unaudited) RMB'000 |
| Profit from Operations | 85,550 | 49,370 | 72,673 | 12,730 |
| Share-based compensation expenses | 5,328 | 8,925 | 12,173 | 24,935 |
| Amortization of intangible assets resulting from acquisition | 4,553 | 4,630 | 9,107 | 9,260 |
| Non-GAAP Profit from Operations | 95,431 | 62,925 | 93,953 | 46,925 |

LIQUIDITY AND FINANCIAL RESOURCES

We expect our liquidity requirements will be satisfied by a combination of cash generated from operating activities, investing activities and the net proceeds from the initial public offering. We currently do not have any plan for material additional external debt or equity financing. We will continue to evaluate potential financing opportunities based on our need for capital resources and market conditions.

We had cash and cash equivalents of RMB514.8 million and RMB524.5 million as of 30 June 2024 and 30 June 2023, respectively. Our cash and cash equivalents are held in RMB, HKD and USD. The following table sets forth our cash flows for the periods indicated:

| | For the six months ended | |
|--|---------------------------------|-------------|
| | 30 June | |
| | 2024 | 2023 |
| | (unaudited) | (unaudited) |
| | RMB'000 | RMB'000 |
| Net cash used in operating activities | (119,529) | (198,033) |
| Net cash generated from investing activities | 58,434 | 456,663 |
| Net cash used in financing activities | (91,651) | (212,639) |
| Net (decrease)/increase in cash and cash equivalents | (152,746) | 45,991 |
| Effect of foreign exchange rate changes | 801 | 1,998 |
| Cash and cash equivalents at 1 January | 666,734 | 476,481 |
| Cash and cash equivalents at 30 June | 514,789 | 524,470 |

Net Cash Used in Operating Activities

For the six months ended 30 June 2024, net cash used in operating activities was RMB119.5 million, compared to RMB198.0 million for the six months ended 30 June 2023, primarily driven by implementing cost-saving and efficiency improvement strategies.

Net Cash Generated from Investing Activities

For the six months ended 30 June 2024, net cash generated from investing activities was RMB58.4 million, compared to RMB456.7 million for the six months ended 30 June 2023, primarily due to the decrease in the net proceeds from wealth management products.

Net Cash Used in Financing Activities

For the six months ended 30 June 2024, net cash used in financing activities was RMB91.7 million, compared to RMB212.6 million for the six months ended 30 June 2023, primarily due to the decrease in payment for shares held for the Company's restricted share unit scheme and the purchase of own shares.

GEARING RATIO

The gearing ratio (calculated as total bank and other borrowings divided by total assets/capital) of the Company as at 30 June 2024 was 1.40% (30 June 2023: 1.73%).

The Board and the Audit Committee constantly monitor current and expected liquidity requirements to ensure that the Company maintains sufficient reserves of cash to meet its liquidity requirements in the short and long term.

INVENTORIES

Due to the nature of our business being an online platform for talent services, we have no inventories to be disclosed.

BORROWINGS AND BONDS

As at 30 June 2024, the Company had ten short-term bank loans with total principal amount of RMB61.0 million, all secured, with fixed interest rate from 3.1% to 3.85% p.a. which will be due within a year.

Save as disclosed above, the Company had no bank loans, convertible loans and borrowings nor did the Company issue any bonds.

PLEDGE OF ASSETS/CHARGE ON ASSETS

There was no pledge of and charge on the Group's assets as at 30 June 2024.

CONTINGENT LIABILITIES

As of 30 June 2024, we did not have any material contingent liabilities.

FOREIGN EXCHANGE RISK

Our transactions are denominated and settled in its functional currency, RMB. Our subsidiaries and PRC operating entities primarily operate in China and are exposed to foreign exchange risk primarily through deposits at banks which give rise to cash balances that are denominated in foreign currency, i.e. a currency other than the functional currency in which our transactions denominated. The currencies giving rise to this risk are primarily USD. We have not hedged against any fluctuation in foreign currency. Our PRC subsidiaries and PRC operating entities all have RMB as their functional currency.

For the six months ended 30 June 2024 and 2023, we had foreign currency exchange gain (both realized and unrealized) of RMB2.1 million and RMB11.6 million, respectively, recognized as net finance income in the consolidated statement of profit or loss and other comprehensive income. The foreign currency exchange gain for the six months ended 30 June 2024 was mainly attributable to the appreciation of USD against RMB.

CREDIT RISK

Our credit risk is mainly attributable to bank deposits, trade and other receivables. Management has a credit policy in place and the exposures to these risks are monitored on an ongoing basis.

Bank deposits are placed with reputable banks and financial institutions.

In respect of trade receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and to take into account information specific to the customers as well as pertaining to the economic environment in which the customer operates. The Group does not normally obtain collateral from customers.

Our exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and hence significant concentrations of credit risk primarily arise when we have significant exposure to individual customers. We did not have significant concentration of debtors as of 30 June 2024.

LIQUIDITY RISK

Individual operating entities within the Group are responsible for their own management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the parent company's board when the borrowings exceed certain predetermined levels of authority. Our policy is to regularly monitor liquidity requirements and compliance with lending covenants, to ensure that the operating entities maintain sufficient reserves of cash and realizable marketable securities and adequate committed lines of funding from major financial institutions to meet their liquidity requirements in the short and long terms.

SIGNIFICANT INVESTMENTS HELD

Except for investments in its subsidiaries, there was no significant investment held by the Group as at 30 June 2024.

MATERIAL ACQUISITIONS AND DISPOSALS

The Group did not have any material acquisitions or disposal of subsidiaries or associated companies during the six months ended 30 June 2024.

USE OF PROCEEDS FROM INITIAL PUBLIC OFFERING

The net proceeds from the initial public offering of the Company were approximately HKD2,804.6 million. HKD2,552.7 million out of the net proceeds have been utilized as of 30 June 2024 in the manner consistent with that disclosed in the Prospectus dated 19 June 2018 under the section headed “Future Plans and Use of Proceeds”.

During the six months ended 30 June 2024, the Group applied the net proceeds for the following purposes:

| | Use of proceeds as stated in the Prospectus (in HKD'000) (approximate) | Net proceeds utilized as at 31 December 2023 (in HKD'000) (approximate) | Actual use of proceeds during the six months ended 30 June 2024 (in HKD'000) (approximate) | Net proceeds unutilized as at 30 June 2024 (in HKD'000) (approximate) | Expected time of use |
|--|--|---|--|---|---------------------------------------|
| 40% for enhancement of R&D capabilities and product offerings | 1,121,840 | 1,121,840 | — | — | |
| 25% for pursue of acquisitions of or investments in assets and business and support our growth strategies | 701,150 | 449,085 | 129 | 251,936 | To be gradually used in 2024 and 2025 |
| 25% for improvement and implementation our sales and marketing initiative to (i) expand our user and customer base and increase spending by our existing customers; and (ii) continued optimization of our online advertising and promotion activities | 701,150 | 701,150 | — | — | |
| 10% for working capital and general corporate purposes | 280,460 | 280,460 | — | — | |
| | <u>2,804,600</u> | <u>2,552,535</u> | <u>129</u> | <u>251,936</u> | |

For the unutilized net proceeds in the amount of approximately HKD251.9 million as at 30 June 2024, the Company intends to apply them in the same manner and proportion as stated in the Prospectus.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in this report, as of 30 June 2024, the Group did not have other plans for material investments and capital assets.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As far as the Company is aware, as at 30 June 2024, the interests and short positions of our Directors and chief executives in the shares, underlying shares or debentures of the Company or any of our associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")), which were required (a) to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as contained in Appendix C3 to the Listing Rules, were as follows:

Long Positions in the Company's Shares

| Name of Director | Capacity/Nature of Interest | Total number of shares | Approximate Percentage of Shareholding Interest (%) |
|------------------|--|------------------------|---|
| Mr. Dai Kebin | Interest in a controlled corporation ⁽¹⁾ | 117,033,166 | 22.75 |
| | Interest of a party to an agreement regarding interest in our Company ⁽¹⁾ | 62,164,060 | 12.08 |
| | Founder of a discretionary trust ⁽¹⁾ | 179,197,226 | 34.83 |
| | Interest of spouse ⁽²⁾ | 1,910,145 | 0.37 |
| Mr. Tian Ge | Beneficial owner | 1,122,505 | 0.22 |

Notes:

(1) Mr. Dai Kebin is the settlor of a discretionary trust, The Dai Family Trust, of which SMP Trustees (Hong Kong) Limited acts as its trustee and the beneficiaries of which are Mr. Dai Kebin and certain of his family members. May Flower Information Technology Co., Limited ("**May Flower**") is wholly-owned by Pioneer Choice Global Limited, which is in turn wholly-owned by SMP Trustees (Hong Kong) Limited as the trustee of The Dai Family Trust. Mr. Dai Kebin (as settlor of The Dai Family Trust), SMP Trustees (Hong Kong) Limited and Pioneer Choice Global Limited are deemed to be interested in 179,197,226 shares in the Company (equivalent to approximately 34.83% of the total issued share capital of the Company as at 30 June 2024) which May Flower is interested. May Flower holds 117,033,166 shares in the Company beneficially (equivalent to approximately 22.75% of the total issued share capital of the Company as at 30 June 2024) and it was granted the following voting proxies over the ordinary shares of the Company, which in aggregate amount to 62,164,060 shares (equivalent to approximately 12.08% of the total issued share capital of the Company as at 30 June 2024) in the Company:

- (i) 14,119,538 shares of the Company held by Tenzing Holdings 2011 Ltd.;
- (ii) 11,245,748 shares of the Company held by Wisest Holding Co., Limited; and
- (iii) 36,798,774 shares of the Company held by Yiheng Capital, LLC and/or its affiliates.

