

netjoy⁺

NETJOY HOLDINGS LIMITED
云想科技控股有限公司

(Incorporated in the Cayman Islands with limited liability)

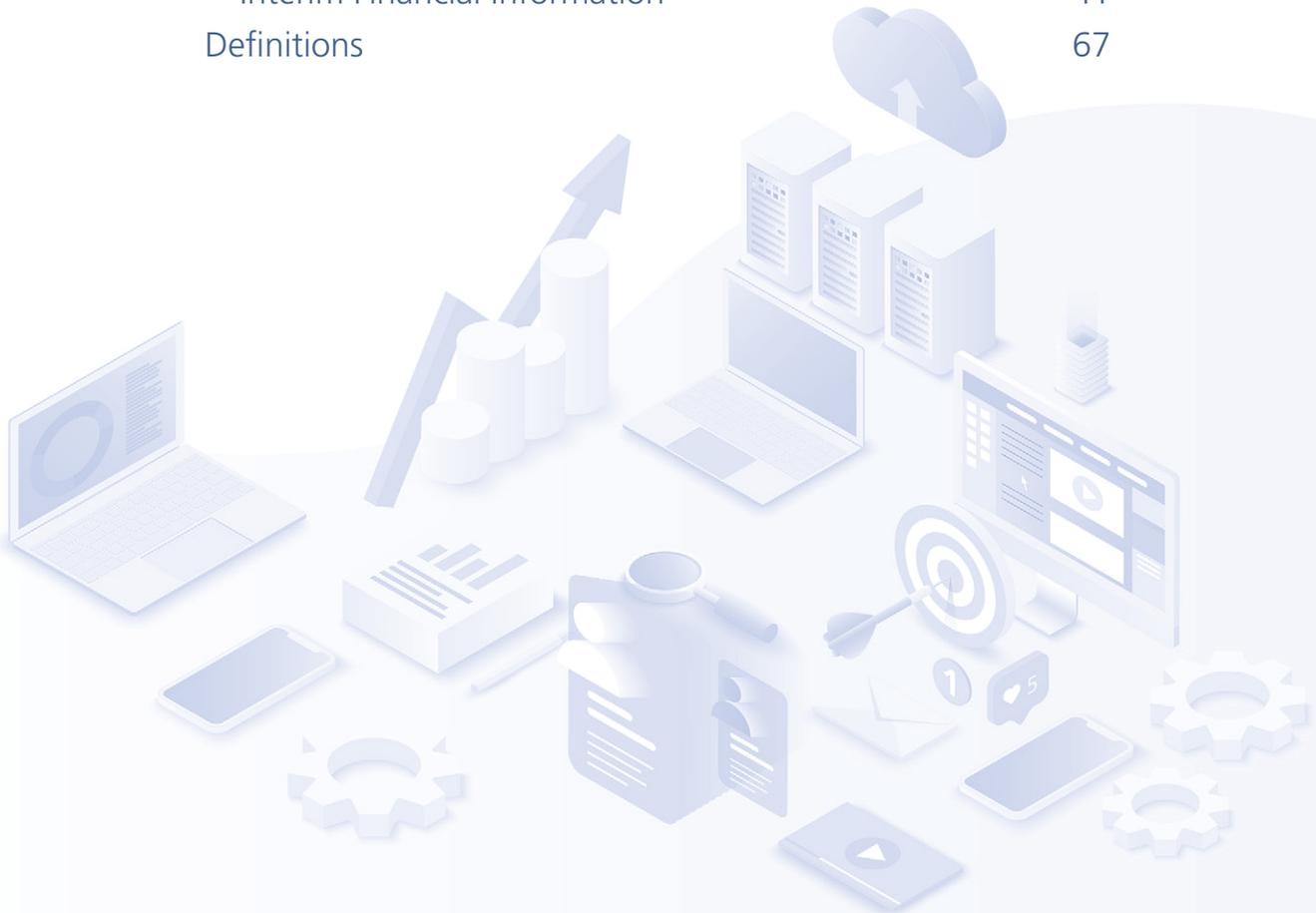
Stock Code: 2131



2022
INTERIM REPORT

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

Non-executive Directors

Mr. Dai Liqun
Mr. Wang Jianshuo

Independent Non-executive Directors

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

AUTHORIZED REPRESENTATIVES

Mr. Wang Chen
Ms. Peng Ting

JOINT COMPANY SECRETARIES

Ms. Peng Ting
Ms. Leung Shui Bing

LEGAL ADVISORS

As to Hong Kong laws
Tian Yuan Law Firm LLP
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As to PRC laws
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PRC

AUDITOR

Ernst & Young
Certified Public Accountants
22/F, CITIC Tower
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Central, Hong Kong

CORPORATE INFORMATION

REGISTERED OFFICE

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Grand Cayman KY1-1002
Cayman Islands

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PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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4th Floor, Harbour Place
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P.O. Box 10240
Grand Cayman, KY1-1002
Cayman Islands

HONG KONG SHARE REGISTRAR

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

PRINCIPAL BANKERS

Bank of China
Shanghai Jing'anxincheng Branch
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Minhang District, Shanghai
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China Construction Bank Corporation
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Xuhui District, Shanghai
PRC

STOCK CODE

2131

COMPANY WEBSITE

www.netjoy.com

FINANCIAL HIGHLIGHTS

	Six months ended June 30,		Change
	2022 (unaudited)	2021 (unaudited)	
	(RMB in millions, except percentage)		
Revenue	1,618.09	1,570.71	3.02%
Gross profit	97.50	149.28	(34.69%)
Profit before income tax	70.16	113.38	(38.12%)
Profit for the period	62.19	104.22	(40.33%)
Adjusted net profit	72.46	119.94	(39.59%)

	As at	As at	Change
	June 30, 2022 (unaudited)	December 31, 2021 (audited)	
	(RMB in millions, except percentage)		
Non-current assets	102.65	69.16	48.42%
Current assets	2,648.39	2,388.86	10.86%