(2) Ms. Song Yueting is the spouse of Mr. Dai Kebin. Ms. Song Yueting is interested in 1,910,145 shares in the Company in a capacity of a founder of a discretionary trust.

Long Positions in Shares of Associated Corporations of the Company

| Name of Director | Nature of Interest | Name of associated corporation | Number of securities held | Approximate percentage of shareholding interest of the associated corporation (%) |
|------------------|----------------------|--|---------------------------|---|
| Mr. Dai Kebin | Beneficial owner | Wisest (Beijing) Management Consulting Co., Ltd. | 7,073,760 | 17.80 |
| | Other ⁽¹⁾ | Wisest (Beijing) Management Consulting Co., Ltd. | 3,902,580 | 9.82 |
| | Beneficial owner | May Flower Information Technology Co., Limited | 1 | 100.00 |

Note:

- Mr. Dai Kebin together with the general partner/limited partner were granted control of all management and executive functions of several entities, which in turn together own 3,902,580 shares in Wisest. Mr. Dai Kebin is deemed to be interested in such 3,902,580 shares in Wisest held by such entities.

Save as disclosed above, as at 30 June 2024, none of the Directors or chief executives of the Company had or was deemed to have any interest or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to notify to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of the Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO); or which were required to be recorded in the register to be kept by the Company pursuant to Section 352 of the SFO; or which were required, pursuant to the Model Code as contained in Appendix C3 to the Listing Rules, to notify to the Company and the Hong Kong Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSON'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2024, to the best of the knowledge of the Company and the Directors, the followings are the persons, other than the Directors or chief executives of the Company, who had interests or short positions in the shares and underlying shares of the Company which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be entered in the register of interests required to be kept by the Company pursuant to Section 336 of Part XV of the SFO.

Interests in the Shares and Underlying Shares of the Company

| Name of Shareholder | Capacity/Nature of Interest | Total number of shares | Approximate Percentage of Shareholding Interest (%) |
|---|---|--------------------------------|---|
| Ms. Song Yueting | Founder of a discretionary trust ⁽¹⁾ | 1,910,145 (long position) | 0.37 |
| | Interest of spouse ⁽²⁾ | 179,197,226 (long position) | 34.83 |
| May Flower Information Technology Co., Limited ⁽³⁾ | Beneficial owner | 179,197,226 (long position) | 34.83 |
| Yiheng Capital, LLC | Beneficial owner | 47,037,899 (long position) | 9.14 |
| FIL Limited ⁽⁴⁾ | Interest of controlled corporation | 46,620,960 (long position) | 9.06 |
| Pandanus Associates Inc. ⁽⁴⁾ | Interest of controlled corporation | 46,620,960 (long position) | 9.06 |
| Pandanus Partners L.P. ⁽⁴⁾ | Interest of controlled corporation | 46,620,960 (long position) | 9.06 |
| Futureshare Limited ⁽⁵⁾ | Beneficial owner | 37,189,164 (long position) | 7.23 |
| Tricor Trust (Hong Kong) Limited ⁽⁵⁾ | Trustee | 37,189,164 (long position) | 7.23 |

CORPORATE GOVERNANCE AND OTHER INFORMATION

| Name of Shareholder | Capacity/Nature of Interest | Total number of shares | Approximate Percentage of Shareholding Interest (%) |
|-------------------------------|------------------------------------|-------------------------------|---|
| Brown Brothers Harriman & Co. | Approved lending agent | 30,945,687 (long position) | 6.01 |
| | | 30,945,687 (lending pool) | 6.01 |
| FIDELITY FUNDS | Beneficial owner | 26,373,800 (long position) | 5.13 |
| FMR LLC | Interest of controlled corporation | 27,808,296 (long position) | 5.41 |

Notes:

- (1) Ms. Song Yueting is the settlor of a discretionary trust, The Song Family Trust, of which SMP Trustees (Hong Kong) Limited acts as its trustee and the beneficiaries of which are Ms. Song Yueting and certain of her family members. All Connected Information Technology Co., Limited ("**All Connected**") is wholly-owned by Hero Dreams Group Limited, which is in turn wholly-owned by SMP Trustees (Hong Kong) Limited, as the trustee of The Song Family Trust. Ms. Song Yueting (as settlor of The Song Family Trust), SMP Trustees (Hong Kong) Limited and Hero Dreams Group Limited are deemed to be interested in 1,910,145 shares in the Company held by All Connected.
- (2) Mr. Dai Kebin is the spouse of Ms. Song Yueting. Mr. Dai Kebin is interested in 179,197,226 shares in the Company in capacity of a founder of a discretionary trust and through interests in controlled corporation. For details of Mr. Dai Kebin's interest in the shares of the Company, please refer to notes (1) and (2) on page 27 of this annual report.
- (3) May Flower is wholly-owned by Pioneer Choice Global Limited, which is in turn wholly-owned by SMP Trustees (Hong Kong) Limited, as the trustee of The Dai Family Trust. Mr. Dai Kebin (as settlor of The Dai Family Trust), SMP Trustees (Hong Kong) Limited and Pioneer Choice Global Limited are deemed to be interested in 179,197,226 shares in the Company (equivalent to approximately 34.83% of the total issued share capital of the Company as at 30 June 2024) which May Flower is interested. May Flower holds 117,033,166 shares in the Company beneficially (equivalent to approximately 22.75% of the total issued share capital of the Company as at 30 June 2024) and it was granted the following voting proxies over the ordinary shares of the Company, which in aggregate amount to 62,164,060 shares (equivalent to approximately 12.08% of the total issued share capital of the Company as at 30 June 2024) in the Company:
 - (i) 14,119,538 shares of the Company held by Tenzing Holdings 2011 Ltd.;
 - (ii) 11,245,748 shares of the Company held by Wisest Holding Co., Limited; and
 - (iii) 36,798,774 shares of the Company held by Yiheng Capital, LLC and/or its affiliates.
- (4) Pandanus Associates Inc. is a general partner of Pandanus Partners L.P., who owns or controls one-third or more of voting rights in FIL Limited.
- (5) Futureshare Limited is wholly-owned by Tricor Trust (Hong Kong) Limited, as the trustee of Futureshare Partner Trust.

Save as disclosed above, as at 30 June 2024, the Directors and the chief executives of the Company were not aware of any other person (other than the Directors or chief executives of the Company) who had an interest or short position in the shares or underlying shares of the Company which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be entered in the register required to be kept by the Company pursuant to Section 336 of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section headed “Directors and Chief Executives’ Interests and Short Positions in Shares, Underlying Shares and Debentures” above or otherwise disclosed in this report, at no time during the Reporting Period and up to the date of this report was the Company or any of its subsidiaries, a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 had any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

STAFF AND REMUNERATION POLICY

As at 30 June 2024, we had 4,524 employees (as at 30 June 2023: 5,246 employees). We adopt a merit-based compensation system for our sales team, which incentivizes our sales team to deliver superior performances. The compensation for our sales personnel includes salaries and merit-based incentives that are based on a set of performance indicators, such as total revenue generated and number of unique customer accounts acquired and retained, to provide incentives for our sales team to deliver excellent performance. We provide regular in-house and external education and training to our sales team to improve their sales skills, industry knowledge and understanding of our products and services. Our Group’s remuneration policies are reviewed regularly.

SHARE OPTION SCHEMES

Pre-IPO Share Option Scheme

The pre-IPO share option scheme (the “**Pre-IPO Share Option Scheme**”) was approved and adopted by the Board on 30 March 2018 to replace the former share option plan as a result of the reorganization arrangements undertaken by the Group in preparation of the listing of the shares of the Company on the Hong Kong Stock Exchange. The options granted under the former share option plan were substituted by options under the Pre-IPO Share Option Scheme with effect from their original dates of grant. The terms of the Pre-IPO Share Option Scheme are not subject to the provisions of Chapter 17 of the Listing Rules as the Pre-IPO Share Option Scheme will not involve the grant of options by the Company to subscribe for shares after listing.

The purpose of the Pre-IPO Share Option Scheme is to enable our Group to grant options to selected participants as incentives or rewards for their contribution to our Group, in particular, (i) to motivate them to optimize their performance and efficiency for the benefit of our Group; (ii) to attract and retain them whose contributions are or will be beneficial to our Group; and (iii) to encourage them to enhance cooperation and communication amongst team members for the growth of our Group. Eligible persons include (a) any full-time executive, officers, managers or employees of our Group (including entities that the Group controls through a series of Contractual Arrangements which comprise of Wisest, TD Elite, and Liedao), or any entity designated by them, who had attained the requisite seniority and performance grade and/or targets as may be determined by the Board from time to time; (b) any Director, directors of members of our Group, or any entity designated by them; and (c) any advisor, consultant, distributor, contractor, customer, supplier, agent, business partner, joint venture business partner, service provider or other third parties who the Board considers, in its sole discretion, has contributed or will contribute to the Group. The participant may be required to achieve any performance target as the Board may then specify in the grant before any option granted under the Pre-IPO Share Option Scheme can be exercised.

CORPORATE GOVERNANCE AND OTHER INFORMATION

The overall limit on the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Pre-IPO Share Option Scheme at any time shall not exceed 42,865,895 shares, which represents approximately 8.33% of the total issued share capital of the Company as at 30 June 2024. The exercise price in respect of any option shall be such amount as may be determined by the Board from time to time and set out in the notice of offer. The options which have been granted shall be vested in accordance with the periods as may be determined by the Board and as set out in the notice of offer.