Current liabilities	1,134.70	871.77	30.16%
Non-current liabilities	3.04	3.57	(14.85%)
Total equity attributable to owners of the parent	1,613.29	1,582.68	1.93%

MANAGEMENT DISCUSSION AND ANALYSIS



RESULTS HIGHLIGHTS FOR THE FIRST HALF OF 2022

In the first half of 2022, the Group actively and promptly responded to the complex changes in macro environment, and through a resilient and sustained effort to remain focused on the development of marketing technology platforms as well as commercial services that empower client growth, the overall business of the Group demonstrated a positive trend of recovery in the first quarter of this year after the second half of 2021. During the second quarter of this year, the resurgence of COVID-19 epidemic in Shanghai caused a significant impact on our headquarter and key commercial operating companies located in Shanghai, resulting in pressure on several business aspects including client acquisition, operating efficiency and cost efficiency for a quarter. However, despite facing market pressure, the Group still achieved year-on-year and sequential growth in the half-year revenue in the first half of 2022. In view of the long-term resilience of our excellent client base, the commercial applications of our continuously developing technology and accumulated data, and the incremental improvement of the commercial service system, we are undeterred by the unexpected market challenges in the short term and have remained positive and confident towards the Group's long-term development strategy of "Platformization, Diversification, and Internationalization".

During the Reporting Period, we achieved a total revenue of RMB1.618 billion, representing an increase of 3.02% as compared with RMB1.571 billion in the first half of 2021. We recorded gross profit of RMB97.50 million, net profit of RMB62.19 million, and adjusted net profit of RMB72.46 million. The gross billing increased by 2.71% year-on-year to RMB3.601 billion in the first half of 2022 from RMB3.506 billion in the same period of 2021. As of June 30, 2022, our cash and bank balances amounted to RMB715 million, indicating that we have abundant cash reserve and healthy financial structure.

With our broadened business landscape and upgraded platformized technology, our diversified and balanced clientele was continuously expanding. As of June 30, 2022, the Group had cumulatively served 10,341 advertisers across 236 sub-sectors of industry verticals, mainly including online gaming, internet services, financial services, e-commerce, culture & media, etc. During the Reporting Period, the number of our advertisers served by us increased by 4.36% year-on-year to 574 in the first half of 2022 from 550 in the same period of 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS HIGHLIGHTS FOR THE FIRST HALF OF 2022 (Continued)

As of the Latest Practicable Date, our capabilities in technology, creativity and service gained a wide industry recognition and numerous accolades, including “Best Digital Marketing Platform of the Year” at the 13th Digital Marketing Awards by Golden Mouse (第13屆金鼠標數字營銷大賽「年度最佳數字營銷平台」), “Brand Service Provider of the Year – Content Power” at the 2022 Douyin E-commerce Service Provider Conference (2022抖音電商服務商大會「年度內容力品牌服務商」), “Top 10 Emerging Partners of the Year – Magnetic Engine” and “Excellent Partner of the Year – Jxing Channel Center, Performance Channel Center and Jinniu Channel Center” at the 2022 Kuaishou-Magnetic Engine Partner Conference (2022快手磁力引擎合作夥伴大會「磁力引擎年度十佳新銳合作夥伴」·「聚星渠道中心年度優秀合作夥伴」·「效果渠道中心年度優秀合作夥伴」和「磁力金牛渠道部年度優秀合作夥伴」), “Most Potential Partner of the Year” at the 2022 RED Channel Partner Conference (小紅書2022渠道合作夥伴大會「年度最具潛力合作夥伴」), “Most Valuable Brand for Investment” at the 2022 China Information Innovation Industry Award by iiMedia Research (2022年中國信創產業拳頭獎「最具投資價值品牌」), and “Listed Company Awards of Excellence 2022” at the 11th Financial Summit 2022 by CFS (第十一屆財經峰會暨可持續商業大會「2022傑出上市公司獎」).

We believe that, in the era of digital economy in China, short video commercialization is extremely vital and essential for enterprises to achieve digital transformation. We will continue adhering to our vision of “Fuel client growth through technology and creativity”, improving our capabilities in technology innovation and creativity to empower more enterprises to benefit from new market opportunities in the Internet industry, from which we will gain long-term growth.

BUSINESS REVIEW

In the first half of 2022, short video ecosystem has become one of the main growth drivers for relevant enterprises whose development relies on online user acquisition in mainland China, while there are still emerging commercial opportunities in the overall short video market. Under the rising uncertainties of the global economy and the resurgence of COVID-19 epidemic in China, enterprises across all industries face the same challenges of the slowing user growth but the rising costs, while those armed with technical solution systems are capable of improving long-term elements such as cost-efficiency to achieve sustainable growth.

During the Reporting Period, our core business of online marketing solutions business maintained a steady and healthy development regardless of the challenging market environment. Leveraging our industry-leading capability of large-scale data-driven short-video production, our monthly video production capacity set a record over 21,400 videos, representing a year-on-year increase of 19.03%. Our full-time video production team can produce more than 274 videos per person every month, representing a year-on-year increase of 159.43%. Meanwhile, our self-developed commercial video matchmaking and trading platform “hepai.video” connected 712 individual and institutional video creators with our short-video service ecosystem, further enhancing the scale and automation level of our content production. Moreover, our outstanding big-data management capability and constantly-upgraded platformized technology further improved our operational efficiency across the entire chain of short-video marketing. During the Reporting Period, the gross billing per full-time employee reached RMB8.55 million, representing a year-on-year increase of 24.67%. As of June 30, 2022, the short videos we delivered and programmatically distributed had accumulated over 956.4 billion impressions and over 282.8 billion video views.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW (Continued)