As at the date of 30 June 2024, options to subscribe for 2,594,235 shares of the Company, representing approximately 0.50% of the total issued share capital of the Company, were outstanding and 29,551,310 options granted under the Pre-IPO Share Option Scheme have been exercised. No further options will be granted under the Pre-IPO Share Option Scheme after the Listing Date.

An option may be exercised in accordance with the terms of the Pre-IPO Share Option Scheme at any time during a period as determined by the Board by delivering to our Company an executed stock option exercise notice in such form as may be approved by the Board, setting out, among others, the number of shares being purchased and the selling price of the shares. Before the options may be exercised, the Company shall have a right of first refusal to buyback the options by giving written notice to the grantee to buyback the options at a price to be determined by the Board with reference to the market value of the shares of the Company at the time when such options are exercised. The Company may exercise the right of first refusal at any time within two business days after the receipt of the executed stock option exercise notice.

Details of movements in the options granted under the Pre-IPO Share Option Scheme during the six months ended 30 June 2024 are as follows:

| Category of Participant | Date of grant | Number of Share Options | | | | | outstanding as of 30 June 2024 | Exercise period of share options | Exercise price of share options | Weighted average closing price of the Company's shares immediately before the dates on which the share options were exercised |
|-------------------------------|---------------------------|----------------------------------|-------------------------------------|---------------------------------------|------------------------------------|---------------------------------------|--------------------------------|----------------------------------|---------------------------------|---|
| | | outstanding as of 1 January 2024 | granted during the Reporting Period | exercised during the Reporting Period | lapsed during the Reporting Period | cancelled during the Reporting Period | | | | |
| Employees of the Group | | | | | | | | | | |
| In Aggregate | January 2012 to June 2018 | 2,654,485 | — | — | 60,250 | — | 2,594,235 | June 2018 to June 2028 | USD0.0268 to USD2.50 | NA |
| Total | | 2,654,485 | — | — | 60,250 | — | 2,594,235 | | | |

Note:

No option granted under the Pre-IPO Share Option Scheme has been exercised for the six months ended 30 June 2024.

Post-IPO Share Option Scheme

The post-IPO share option scheme (the “**Post-IPO Share Option Scheme**”) was adopted by the resolutions of our shareholders passed at an extraordinary general meeting held on 9 June 2018. The purpose of the Post-IPO Share Option Scheme is to provide selected participants with the opportunity to acquire proprietary interests in our Company and to encourage selected participants to work towards enhancing the value of our Company and its shares for the benefit of the Company and the shareholders as a whole.

Any individual, being an employee, Director, officer, consultant, advisor, distributor, contractor, customer, supplier, agent, business partner, joint venture business partner or service provider of any member of our Group or any affiliate who the Board or its delegate(s) consider(s), in their sole discretion, to have contributed or will contribute to our Group is entitled to be offered and granted options. However, no individual who is resident in a place where the grant, acceptance or exercise of options pursuant to the Post-IPO Share Option Scheme is not permitted under the laws and regulations of such place or where, in the view of the Board or its delegate(s), compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such individual, is eligible to be offered or granted options.

The Post-IPO Share Option Scheme shall be valid and effective for the period of ten years commencing on the Listing Date (after which no further options shall be offered or granted under the Post-IPO Share Option Scheme), but in all other respects the provisions of the Post-IPO Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any share option(s) granted prior thereto or otherwise as may be required in accordance with the provisions of the rules of the Post-IPO Share Option Scheme. As at 30 June 2024, the remaining life of the Post-IPO Share Option Scheme is around 6.5 years.

The maximum number of shares which may be issued upon exercise of all options to be granted under the Post-IPO Share Option Scheme is 49,555,946 (being no more than 10% of the shares in issue on the Listing Date (the “**Option Scheme Mandate Limit**”)), which represented approximately 9.63% of the issued shares of the Company as at the Latest Practicable Date, (excluding any share which may be issued pursuant to the exercise of the options granted under the Pre-IPO Share Option Scheme). Options which have been lapsed in accordance with the terms of the rules of the Post-IPO Share Option Scheme (or any other share option scheme of the Company) shall not be counted for the purpose of calculating the Option Scheme Mandate Limit. The Post-IPO Share Option Scheme has no service provider sublimit under Chapter 17 of the Listing Rules.

The total number of shares that remain available for issue under the Post-IPO Share Option Scheme was 39,205,946 shares as at the Latest Practicable Date, which represented approximately 7.62% of the issued shares of the Company. As at 1 January 2024 and 30 June 2024, the number of options available for grant under the Option Scheme Mandate Limit is 37,805,946 and 28,195,946 respectively, which represented approximately 7.25% and 5.48% of the total issued share capital of the Company as at 1 January 2024 and 30 June 2024. As at 30 June 2024, options to subscribe for 11,010,000 shares of the Company, representing 2.14% of the total issued share capital of the Company, were outstanding and no option granted under the Post-IPO Share Option Scheme has been exercised for the six months ended 30 June 2024.

Unless approved by our shareholders, the total number of shares issued and to be issued upon exercise of the options granted and to be granted under the Post-IPO Share Option Scheme and any other share option scheme(s) of our Company to each selected participant (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the total number of shares in issue (the “**Individual Limit**”). Any further grant of options to a selected participant which would result in the aggregate number of shares issued and to be issued upon exercise of all options granted and to be granted to such selected participant (including exercised, canceled and outstanding options) in the 12-month period up to and including the date of such further grant exceeding the Individual Limit shall be subject to separate approval of our shareholders (with such selected participant and his/her associates abstaining from voting).

The subscription price in the event of the share options being exercised shall be determined by the Board and shall be not less than the greater of: (i) the closing price of the Company’s shares as stated in the daily quotations sheet of the Hong Kong Stock Exchange on the date of grant of the share options; (ii) the average closing price of the Company’s shares as stated in the daily quotations sheets of the Hong Kong Stock Exchange for the five business days immediately preceding the date of grant of the share options; and (iii) the nominal value of a share on the date of grant of the share options.

An option may, subject to the terms and conditions upon which such option is granted, be exercised in whole or in part by the grantee giving notice in writing to the Company in such form as the Board may from time to time determine, and in any event, must not be more than 10 years from the date of a grant of the share options. The grant offer letter pursuant to which the option is to be granted may include terms such as any minimum period(s) for which an option must be held and/or any minimum performance target(s) that must be achieved, before the option can be exercised in whole or in part, and may include at the discretion of the Board or its delegate(s) such other terms either on a case basis or generally.

An offer shall be deemed to have been accepted and the option to which the offer relates shall be deemed to have been granted and to have taken effect when the duplicate of the grant offer letter comprising acceptance of the offer duly signed by the grantee with the number of shares in respect of which the offer is accepted clearly stated therein, together with a remittance in favour of the Company of HKD1.00 by way of consideration for the grant thereof delivered to the Company. To the extent that the offer is not accepted within 20 business days from the date on which the letter containing the offer is delivered to that selected participant, it shall be deemed to have been irrevocably declined.

For vesting period of options granted under the Post-IPO Share Option Scheme, please refer to the movement table below.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Details of movements in the options granted under Post-IPO Share Option Scheme during the six months ended 30 June 2024 are as follows:

| Name of Participant or Category of Participant | Date of grant | Closing price of shares immediately before the date on which the share options were granted | Number of Share Options | | | | | outstanding as of 30 June 2024 | Vesting Period | Exercise price | Exercise Period | Performance targets | Fair value of share options at the date of grant |
|--|------------------|---|----------------------------------|-------------------------------------|---------------------------------------|------------------------------------|---------------------------------------|--------------------------------|----------------|----------------|--------------------------------------|---------------------|--|
| | | | outstanding as of 1 January 2024 | granted during the Reporting Period | exercised during the Reporting Period | lapsed during the Reporting Period | cancelled during the Reporting Period | | | | | | |
| Directors or chief executive and their associates | | | | | | | | | | | | | |
| Tian Ge | 20 November 2019 | HKD19.22 | 100,000 | — | — | — | 100,000 | — | 4 years | HKD18.22 | 20 November 2020 to 19 November 2029 | Notes 1 and 2 | HKD7.63 |
| Tian Ge | 17 July 2020 | HKD16.10 | 400,000 | — | — | — | 400,000 | — | 4 years | HKD16.55 | 17 July 2021 to 16 July 2030 | Notes 1 and 2 | HKD7.97 |
| Tian Ge | 12 October 2021 | HKD12.00 | 750,000 | — | — | — | 750,000 | — | 4 years | HKD11.46 | 12 October 2022 to 11 October 2031 | Notes 1 and 2 | HKD5.36 |
| Tian Ge | 27 May 2024 | HKD2.90 | — | 1,250,000 | — | — | — | 1,250,000 | 4 years | HKD3.06 | 27 May 2025 to 26 May 2034 | Notes 1 and 2 | HKD0.97 |
| Employees of the Group | | | | | | | | | | | | | |
| In Aggregate | 6 September 2019 | HKD18.52 | 750,000 | — | — | — | 750,000 | — | 4 years | HKD18.30 | 6 September 2020 to 5 September 2029 | Notes 1 and 2 | HKD7.69 |
| | 20 November 2019 | HKD19.22 | 600,000 | — | — | — | 100,000 | 500,000 | 4 years | HKD18.22 | 20 November 2020 to 19 November 2029 | Notes 1 and 2 | HKD7.63 |
| | 31 March 2020 | HKD15.34 | 200,000 | — | — | — | — | 200,000 | 4 years | HKD15.50 | 31 March 2021 to 30 March 2030 | Notes 1 and 2 | HKD7.45 |
| | 3 July 2020 | HKD16.88 | 500,000 | — | — | 10,000 | — | 490,000 | 4 years | HKD18.10 | 3 July 2021 to 2 July 2030 | Notes 1 and 2 | HKD8.42 |
| | 17 July 2020 | HKD16.10 | 900,000 | — | — | — | 700,000 | 200,000 | 4 years | HKD16.55 | 17 July 2021 to 16 July 2030 | Notes 1 and 2 | HKD7.97 |
| | 23 March 2021 | HKD20.00 | 700,000 | — | — | — | 700,000 | — | 4 years | HKD19.94 | 23 March 2022 to 22 March 2031 | Notes 1 and 2 | HKD9.65 |
| | 12 October 2021 | HKD12.00 | 5,270,000 | — | — | — | 5,270,000 | — | 4 years | HKD11.46 | 12 October 2022 to 11 October 2031 | Notes 1 and 2 | HKD5.36 |
| | 10 January 2022 | HKD16.82 | 500,000 | — | — | — | 500,000 | — | 4 years | HKD17.78 | 10 January 2023 to 9 January 2032 | Note 3 | HKD8.23 |
| | 4 July 2022 | HKD9.88 | 200,000 | — | — | — | 200,000 | — | 4 years | HKD9.97 | 4 July 2023 to 3 July 2032 | Note 3 | HKD4.64 |
| | 13 October 2022 | HKD7.43 | 50,000 | — | — | — | 50,000 | — | 4 years | HKD7.50 | 13 October 2023 to 12 October 2032 | Note 3 | HKD3.36 |
| | 29 May 2023 | HKD8.64 | 100,000 | — | — | — | 100,000 | — | 4 years | HKD8.78 | 29 May 2024 to 28 May 2033 | Note 3 | HKD3.96 |
| | 27 May 2024 | HKD2.90 | — | 8,370,000 | — | — | — | 8,370,000 | 4 years | HKD3.06 | 27 May 2025 to 26 May 2034 | Notes 1 and 2 | HKD0.97 |
| Total | | | 11,020,000 | 9,620,000 | — | 10,000 | 9,620,000 | 11,010,000 | | | | | |