Thanks to our leading content production scale and cutting-edge big-data management capabilities, we have further tightened the direct cooperation with the top five short-video platforms in the market of mainland China. In the meantime, the Group also formulated in-depth business collaboration with leading content distribution platforms such as Alibaba Group and RED to achieve comprehensive coverage in the short-video media and channel market. We also continued exploring the international short-video market during the Reporting Period, and have carried out close commercial and content cooperation with the top one overseas short video platform and made a strategic investment in Hangzhou WOTOKOL Network Technology Co., Ltd. (“**WOTOKOL Network**”), one of the first enterprises engaged in cross-border brand marketing in China, to accelerate the overseas expansion pace of marketing business.

Based on the Company’s high industrial technical edge and strong media network, we served 574 advertisers in the first half of 2022, increasing by 4.36% year-on-year from 550 in the first half of 2021, and the average gross billing per advertiser exceeded RMB6.27 million. Meanwhile, our diversified clientele was being more balanced covering multiple vertical sectors, such as online gaming, internet services, financial services, e-commerce, culture & media, etc.

We deeply realized that in the rapidly-developing short-video market key aspects including video production, programmatic advertising and massive data management still have the issue of tremendous human input but low efficiency, which consumes plenty of time and resources. We are convinced that a company will shift its growth strategy from extensive mode to intensive one as the growth of the domestic short video market in China slows down. Therefore, we will continue investing in technologies. For example, our SaaS service brand “Tradeplus” was upgraded with several commercial solutions for large-sized enterprise clients and small and medium-sized business (“**SMB**”) clients during the Reporting Period.

In terms of SMB market, based on the in-depth market research, we discovered that SMBs have strong desire and willingness to utilize short-video marketing to acquire customers. However, the traditional short-video marketing service models which focus on large-sized business clients are not suitable for SMBs, which have small spending needs as a separate entity but massive as a group. Aiming to meet this numerous market need, we launched an SMB-tailored SaaS-based one-stop marketing cloud product in the first quarter of 2022 to help SMBs manage the full marketing chain, including the establishment of corporate account on short-video platforms, the AI short-video generation, the automated content delivery, and the automated user track and engagement. Once introduced, our SMB-tailored product, as a pioneering solution in the industry, has been recommended by Qunfeng Service Market (群峰服務市場) and listed on the homepage of its official website. As of June 30, 2022, 1,995 SMB clients subscribed for our SaaS service through the distribution network.

Meanwhile, our SaaS solutions for large-sized enterprise clients have been continuously upgraded, including the one-stop cross-platform programmatic advertising and data management platform “Longhills (連山智投)” and the cross-platform self-account management platform “Tianji (天璣)” that was launched during the Reporting Period. In particular, “Longhills” improves clients’ large-scale management ability by enabling cross-platform intelligent advertising and optimizes their advertising performance by enhancing algorithm technologies including attribution modelling. “Tianji” facilitates clients to perform efficient cross-platform and account self-management and collaboration by providing features of data overview, account statement, self-recharge and transfer and so on, and is gradually expanding its target users to medium-sized businesses. These new products and functions also further reinforce the product matrix and service capability of our SaaS service business, and, in the process of developing the SMB client market, provide a stable and effective infrastructure for increasing the client number and improving the efficiency of synergistic network. During the Reporting Period, our SaaS service business generated a total subscription contract value of RMB22.60 million, making continuous contribution to the Group’s business expansion.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW (Continued)