Notes:

- The share options granted are subject to the individual performance review as set out in the respective grant documents.
- The share options granted are subject to certain milestones or performance targets relating to the Group.
- The share options granted are not subject to specific performance targets.
- The fair value of share options at the respective date of grant was calculated in accordance with the accounting standards and policies adopted for preparing its financial statements determined based on the market price of the Company's shares at the respective grant date. Please refer to note 13 to the Consolidated Financial Statements on page 57 for details of basis of the fair value of share options at the date of grant.

CORPORATE GOVERNANCE AND OTHER INFORMATION

5. Save as disclosed otherwise above, there is no option granted under the Post-IPO Share Option Scheme to (a) any director, chief executive or substantial shareholder of the Company, or their respective associates; or (b) related entity participant or service provider, before the Reporting Period and still being outstanding as at 1 January 2024.
6. No participant has been granted with options in excess of the 1% individual limit.
7. No option was exercised during the six months ended 30 June 2024, therefore the weighted average closing price of the shares immediately before the date(s) on which the share option(s) were exercised during the Reporting Period is N/A.

RESTRICTED SHARE UNIT SCHEME

The post-IPO restricted share unit scheme (the “**RSU Scheme**”) was approved and adopted by the Board on 25 January 2019. The purpose of the RSU Scheme is to reward employees for their past contribution to the success of the Company and to provide incentives to them to further contribute to the Company.

Eligible participants include any employee or officer of the Company or any subsidiary including (without limitation to) any executive or non-executive Director in the employment of or holding office in the Company or any subsidiary of the Company who the Board considers, in its sole discretion, has contributed or will contribute to the Group. The Board may in its absolute discretion specify such event, time limit or conditions (if any) as it thinks fit when making the offer of award to the eligible participant, including, without limitation, conditions as to performance criteria to be satisfied by the eligible participant and/or the Company and/or the Group which must be satisfied before an award can be vested.

The RSU Scheme shall be valid and effective for the period of ten years commencing on the date of adoption (after which no further options shall be offered or granted under the RSU Scheme), but in all other respects the provisions of the RSU Scheme shall remain in full force and effect to the extent necessary to give effect to the vesting of any restricted share units (“**RSUs**”) granted prior thereto or otherwise as may be required in accordance with the provisions of the rules of the RSU Scheme. As at 30 June 2024, the remaining life of the RSU Scheme is around 6.5 years.

The maximum number of shares in respect of which RSUs may be granted under the RSU Scheme when aggregated with the maximum number of shares in respect of which options or awards may be granted under any other share-based incentive scheme shall not exceed 10% of the total issued share capital of the same class of the Company as of the date of adoption of the RSU Scheme (or of the refreshment of the 10% limit). Awards which have been lapsed in accordance with the terms of the RSU Scheme (or any other share option scheme of the Company) shall not be counted for the purpose of calculating the 10% limit.

The number of RSUs available for grant under the RSU Scheme as of 1 January 2024 and 30 June 2024 was 28,500,721 and 17,246,077, representing approximately 5.46% and approximately 3.35% of the total number of shares in issue as of 1 January 2024 and 30 June 2024, respectively. As at the Latest Practicable Date, 16,226,077 shares underlying the RSUs are available for issue under the RSU Scheme, representing approximately 3.15% of the total number of shares in issue as at the Latest Practicable Date.

Save as prescribed in the RSU Scheme or as otherwise restricted by the Listing Rules, for any 12-month period, the aggregate number of Shares granted to any eligible person shall not exceed 1% of the total number of the issued shares at the relevant time, without shareholders’ approval.

The RSU Scheme has no service provider sublimit under Chapter 17 of the Listing Rules.

An offer of the grant of an award shall be made to any eligible participant by the notice of grant in such form as the Board may from time to time determine, specifying the number of shares underlying the RSUs granted to them, the vesting schedule as determined by the Board in its discretion, the date by which the grant must be accepted being a date not more than 28 days after the offer date and further requiring the eligible participant to hold the award on the terms on which it is to be granted and to be bound by the provisions of the RSU Scheme. No consideration is payable on application or acceptance of the RSUs granted under the RSU Scheme. No purchase price is payable by grantees upon vesting of the RSUs.

Unless otherwise determined by the Board at its discretion, no RSU shall be vested in the event that the relevant grantee fails to satisfy the specific terms and conditions applicable to each RSU which may be determined at the sole and absolute discretion of the Board or breaches any term of the RSU Scheme. The trustee will hold the RSUs on trust for the grantees until they are vested. Upon the issuance of the vesting notice by the Board to a grantee, the trustee will transfer the relevant RSUs to that grantee (or its designee). The vesting notice will confirm the extent to which the vesting criteria and conditions have been fulfilled, satisfied or waived, and the number of shares or the amount of cash the grantee will receive, to each of the relevant grantee. For vesting period of RSUs granted under the RSU Scheme, please refer to the movement table on page 38.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Details of movements in the RSUs granted under the RSU Scheme for the six months ended 30 June 2024 are as follows:

| Name of Participant or Category of Participant | Date of grant | Closing price of shares immediately before the date on which the RSUs were granted | Number of shares underlying RSUs | | | | | outstanding as of 30 June 2024 | Vesting Period | Performance targets | Fair value of RSUs at the date of grant |
|--|----------------------|--|--|--|--|--|---|--------------------------------------|---|------------------------|---|
| | | | outstanding as of 1 January 2024 | granted during the Reporting Period (Note 3) | vested during the Reporting Period | lapsed during the Reporting Period | cancelled during the Reporting Period (Note 4) | | | | |
| Directors, chief executives and their respective associates | | | | | | | | | | | |
| Tian Ge | 1 January 2020 | HKD15.30 | 50,000 | — | 50,000 | — | — | 4 years | Notes 1 and 2 | HKD15.34 | |
| Tian Ge | 9 October 2020 | HKD19.52 | 25,000 | — | — | — | 25,000 | 4 years | Notes 1 and 2 | HKD19.50 | |
| Tian Ge | 2 April 2024 | HKD2.98 | — | 1,000,000 | — | — | 1,000,000 | 4 years | Note 1 | HKD2.84 | |
| Song Yueting | 2 April 2024 | HKD2.98 | — | 520,000 | 520,000 | — | — | less than 1 year | Note 3 | HKD2.84 | |
| Other employee participants | | | | | | | | | | | |
| In Aggregate | 1 January 2020 | HKD15.30 | 62,500 | — | 62,500 | — | — | 4 years | Notes 1 and 2 | HKD15.34 | |
| | 13 January 2020 | HKD14.26 | 36,250 | — | 35,000 | 1,250 | — | 4 years | Notes 1 and 2 | HKD15.36 | |
| | 1 July 2020 | HKD17.18 | 45,000 | — | — | — | 45,000 | 4 years | Notes 1 and 2 | HKD16.88 | |
| | 9 October 2020 | HKD19.52 | 13,125 | — | — | — | 13,125 | 4 years | Notes 1 and 2 | HKD19.50 | |
| | 29 January 2021 | HKD19.36 | 300,000 | — | 150,000 | 37,500 | 112,500 | 4 years | Notes 1 and 2 | HKD18.98 | |
| | 30 April 2021 | HKD25.85 | 1,062,500 | — | 528,750 | 2,500 | 531,250 | 4 years | Notes 1 and 2 | HKD26.05 | |
| | 31 July 2021 | HKD14.36 | 47,500 | — | — | 10,000 | 37,500 | 4 years | Note 3 | HKD14.36 | |
| | 31 October 2021 | HKD11.24 | 25,000 | — | — | 5,000 | 20,000 | 4 years | Note 3 | HKD11.24 | |
| | 10 January 2022 | HKD16.82 | 413,000 | — | 143,000 | — | 270,000 | 4 years or 2 years | (i) Note 1, (ii) Notes 1 and 2, or (iii) Note 3 | HKD17.78 | |
| | 30 April 2022 | HKD14.54 | 495,000 | — | 140,000 | 235,000 | 120,000 | 4 years or 1 year | (i) Notes 1 and 2, or (ii) Note 3 | HKD14.54 | |
| | 15 July 2022 | HKD9.75 | 105,000 | — | — | — | 105,000 | 4 years | (i) Notes 1 and 2, or (ii) Note 3 | HKD9.64 | |
| | 31 October 2022 | HKD6.73 | 97,500 | — | — | — | 97,500 | 4 years | Note 3 | HKD6.84 | |
| | 29 January 2023 | HKD11.02 | 200,000 | — | 50,000 | — | 150,000 | 4 years | Note 3 | HKD11.02 | |
| | 28 February 2023 | HKD12.82 | 560,800 | — | 140,200 | 23,250 | 397,350 | 4 years | Notes 1 and 2 | HKD12.98 | |
| | 21 April 2023 | HKD10.30 | 299,456 | — | 53,750 | 5,856 | 239,850 | 4 years or 2 years | (i) Notes 1 and 2, or (ii) Note 3 | HKD10.16 | |
| | 20 September 2023 | HKD7.09 | 165,000 | — | — | — | 165,000 | 4 years | Note 3 | HKD6.90 | |
| | 31 October 2023 | HKD6.00 | 63,000 | — | — | — | 63,000 | 4 years | Note 3 | HKD5.74 | |
| | 12 January 2024 | HKD5.33 | — | 150,000 | — | — | 150,000 | 4 years | Note 1 | HKD5.32 | |
| | 30 April 2024 | HKD3.03 | — | 295,000 | — | — | 295,000 | 4 years or 1 year | (i) Note 1, or (ii) Note 3 | HKD3.04 | |
| Total | | | 4,065,631 | 1,965,000 | 1,873,200 | 320,356 | — | 3,837,075 | | | |

Notes:

- The vesting of the RSUs granted are subject to the individual performance review as set out in the respective grant documents.
- The vesting of the RSUs granted are subject to certain milestones or performance targets relating to the Group.
- The RSUs granted are not subject to specific performance targets.
- The RSUs granted during the Reporting Period had no purchase price. Each of the RSUs were granted for nil consideration.
- The weighted average closing price of the shares immediately before the dates on which the RSUs were vested during the six months ended 30 June 2024 was HKD3.58 per share.

6. Since the purchase price is nil, the fair value of RSUs as at the respective date of grant equals to the closing price per ordinary share of the Company on the respective date of grant. For more details of the accounting standard and policy adopted for determining the fair value of the RSUs granted, please refer to note 2(t)(ii) to the consolidated financial statements on page 116 of the 2023 annual report of the Company.
7. Mr. Dai Kebin is executive Director. Ms. Song Yueting is the spouse of Mr. Dai Kebin and hence is an associate thereof.
8. Mr. Chen Xingmao has tendered his resignation as an executive Director on 3 April 2024, with effect from the same day.
9. Mr. Tian Ge has been appointed as an executive Director, with effect from 3 April 2024.
10. Saved as disclosed otherwise above, there is no RSU granted under the RSU Scheme to (a) any director, chief executive or substantial shareholder of the Company, or their respective associates; or (b) related entity participant or service provider, before the Reporting Period and still being outstanding as at 1 January 2024.
11. No participant has been granted with RSUs in excess of the 1% individual limit.

Other than the grant to Mr. Tian Ge and Ms. Song Yueting as disclosed above, no other grantees under the RSU Scheme is a Director, chief executive or substantial shareholder (as defined under the Listing Rules) of the Company, or an associate (as defined under the Listing Rules) of any of them, and no other grant was made under the RSU Scheme which requires review by the Remuneration Committee for the six months ended 30 June 2024.

RESTRICTED SHARE SCHEME (2023)

The Restricted Share Scheme (2023) was approved and adopted by the Board on 21 April 2023. The Restricted Share Scheme (2023) will purchase the existing Shares through the Teeroy Limited (the “Trustee”) on the secondary market at the market trading price. The Restricted Share Scheme (2023) was contemplated and adopted to be funded solely by the existing shares. The Restricted Share Scheme (2023) constitutes a share scheme under Chapter 17 of the Listing Rules and shall be subject to the applicable disclosure requirements under Rule 17.12 of the Listing Rules. However, it does not constitute a scheme involving the issue of new shares as referred to in Chapter 17 of the Listing Rules. Therefore, the adoption of such scheme did not require shareholders’ approval.

A summary of the principal terms of the Restricted Share Scheme (2023) is set out below. The Board of the Company may from time to time instruct the Trustee to purchase a certain number of existing shares on the secondary market at the market trading price as and when appropriate as the restricted shares for the Restricted Share Scheme (2023).

Purposes

The purposes and objectives of the Restricted Share Scheme (2023) are: (i) to provide incentives for the contribution of certain eligible participants to the growth and development of the Group thereto in order to retain them for the continual operation and development of the Group; and (ii) to attract suitable personnel for further development of the Group.

Scheme limit

The maximum number of Shares in respect of all restricted shares to be granted under the Restricted Share Scheme (2023) shall not in aggregate exceed 10% of the number of shares in issue (i.e. 52,569,677 shares) as at the date on which the Restricted Share Scheme (2023) is adopted by the Company. The Restricted Share Scheme (2023) has no service provider sublimit under Chapter 17 of the Listing Rules.

The number of RSUs available for grant under the Restricted Share Scheme (2023) as of 1 January 2024 and 30 June 2024 was 47,312,710 and 47,312,710, representing approximately 9.07% and approximately 9.20% of the total number of shares in issue as of 1 January 2024 and 30 June 2024, respectively. As at the Latest Practicable Date, the number of shares available for issue under the Restricted Share Scheme (2023) is nil, since awards of restricted shares under the Restricted Share Scheme (2023) are solely funded by existing shares and therefore no new share is to be issued. As no new Shares were issued for the grant of RSUs during the Reporting Period, the number of Shares that may be issued in respect of RSUs granted under the Restricted Share Scheme (2023) divided by the weighted average number of Shares in issue for the Reporting Period (excluding treasury shares as defined under the Listing Rules) is not applicable.

Save as prescribed in the Restricted Share Scheme (2023) or as otherwise restricted by the Listing Rules, for any 12-month period, the aggregate number of Shares granted to any eligible person shall not exceed 1% of the total number of the issued shares at the relevant time, without shareholders' approval.

Eligible participants

Eligible participants under the Restricted Share Scheme (2023) include any employee participant, related entity participant and service provider of the Group.

Duration and termination

Unless terminated earlier by the Board pursuant to the rules of the Restricted Share Scheme (2023), the Restricted Share Scheme (2023) shall be valid and effective for a term of 10 years commencing on the date on which the Restricted Share Scheme (2023) is adopted by the Company. As at 30 June 2024, the remaining life of the Restricted Share Scheme (2023) is around 9 years.

The termination of such scheme shall not affect any subsisting rights of any selected participants. Upon termination, (i) no further grant may be made under the Restricted Share Scheme (2023); (ii) all restricted shares and the related income shall become vested in the relevant selected participants on such date of termination; and (iii) net sale proceeds (after making appropriate deductions) of the returned shares and such non-cash income together with the residual cash and such other funds remaining in the trust constituted by the trust deed entered by the Company and the Trustee (the "**Trust**") shall be remitted to the Company forthwith after the sale.

Operation

Grant

The Board or the person(s) from time to time delegated by the Board with the power and authority to administer the Restricted Share Scheme (2023) (the “**Committee**”) may, from time to time, subject to the provisions of the Restricted Share Scheme (2023), select any eligible participants (other than any excluded participant) for participation in the Restricted Share Scheme (2023) as a selected participant, and grant such number of restricted shares to any selected participants at nil consideration and in such number and on and subject to such terms and conditions as it may in its absolute discretion determine. No consideration is payable on application or acceptance of the restricted shares under the Restricted Share Scheme (2023). No purchase price is payable by grantees upon vesting of the RSUs.

Subject to the provisions of the Restricted Share Scheme (2023), the Board or the Committee may from time to time instruct the Trustee in writing to purchase shares on the Stock Exchange.

The eligibility of any of the eligible participants shall be determined by the Board or the Committee from time to time on the basis of the Board’s or the Committee’s opinion as to his contribution and/or future contribution to the development and growth of the Group.

Vesting

Subject to the terms and conditions of the Restricted Share Scheme (2023) and the fulfillment of all vesting conditions to the vesting of the restricted shares on such selected participant as specified in the Restricted Share Scheme (2023) and the relevant grant instrument, the respective restricted shares held by the Trustee on behalf of the selected participants shall vest in such selected participant in accordance with the applicable vesting schedule, and the Trustee shall cause the restricted shares to be transferred to such selected participants in accordance with the terms of the Restricted Share Scheme (2023).