In the first half of 2022, our three core development strategies of “Platformization”, “Diversification” and “Internationalization” have been executed steadily. With the technology platformization strategy, we focused on investing in R&D to better empower large-sized enterprise clients in all industries with continuously upgraded “Longhills” platform, to effectively unlock SMB clients’ growth potentials with our SMB-tailored solutions, and to further improve the automation level in the entire industry chain of short-video marketing with “Tianji” platform. In terms of service diversification strategy, leveraging our industry-leading short-video marketing technical capabilities and professional services, we continued making strategic expansion in multiple business fields, such as brand live-streaming operations, maker economy and local lifestyle, to deepen our client relationship. For example, our brand live-streaming operation business provided clients with one-stop services covering short-video content creation, target advertising, live-streaming planning and operation and data management and analysis. With dual live-streaming centers located in Shanghai and Xi’an and professional teams, we have served clients in varying sectors like apparel, pet food, food and daily cosmetics, and generated an effective gross merchandise volume (the “**effective GMV**”) of RMB90.81 million during the Reporting Period, higher than the effective GMV of RMB72.93 million in 2021. In the meantime, our internationalization strategy was implemented in an orderly manner. Following the close content collaboration established before, we have formed the business cooperation with the top one short-video platform in the overseas market and generated the revenue correspondingly during the Reporting Period. Also, through the strategic cooperation with WOTOKOL Network which we invested in the first half of 2022, we have facilitated domestic enterprises to go global and seize the opportunity in the overseas short-video market.

BUSINESS OUTLOOK

Continuously upgrade the technology platformization to strengthen R&D and application of the latest digital technologies

We will continue deploying our resources with a focus on improving and developing our technology assets. With the mature development of the short-video market in China, the refined operation and management method is an inevitable trend, and companies will raise higher requirements in mechanization and automation across the entire industry chain of short-video marketing. As an enterprise featured by technology innovation, we will improve our capabilities of AI application and big-data analysis through our outstanding in-house R&D team and cooperation with leading technology companies in the industry, to continuously enhance the platformization upgrade of our technologies and scale up our business.

Moreover, we will also develop our marketing SaaS service capability for emerging or specific vertical industries with our short-video marketing cloud service technology as the core to build a more comprehensive marketing SaaS service platform and accelerate its commercialization capabilities. For example, we rolled out a short-video marketing SaaS tool specialized for small and medium-sized clients at the beginning of this year. Furthermore, we will explore more SaaS application fields and expand our SaaS capability to other existing business areas, including but not limited to brand live-streaming operations and maker economy, to further broaden the Group’s business revenue streams.

In the meantime, we are also exploring the content modelling for the metaverse scenarios and jointly develop the technical solutions for clients’ cases with the content and technology partners in the industry. We believe that the effective replication of our short-video marketing technology will enable us to gain a first-mover advantage and open up new growth opportunities as the industry is evolving.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OUTLOOK (Continued)

Capture industry opportunities and deepen all-round cooperation with media channels to strengthen the diversified short-video marketing technology and service ecosystem

We will continue closely following the trend of the domestic Internet market and seize new opportunities as the industry is developing. Facing the ever-changing China's Internet market and constantly-evolving media ecosystem, enterprises will raise new needs to be revealed and satisfied for their development. Therefore, we will explore new business models in the field of short-video technology services to help enterprise clients grasp emerging opportunities and achieve efficient growth amid the industry development. Hence, we will widen the client service scope, and thus expand our revenue channels as well as business scale.

On the one hand, based on our in-depth cooperation with diversified media partners in China, we will keep proactively exploring new forms of cooperation with top online platforms in the short video technology services. For example, we have taken the initiatives in brand live-streaming operations, maker economy and local lifestyle. With the commencement of new businesses, we will not only deepen our cooperation with existing clients and acquire new key clientele to benefit our long-term development, but also enhance the penetration into our dominant vertical industries and hasten the expansion and accumulation of platform resources and eco-partner base which is more diversified and covers more vertically integrated industries.

On the other hand, as an industry-leading short-video marketing technology company, we have leading edges in platform infrastructure, massive data accumulation and processing capabilities, and large-scale production of video creatives. We will expedite the leverage of such advantages along the upstream and downstream industry chains of short-video marketing, derivative industry chains and other related industry ecosystems, and seek more diversified business models and considerable business growth driven by technology.