Lapse

In the event that prior to or on the vesting date, a selected participants is found to be an excluded participants or is deemed to cease to be an eligible participants pursuant to the Restricted Share Scheme (2023), the relevant grant made to such Selected Participant shall automatically lapse forthwith and the relevant restricted shares shall not vest on the relevant vesting date but shall become returned shares for the purposes of the Restricted Share Scheme (2023) if the Board or the Committee so determines in its absolute discretion. Such eligible participants shall have no right or claim against the Company, any other member of the Group, the Board, the Trust or the Trustee with respect to those or any other shares or any right thereto or interest therein in any way.

Furthermore, unless otherwise waived by the Board or the Committee, in the event that the vesting conditions specified in the relevant grant instrument are not fully satisfied prior to or on the relevant vesting date, the grant of the restricted shares in respect of the relevant vesting date shall lapse, and such restricted shares shall not vest on the relevant vesting date and the selected participant shall have no claims against the Company, the Board, the Trust or the Trustee.

Alteration of the Restricted Share Scheme (2023)

Subject to the provisions of the Restricted Share Scheme (2023), the Restricted Share Scheme (2023) may be altered by the prior sanction of a resolution passed by the Board or the Committee provided that no such alteration shall operate to affect adversely any rights of any selected participant in respect of his restricted shares which remain unvested except with the consent in writing of the majority of the selected participant whose restricted shares remained unvested on that date (but, for the avoidance of doubt, excluding for this purpose any such shares in respect of which that date is a vesting date) as would be required of the holders of Shares under the Articles of Association for a variation of the rights attached to such shares. The amended terms of the Restricted Share Scheme (2023) must comply with all applicable laws, rules and regulations (including without limitation the Listing Rules).

There has been no outstanding RSU granted under the Restricted Share Scheme as at 1 January 2024 and 30 June 2024. No RSU has been granted under the Restricted Share Scheme (2023) for the six months ended 30 June 2024.

The total number of shares that may be issued in respect of options and RSUs granted under all schemes of the Company for the six months ended 30 June 2024 divided by the weighted average number of shares of the Company for the six months ended 30 June 2024 (excluding treasury shares as defined under the Listing Rules) is 2.02%.

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

During the six months ended 30 June 2024 and up to the date of this report, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (or sale of treasury shares, if any).

As at 30 June 2024, the Company did not hold any treasury shares as defined under the Listing Rules.

CHANGE IN DIRECTORSHIP DURING THE REPORTING PERIOD

Appointment of An Executive Director

On 3 April 2024, Mr. Tian Ge has been appointed as an Executive Director. Please refer to the announcement of the Company dated 3 April 2024 for details.

Resignation of Directors

Each of Mr. Shao Yibo and Mr. Chen Xingmao has tendered his resignation as a non-executive Director and executive Director, respectively on 3 April 2024, with effect from the same day. Please refer to the announcement of the Company dated 3 April 2024 for details.

CHANGE IN DIRECTOR'S DETAILS UNDER RULE 13.51B(1) OF THE LISTING RULES

Changes in the Directors' information which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules are set out below:

Major appointment in other entity

From June 2024, Ms. Fan Xinpeng has been the managing director of HSBC Holdings plc, a company listed on the Hong Kong Stock Exchange (stock code: HK00005) and London Stock Exchange (stock code: HSBA).

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has adopted the principles and code provisions as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix C1 to the Listing Rules as the basis of the Company's corporate governance practices and has complies with the code provisions as set out in the CG Code during the six months ended 30 June 2024 except for the following deviation from the Code Provision C.2.1 of the CG Code.

We do not have a separate chairman and chief executive officer and Mr. Dai Kebin currently performs these two roles. While this constitutes a deviation from the Code Provision C.2.1 of the CG Code, our Board believes that this structure will not impair the balance of power and authority between our Board and the management of our Company, given that: (i) decision to be made by our Board requires approval by at least a majority of our Directors and therefore we believe there is sufficient check and balance in our Board; (ii) Mr. Dai Kebin and the other Directors are aware of and undertake to fulfill their fiduciary duties as Directors, which require, among other things, that they act for the benefit and in the best interests of our Company and will make decisions for our Group accordingly; and (iii) the balance of power and authority is ensured by the operations of our Board which comprises experienced and high caliber individuals who meet regularly to discuss issues affecting the operations of our Company. Moreover, the overall strategic and other key business, financial and operational policies of our Group are made collectively after thorough discussion at both our Board and senior management levels. Finally, as Mr. Dai Kebin is our principal founder, our Board believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within our Group and enables more effective and efficient overall strategic planning for and communication within our Group. Our Board will continue to review the effectiveness of the corporate governance structure of our Group in order to assess whether separation of the roles of chairman and chief executive officer is necessary.

AUDIT COMMITTEE

The Audit Committee currently has three members (all are independent non-executive Directors), being Mr. Zhang Ximeng, Mr. Ye Yaming and Ms. Fan Xinpeng, with terms of reference in compliance with the Listing Rules.

The Audit Committee has considered and reviewed the accounting principles and practices adopted by the Group and has discussed matters in relation to internal control and risk management systems and financial reporting with the management, including the review of the unaudited consolidated interim financial results of the Group for the six months ended 30 June 2024. The Audit Committee has reviewed and considered that the interim financial results for the six months ended 30 June 2024 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

Model Code for Securities Transactions by Directors of Listed Issuers

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding directors’ securities transactions. Specific enquiries have been made to all the Directors and the Directors have confirmed that they have complied with the Model Code during the six months ended 30 June 2024.

The Company’s employees, who are likely to be in possession of unpublished inside information of the Company, are also subject to the Model Code.

EVENTS AFTER THE END OF THE REPORTING PERIOD

From 1 July 2024 up to the date of this report, there are no other significant events occurred after the Reporting Period that may affect the Group.

INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2024 to the shareholders of the Company.

By Order of the Board
Tongdao Liepin Group
Dai Kebin
Chairman

The PRC, 30 August 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2024 — unaudited
(Expressed in RMB)

| | Note | Six months ended 30 June | |
|-------------------------------------|------|--------------------------|-----------------|
| | | 2024 RMB'000 | 2023 RMB'000 |
| Revenue | 3 | 1,014,571 | 1,092,965 |
| Cost of revenue | | (222,692) | (270,946) |
| Gross profit | | 791,879 | 822,019 |
| Other income | 4 | 66,487 | 75,350 |
| Sales and marketing expenses | | (482,680) | (557,552) |
| General and administrative expenses | | (142,497) | (157,676) |
| Research and development expenses | | (160,516) | (169,411) |
| Profit from operations | | 72,673 | 12,730 |
| Net finance (cost)/income | 5 | (1,614) | 6,241 |
| Share of results of associates | | 1,856 | 295 |
| Profit before taxation | 5 | 72,915 | 19,266 |
| Income tax | 6 | (6,890) | (6,394) |
| Profit for the period | | 66,025 | 12,872 |
| Attributable to: | | | |
| Equity shareholders of the Company | | 45,333 | 8,300 |
| Non-controlling interests | | 20,692 | 4,572 |
| Profit for the period | | 66,025 | 12,872 |
| Earnings per share | 7 | | |
| Basic (RMB Cent) | | 9.52 | 1.71 |
| Diluted (RMB Cent) | | 9.48 | 1.70 |

The notes on pages 52 to 60 form part of this interim financial report.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024 — unaudited
(Expressed in RMB)

| | Six months ended 30 June | |
|--|--------------------------|-----------------|
| | 2024 RMB'000 | 2023 RMB'000 |
| Profit for the period | 66,025 | 12,872 |
| Other comprehensive income for the period (after tax and reclassification adjustments): <i>Item that may be reclassified subsequently to profit or loss:</i> | | |
| Exchange differences on translation of financial statements of overseas group entities | 7,329 | 46,870 |
| Other comprehensive income for the period | 7,329 | 46,870 |
| Total comprehensive income for the period | 73,354 | 59,742 |
| Attributable to: | | |
| Equity shareholders of the Company | 52,662 | 55,170 |
| Non-controlling interests | 20,692 | 4,572 |
| Total comprehensive income for the period | 73,354 | 59,742 |

The notes on pages 52 to 60 form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024 — unaudited
(Expressed in RMB)

| | Note | At 30 June 2024 RMB'000 | At 31 December 2023 RMB'000 |
|-----------------------------------|------|----------------------------------|--------------------------------------|
| Non-current assets | | | |
| Property, plant and equipment | 8 | 135,070 | 154,627 |
| Investment properties | | 22,400 | 22,915 |
| Intangible assets | | 94,328 | 104,280 |
| Goodwill | | 840,177 | 840,177 |
| Interests in associate | | 14,779 | 12,923 |
| Other equity assets | | 201,787 | 201,493 |
| Deferred tax assets | | 17,255 | 15,633 |
| Other non-current assets | | 10,600 | 13,641 |
| Time deposits with banks | | 70,000 | 201,672 |
| | | 1,406,396 | 1,567,361 |
| Current assets | | | |
| Trade receivables | 9 | 164,314 | 146,290 |
| Prepayments and other receivables | 10 | 185,086 | 132,244 |
| Receivables from related parties | 15 | 2,341 | 2,309 |
| Other current assets | | 701,487 | 726,182 |
| Time deposits with banks | | 1,396,180 | 1,287,604 |
| Cash and cash equivalents | 11 | 514,789 | 666,734 |
| | | 2,964,197 | 2,961,363 |
| Current liabilities | | | |
| Trade and other payables | 12 | 305,113 | 414,099 |
| Contract liabilities | | 739,712 | 796,443 |
| Interest-bearing borrowings | | 61,000 | 20,224 |
| Lease liabilities | | 58,958 | 59,879 |
| Current taxation | | 3,417 | 3,335 |
| | | 1,168,200 | 1,293,980 |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024 — unaudited (continued)
(Expressed in RMB)

| | At 30 June 2024 RMB'000 | At 31 December 2023 RMB'000 |
|--|----------------------------------|--------------------------------------|
| Net current assets | 1,795,997 | 1,667,383 |
| Total assets less current liabilities | 3,202,393 | 3,234,744 |
| Non-current liabilities | | |
| Lease liabilities | 36,880 | 53,880 |
| Deferred tax liabilities | 10,665 | 11,343 |
| | 47,545 | 65,223 |
| NET ASSETS | 3,154,848 | 3,169,521 |
| CAPITAL AND RESERVES | | |
| Share capital | 334 | 339 |
| Reserves | 2,958,129 | 2,892,448 |
| Total equity attributable to equity shareholders of the Company | 2,958,463 | 2,892,787 |
| Non-controlling interests | 196,385 | 276,734 |
| TOTAL EQUITY | 3,154,848 | 3,169,521 |

The notes on pages 52 to 60 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024 — unaudited
(Expressed in RMB)

| Note | Attributable to equity shareholders of the Company | | | | | | | | Non-controlling interests RMB'000 | Total equity RMB'000 |
|---|--|--------------------------|---------------------------------------|-----------------------------------|----------------------------|-----------------------------|-----------------------------|------------------|--------------------------------------|-------------------------|
| | Share capital RMB'000 | Share premium RMB'000 | Shares held for RSU scheme RMB'000 | Treasury share reserve RMB'000 | Capital reserve RMB'000 | Exchange reserve RMB'000 | Retained profits RMB'000 | Total RMB'000 | | |
| Balance at 1 January 2023 | 342 | 2,836,709 | (352,471) | — | 102,226 | 121,528 | 366,106 | 3,074,440 | 271,722 | 3,346,162 |
| Changes in equity for the six months ended 30 June 2023: | | | | | | | | | | |
| Profit for the period | — | — | — | — | — | — | 8,300 | 8,300 | 4,572 | 12,872 |
| Other comprehensive income | — | — | — | — | — | 46,870 | — | 46,870 | — | 46,870 |
| Total comprehensive income | — | — | — | — | — | 46,870 | 8,300 | 55,170 | 4,572 | 59,742 |
| Purchase and cancellation of own shares | 13(b) | (4) | — | (34,915) | (39,154) | — | — | (74,073) | — | (74,073) |
| Shares held for the RSU scheme of the Company | 13(c) | — | — | (170,517) | — | — | — | (170,517) | — | (170,517) |
| Vesting of shares under RSU scheme | | — | 5,332 | 28,138 | — | (33,470) | — | — | — | — |
| Shares issued under share option scheme | 13(d) | 1 | 18,716 | — | — | (9,181) | — | 9,536 | — | 9,536 |
| Dividend paid to non-controlling owners | | — | — | — | — | — | — | — | (10,716) | (10,716) |
| Share-based compensation expenses | | — | — | — | 20,093 | — | — | 20,093 | 4,842 | 24,935 |
| Balance at 30 June 2023 | 339 | 2,860,757 | (494,850) | (34,915) | 40,514 | 168,398 | 374,406 | 2,914,649 | 270,420 | 3,185,069 |
| Balance at 1 July 2023 | 339 | 2,860,757 | (494,850) | (34,915) | 40,514 | 168,398 | 374,406 | 2,914,649 | 270,420 | 3,185,069 |
| Changes in equity for the six months ended 31 December 2023: | | | | | | | | | | |
| Profit for the period | — | — | — | — | — | — | (7,550) | (7,550) | 11,308 | 3,758 |
| Other comprehensive income | — | — | — | — | — | (26,597) | — | (26,597) | — | (26,597) |
| Total comprehensive income | — | — | — | — | — | (26,597) | (7,550) | (34,147) | 11,308 | (22,839) |
| Purchase and cancellation of own shares | 13(b) | — | — | — | (20,826) | — | — | (20,826) | — | (20,826) |
| Shares held for the RSU scheme of the Company | 13(c) | — | — | (17,983) | — | — | — | (17,983) | — | (17,983) |
| Vesting of shares under RSU scheme | | — | (30,096) | 65,932 | — | (35,836) | — | — | — | — |
| Share-based compensation expenses | | — | — | — | 51,094 | — | — | 51,094 | (4,994) | 46,100 |
| Balance at 31 December 2023 | 339 | 2,830,661 | (446,901) | (55,741) | 55,772 | 141,801 | 366,856 | 2,892,787 | 276,734 | 3,169,521 |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024 — unaudited (continued)
(Expressed in RMB)

| | Attributable to equity shareholders of the Company | | | | | | | | | | |
|---|--|---------------|------------------|----------------------------|------------------------|-----------------|------------------|------------------|------------------|---------------------------|------------------|
| | Note | Share capital | Share premium | Shares held for RSU scheme | Treasury share reserve | Capital reserve | Exchange reserve | Retained profits | Total | Non-controlling interests | Total equity |
| | | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Balance at 1 January 2024 | | 339 | 2,830,661 | (446,901) | (55,741) | 55,772 | 141,801 | 366,856 | 2,892,787 | 276,734 | 3,169,521 |
| Changes in equity for the six months ended 30 June 2024: | | | | | | | | | | | |
| Profit for the period | | — | — | — | — | — | — | 45,333 | 45,333 | 20,692 | 66,025 |
| Other comprehensive income | | — | — | — | — | — | 7,329 | — | 7,329 | — | 7,329 |
| Total comprehensive income | | — | — | — | — | — | 7,329 | 45,333 | 52,662 | 20,692 | 73,354 |
| Cancellation of own shares | 13(b) | (5) | — | — | 55,741 | (55,736) | — | — | — | — | — |
| Vesting of shares under RSU scheme | | — | (247) | 23,817 | — | (23,570) | — | — | — | — | — |
| Dividend paid to non-controlling owners | | — | — | — | — | — | — | — | — | (100,200) | (100,200) |
| Share-based compensation expenses | | — | — | — | — | 13,014 | — | — | 13,014 | (841) | 12,173 |
| Balance at 30 June 2024 | | 334 | 2,830,414 | (423,084) | — | (10,520) | 149,130 | 412,189 | 2,958,463 | 196,385 | 3,154,848 |

The notes on pages 52 to 60 form part of this interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024 — unaudited
(Expressed in RMB)

| | Note | Six months ended 30 June | |
|--|------|--------------------------|------------------|
| | | 2024 RMB'000 | 2023 RMB'000 |
| Operating activities | | | |
| Cash used in operations | | (110,419) | (180,816) |
| Tax paid | | (9,110) | (17,217) |
| Net cash used in operating activities | | (119,529) | (198,033) |
| Investing activities | | | |
| Proceeds from maturity of wealth management products | | 346,589 | 756,563 |
| Payment for the purchase of property, plant and equipment, and intangible assets | | (10,541) | (8,347) |
| Payment for the purchase of equity securities | | (118) | (6,500) |
| Payment for the purchase of wealth management products | | (297,000) | (312,000) |
| Other cash flows arising from investing activities | | 19,504 | 26,947 |
| Net cash generated from investing activities | | 58,434 | 456,663 |
| Financing activities | | | |
| Proceeds from interest-bearing borrowings | | 56,524 | 102,684 |
| Repayments of interest-bearing borrowings | | (15,748) | (31,317) |
| Shares held for RSU scheme | | — | (168,870) |
| Payment for the purchase of own shares | | — | (82,798) |
| Interest element of lease rentals paid | | (2,439) | (4,139) |
| Capital element of lease rentals paid | | (29,128) | (27,514) |
| Dividend paid to non-controlling owners | | (100,200) | — |
| Other cash flows arising from financing activities | | (660) | (685) |
| Net cash used in financing activities | | (91,651) | (212,639) |
| Net (decrease)/increase in cash and cash equivalents | | (152,746) | 45,991 |
| Cash and cash equivalents at 1 January | | 666,734 | 476,481 |
| Effect of foreign exchanges rates changes | | 801 | 1,998 |
| Cash and cash equivalents at 30 June | 11 | 514,789 | 524,470 |

The notes on pages 52 to 60 form part of this interim financial report.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

1 BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard (“IAS”) 34, *Interim financial reporting*, issued by the International Accounting Standards Board (“IASB”). It was authorised for issue on 30 August 2024.

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

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

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

The financial information relating to the financial year ended 31 December 2023 that is included in the interim financial report as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that financial year but is derived from those financial statements.

2 CHANGES IN ACCOUNTING POLICIES

The Group has applied the following amendments to IFRSs issued by the IASB to these financial statements for the current accounting period:

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

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. The application of the amendments to IFRSs in the current interim period has had no material effect on the Group’s financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

3 REVENUE

Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major service lines is as follows:

| | Six months ended 30 June | |
|--|--------------------------|-----------|
| | 2024 | 2023 |
| | RMB'000 | RMB'000 |
| Revenue from contracts with customers within the scope of IFRS 15 | | |
| — Services to business customers | 853,218 | 977,968 |
| — Services to individual paying users | 160,465 | 114,132 |
| | 1,013,683 | 1,092,100 |
| Revenue from other sources | | |
| — Rental income from investment properties | 888 | 865 |
| | 1,014,571 | 1,092,965 |

The Group's customer base is diversified. There was no customer with whom transactions have exceeded 10% of the Group's revenue during the six months ended 30 June 2023 and 2024.

The Group's operations, assets and most of the customers are located in the PRC. Accordingly, no geographic information is presented.