Strategically expand the international businesses to unlock the overseas short-video market potentials

We will continue accelerating the internationalization of the Group's businesses. Currently, compared with the well-developed and mature China's market, the overseas short-video market is still at the early stage of both development and commercialization, while overseas leading short-video platforms are also actively exploring effective commercial models. With this deep market understanding, we will efficiently apply our superior technologies and products as well as successful methodologies accumulated in the domestic market to the international market, so as to rapidly grasp the business opportunities in the commercialization process of overseas short-video market.

Meanwhile, facing the increasing "go global" demand of Chinese enterprises, we will expand our existing domestic business segments, including short-video marketing, maker economy and brand live-streaming operations, to the overseas market in order to help Chinese enterprises achieve efficient international business extension with our comprehensive services. Also, we will speed up the internationalization pace and provide all-region technologies and services for Chinese enterprises through the direct commercial cooperation with top-tier overseas short-video platforms and the strategic cooperation with other industry partners, including WOTOKOL Network in which we invested in the first half of this year.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OUTLOOK (Continued)

Pursue selected strategic partnerships, investments and acquisition opportunities to form long-term synergy and unlock ecological advantages

We are actively seeking opportunities to cooperate with, invest in or acquire long-term strategic businesses that complement or enhance our existing businesses, create business synergies and pursue growth together. We are targeting at companies with competitive advantages in SaaS service, big-data analysis and AI capability, cross-border brand service, augmented reality (AR) and mixed reality (MR) technology, Web 3.0-related technologies, content development and production, upstream and downstream synergy and other strategic resources.

IMPACT OF COVID-19

During the Reporting Period, the resurgence of COVID-19 in several areas of China and the macroeconomic uncertainty had a certain impact on the overall advertising market in China. For example, the prevention and control measures taken by the Chinese local governments to effectively control the COVID-19 situation have had a certain impact on some of our short-video production operations or brand live-streaming operations involving real people and on-site shooting. But we actively and promptly adjusted our business operation strategies. For example, during the epidemic outbreak in Shanghai and under the restrictive control by local government, we transferred part of our short video capacity from Shanghai to Xi'an as well as rapidly and fully supported and helped our employees execute live-streaming operations at home in order to guarantee the stability of our client service.

However, we have observed that as advertisers have higher requirements for advertising effectiveness, more and more advertisers are allocating more marketing budgets to mobile-end and performance-based advertising, especially short-video marketing, which could benefit our short-video commercialization business. Meanwhile, the live-streaming e-commerce took off under COVID-19. More and more brands quickly realized the importance of establishing their own live-streaming accounts, which could be beneficial to the development of our brand live-streaming operation business. With our technical advantages in big data management and AI algorithms, we can quickly and effectively seize new growth opportunities brought by industry trends.

Currently, the Company's various businesses are being conducted in an orderly manner, and we have abundant cash reserve and a healthy financial structure. With our diverse and quality client base, various business segments and industry-leading technological capabilities, as well as China's measures against COVID-19 and promotion of vaccines, we remain cautiously optimistic about the second half of 2022. However, the global resurgence of COVID-19 and the uncertainty of the global macro environment may cause a longer period of global economic slowdown, affecting the overall market sentiment and advertising budget of brand advertisers, and thus bringing certain uncertainties to our "online marketing solutions business" in the short term. In this regard, we will continue to maintain the healthy development of each business segment and maintain the stability and profitability of the Company's overall business through flexible and timely resource allocation. The Company's management will continue to pay close attention to the impact of relevant macro issues on our business operations and financial results, and particularly monitor and effectively manage client retention and accounts receivable recoverability.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Six months ended June 30, 2022 as compared with six months ended June 30, 2021:

	Notes	Six months ended June 30,	
		2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
REVENUE	4	1,618,094	1,570,714
Cost of sales		(1,520,599)	(1,421,433)
Gross profit		97,495	149,281
Other income and gains	4	26,752	29,573
Selling and distribution expenses		(5,934)	(6,536)
Administrative expenses		(28,373)	(30,625)
Impairment losses on financial assets, net		(290)	(10,131)
Research and development expenses		(4,923)	(3,531)
Other expenses		(817)	(9,563)
Finance costs	6	(13,545)	(4,997)
Share of profits and losses of:			
Associates	14	(203)	(88)
PROFIT BEFORE TAX	5	70,162	113,383
Income tax expense	9	(7,972)	(9,161)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		62,190	104,222
Profit and total comprehensive income attributable to:			
Owners of the parent		62,190	104,222
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted			
– For profit for the period	11	RMB8.0 cents	RMB13.0 cents

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW (Continued)

Key Financial Ratios

	Six months ended June 30,	
	2022	2021
Gross profit margin (%) ⁽¹⁾	6.03	9.50
Net profit margin (%) ⁽²⁾	3.84	6.64
Current ratio (times) ⁽³⁾	2.33	2.97
Adjusted net profit margin (%) ⁽⁴⁾	4.48	7.64
Debt-to-asset ratio (times) ⁽⁵⁾	0.41	0.33

Notes:

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

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW (Continued)

Revenue

We generate our revenue primarily from the provision of (i) our one-stop online marketing solutions to advertisers directly or through advertising agencies; (ii) SaaS service; and (iii) other business. Our total revenue increased by 3.02% from RMB1,570.71 million for the six months ended June 30, 2021 to RMB1,618.09 million for the six months ended June 30, 2022, which was mainly attributable to the increase in the revenue from our online marketing solution business.

Revenue by business segments

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

	Six months ended June 30,			
	2022		2021	
	(RMB'000) (unaudited)	% of the total	(RMB'000) (unaudited)	% of the total
Online marketing solutions business	1,588,058	98.2	1,547,014	98.5
SaaS service	11,668	0.7	16,069	1.0
Other business ⁽¹⁾	18,368	1.1	7,631	0.5
Total	1,618,094	100.0	1,570,714	100.0

Note:

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

We enter into annual framework agreements with our advertising customers and charge them for our online marketing solutions based primarily on a mix of oCPM, oCPC and CPC. Our online marketing solutions business grew stably during the Reporting Period, benefiting from the increased recognition of short video marketing by both audiences and advertisers and the popularity of short video marketing. For the six months ended June 30, 2022, the revenue generated from our online marketing solutions business accounted for 98.2% of our total revenue.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW (Continued)

Revenue by business segments (Continued)

Revenue from online marketing solutions business by type of advertising customers

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

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

	Six months ended June 30,			
	2022		2021	
	(RMB'000) (unaudited)	% of the total	(RMB'000) (unaudited)	% of the total
Advertisers	1,543,862	97.2	1,502,530	97.1
Advertising agencies	44,196	2.8	44,484	2.9
Total	1,588,058	100.0	1,547,014	100.0

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW (Continued)

Revenue by business segments (Continued)

Revenue from online marketing solutions business by industry verticals

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

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

	Six months ended June 30,			
	2022		2021	
	(RMB'000) (unaudited)	% of the total	(RMB'000) (unaudited)	% of the total
Online gaming	444,436	28.0	332,284	21.5
Financial services ⁽¹⁾	370,731	23.3	253,059	16.4
E-commerce	170,079	10.7	219,650	14.2
Internet services	377,174	23.8	497,245	32.1
Advertising	16,353	1.0	65,428	4.2
Culture & media	163,972	10.3	63,952	4.1
Others ⁽²⁾	45,313	2.9	115,396	7.5
Total	1,588,058	100.0	1,547,014	100.0

Notes:

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

During the six months ended June 30, 2022, the online gaming industry was our largest group of advertising customers. Our revenue generated from the online gaming industry accounted for 21.5% and 28.0% of our total revenue derived from online marketing solutions business for the six months ended June 30, 2021 and 2022, respectively.