4 OTHER INCOME

| | Six months ended 30 June | |
|---|--------------------------|---------|
| | 2024 | 2023 |
| | RMB'000 | RMB'000 |
| Interest income from bank deposits | 36,529 | 36,478 |
| Investment income from wealth management products | 21,507 | 13,182 |
| Government grant | 8,044 | 11,848 |
| Additional deduction for value added tax | — | 2,564 |
| Dividend income | 293 | 11,224 |
| Others | 114 | 54 |
| | 66,487 | 75,350 |

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

5 PROFIT BEFORE TAXATION

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

| | Six months ended 30 June | |
|---|--------------------------|-----------------|
| | 2024 RMB'000 | 2023 RMB'000 |
| (a) Net finance (cost)/income | | |
| Interest on bank loans and other borrowings | (659) | (557) |
| Interest on lease liabilities | (2,439) | (4,139) |
| Foreign currency exchange gain | 2,101 | 11,569 |
| Bank charges and other finance costs | (617) | (632) |
| | (1,614) | 6,241 |
| (b) Other items | | |
| Depreciation charge | | |
| — owned property, plant and equipment and investment properties | 10,714 | 13,748 |
| — right-of-use assets | 29,897 | 34,619 |
| Amortization of intangible assets | 9,953 | 10,688 |
| Expected credit losses of trade receivables and other receivables | 9,966 | 4,441 |
| Operating lease charge | 5,615 | 5,758 |
| Auditors' remuneration — Audit service | 1,850 | 2,498 |

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

6 INCOME TAX

| | Six months ended 30 June | |
|-------------------|--------------------------|-----------------|
| | 2024 RMB'000 | 2023 RMB'000 |
| Current tax | 9,192 | 9,399 |
| Deferred taxation | (2,302) | (3,005) |
| | 6,890 | 6,394 |

Note: The Group's PRC subsidiaries are subject to the PRC Corporate Income Tax Law ("CIT Law") and are taxed at the statutory income tax rate of 25%. The Group's subsidiaries in Hong Kong are subject to Hong Kong Profits Tax at the rate of 16.5% of the assessable profits. The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and accordingly, is exempted from Cayman Islands income tax.

7 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the parent of RMB45,333 thousand (six months ended 30 June 2023: RMB8,300 thousand) and the weighted average of 476,014,287 ordinary shares (2023: 486,811,471) in issue during the interim period.

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the parent of RMB45,333 thousand (six months ended 30 June 2023: RMB8,300 thousand) and the weighted average number of ordinary shares of 478,052,820 (2023: 488,655,116).

8 INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT

(a) Right-of-use assets

During the six months ended 30 June 2024, the Group entered into a number of lease agreements for offices, and therefore recognised the additions to right-of-use assets of RMB10,513 thousand.

(b) Acquisitions and disposals of owned assets

During the six months ended 30 June 2024, the Group acquired items of office equipment and others and leasehold improvements with a cost of RMB10,001 thousand (six months ended 30 June 2023: RMB6,819 thousand). Items of office equipment and others with a net book value of RMB155 thousand were disposed of during the six months ended 30 June 2024 (six months ended 30 June 2023: RMB79 thousand), resulting in a gain on disposal of RMB1 thousand (six months ended 30 June 2023: loss of RMB5 thousand).

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

9 TRADE RECEIVABLES

| | At 30 June 2024 RMB'000 | At 31 December 2023 RMB'000 |
|--|----------------------------------|--------------------------------------|
| Trade receivables — measured at amortized cost | 164,314 | 146,290 |

Ageing analysis

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

| | At 30 June 2024 RMB'000 | At 31 December 2023 RMB'000 |
|-------------------|----------------------------------|--------------------------------------|
| Within 60 days | 164,196 | 146,251 |
| 60 days to 1 year | 118 | 39 |
| | 164,314 | 146,290 |

10 PREPAYMENTS AND OTHER RECEIVABLES

| | At 30 June 2024 RMB'000 | At 31 December 2023 RMB'000 |
|--------------------------|----------------------------------|--------------------------------------|
| Prepayments to suppliers | 73,536 | 49,249 |
| Other receivables | 71,327 | 52,518 |
| Interest receivable | 40,223 | 30,477 |
| | 185,086 | 132,244 |

11 CASH AND CASH EQUIVALENTS

| | At 30 June 2024 RMB'000 | At 31 December 2023 RMB'000 |
|----------------------------|----------------------------------|--------------------------------------|
| Demand deposits with banks | 514,789 | 666,734 |
| Cash and cash equivalents | 514,789 | 666,734 |

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

12 TRADE AND OTHER PAYABLES

| | At 30 June 2024 RMB'000 | At 31 December 2023 RMB'000 |
|---------------------------------|--|--------------------------------------|
| Trade payables to third parties | 70,347 | 82,748 |
| Salary and welfare payable | 164,501 | 243,284 |
| Other tax payables | 20,491 | 23,205 |
| Other payables | 49,774 | 64,862 |
| | 305,113 | 414,099 |

Ageing analysis

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

| | At 30 June 2024 RMB'000 | At 31 December 2023 RMB'000 |
|-------------------|--|--------------------------------------|
| Within 30 days | 62,491 | 61,204 |
| 30 days to 1 year | 7,856 | 21,544 |
| | 70,347 | 82,748 |

13 CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

No dividend attributable to the interim period has been declared and paid by the Company.

(b) Purchase of own shares

During the period ended 30 June 2024, the Company did not repurchase its own shares on The Stock Exchange of Hong Kong Limited (six months ended 30 June 2023: 8,500,600 shares).

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

13 CAPITAL, RESERVES AND DIVIDENDS (continued)

(c) Shares held for RSU Scheme

Pursuant to a resolution passed by the Board on 25 January 2019, the Company entered into a trust deed with Vistra Trust (Hong Kong) Limited to assist with the administration of the RSU Scheme. On 23 August 2022, the Company changed its trustee to Tricor Trust (Hong Kong) Limited (“**Tricor Trust**”) to assist in the administration of the future RSU Scheme. On 21 April 2023, the Board passed the Restricted Share Scheme 2023 (“**RSU Scheme 2023**”). The Company entered into a trust deed with Teeroy Limited (“**Teeroy**”) to assist with the administration of the RSU Scheme 2023. In 2024, the Company did not purchase the shares of the Company for the benefit of the eligible participants pursuant to the terms and conditions of the RSU Scheme and RSU Scheme 2023.

(d) Equity settled share-based transactions

The Group has a share option scheme which was adopted on 1 January 2012 whereby the directors of the Group are authorized, at their discretion, to invite employees of the Group, to take up options to subscribe for shares of the Group. The options vest after one to four years from the date of grant and are then exercisable within a period of ten years. Each option gives the holder the right to subscribe for one ordinary share in the Company and is settled gross in shares. No option was exercised during the period ended 30 June 2024.

On 27 May 2024 (the modification date), a total of 9,620,000 granted share options were cancelled and replaced by a total of 9,620,000 new granted share options. The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The incremental fair value of RMB7,915 thousand will be expensed over the remaining vesting periods of one to four years after the modification. The estimate of the fair value of the share options granted during the six months ended 30 June 2024 is measured based on a binomial option-pricing model.

| | Six months ended 30 June 2024 RMB |
|--------------------------------|--|
| Fair value at measurement date | 0.89 |
| Share price | 2.55 |
| Exercise price | 2.79 |
| Expected volatility | 35.04% |
| Expected dividend yield | 0% |
| Risk-free interest rate | 3.84% |

13 CAPITAL, RESERVES AND DIVIDENDS (continued)

(e) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholders returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of liability-to-asset ratio, which is calculated as total liabilities divided by total assets. The liability-to-asset ratio of the Group as at 30 June 2024 was 27.82% (2023: 30.01%).

The Group's liability-to-asset ratio at the end of the current and previous reporting periods was as follows:

| | At 30 June 2024 RMB'000 | At 31 December 2023 RMB'000 |
|--------------------------|--|--------------------------------------|
| Current assets | 2,964,197 | 2,961,363 |
| Non-current assets | 1,406,396 | 1,567,361 |
| Total assets | 4,370,593 | 4,528,724 |
| Current liabilities | 1,168,200 | 1,293,980 |
| Non-current liabilities | 47,545 | 65,223 |
| Total liabilities | 1,215,745 | 1,359,203 |
| Liability-to-asset ratio | 27.82% | 30.01% |

14 COMMITMENTS

The Group has no capital commitment outstanding at 30 June 2024 and 31 December 2023 not provided for in the financial statements.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

15 MATERIAL RELATED PARTY TRANSACTIONS

| | Note | Amounts due from related parties | | Amounts due to related parties | |
|---|------|----------------------------------|-----------------------------|--------------------------------|-----------------------------|
| | | 30 June 2024 RMB'000 | 31 December 2023 RMB'000 | 30 June 2024 RMB'000 | 31 December 2023 RMB'000 |
| Loan to members of key management personnel | (i) | 2,341 | 2,309 | — | — |

(i) The Group made the loan to Mr. Chen Xingmao in accordance with the Executive Loan Benefits Program, amounting to HKD3.3 million with an annual interest rate of 2%, mortgaged by his real estate. The term of loan was from 31 May 2019 to 30 May 2020. Mr. Chen Xingmao repaid HKD1 million in 2021. The remaining loan has been extended to May 2029.

(ii) Mr. Chen Xingmao has tendered his resignation as an executive Director on 3 April 2024.

16 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

From the end of the reporting period to the date of publication of this report, the Group has no material subsequent events.