During the six months ended June 30, 2022, we further explored other industry verticals, such as financial services. Our revenue generated from financial services, as a percentage of our total revenue generated from online marketing solutions business, increased from 16.4% for the six months ended June 30, 2021 to 23.3% for the six months ended June 30, 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW (Continued)

Cost of Sales

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

	Six months ended June 30,			
	2022		2021	
	(RMB'000) (unaudited)	% of the total	(RMB'000) (unaudited)	% of the total
Traffic acquisition cost	1,449,928	95.4	1,389,247	97.8
Employee benefit expenses	26,561	1.7	20,354	1.4
Others ⁽¹⁾	44,110	2.9	11,832	0.8
Total	1,520,599	100.0	1,421,433	100.0

Note:

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

Our cost of sales primarily consists of traffic acquisition costs and employee benefit expenses. For the six months ended June 30, 2022, traffic acquisition costs constituted the largest portion of our cost of sales, and others constituted the second largest portion of our cost of sales. For the six months ended June 30, 2021 and the six months ended June 30, 2022, our traffic acquisition costs amounted to RMB1,389.2 million and RMB1,449.9 million, respectively, accounting for approximately 97.8% and 95.4%, respectively, of our total cost of sales for the respective periods, which was in line with our business expansion. For the six months ended June 30, 2021 and the six months ended June 30, 2022, our employee benefit expenses amounted to RMB20.4 million and RMB26.6 million, respectively, accounting for approximately 1.4% and 1.7%, respectively, of our total cost of sales for the respective periods, which was attributable to the increases in the number of our employees and the general compensation level of the internet related industries. For the six months ended June 30, 2021 and the six months ended June 30, 2022, our other costs amounted to RMB11.8 million and RMB44.1 million, respectively, accounting for approximately 0.8% and 2.9%, respectively, of our total cost of sales for the respective periods, which was attributable to the increase in agency operating expenses.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW (Continued)

Cost of Sales (Continued)

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

	Six months ended June 30,			
	2022		2021	
	(RMB'000) (unaudited)	% of the total	(RMB'000) (unaudited)	% of the total
Online marketing solutions business	1,499,564	98.6	1,414,583	99.5
SaaS service	3,587	0.2	45	–
Other business ⁽¹⁾	17,448	1.2	6,805	0.5
Total	1,520,599	100.0	1,421,433	100.0

Note:

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

Gross Profit and Gross Profit Margin

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

	Six months ended June 30,			
	2022		2021	
	Gross profit (RMB'000) (unaudited)	Gross profit margin %	Gross profit (RMB'000) (unaudited)	Gross profit margin %
Online marketing solutions business	88,494	5.6	132,431	8.6
SaaS service	8,082	69.3	16,024	99.7
Other business ⁽¹⁾	919	5.0	826	10.8
Total	97,495	6.0	149,281	9.5

Note:

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

Our gross profit consists of our revenue less cost of sales. The Group recorded gross profit of RMB97.5 million for the six months ended June 30, 2022, representing a decrease of 34.7% as compared to the gross profit of RMB149.3 million for the six months ended June 30, 2021.

Gross profit margin represents gross profit divided by total revenue, expressed as a percentage. Gross profit margin decreased from 9.5% for the six months ended June 30, 2021 to 6.0% for the six months ended June 30, 2022, mainly attributable to an increase in preliminary input cost as a result of the development of new businesses and the exploration of innovative business models, as well as some concessions given to new customers by the Company to speed up the expansion of market size and strengthen the market influence.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW (Continued)

OTHER INCOME AND GAINS

Our other income and gains decreased from RMB29.57 million for the six months ended June 30, 2021 to RMB26.75 million for the six months ended June 30, 2022, which was mainly attributable to the increase in the additional deduction of value-added tax throughout 2022 as compared to 2021. On the other hand, there was a decrease in the receipt of listing subsidy from the industrial park during the Reporting Period compared to the six months ended June 30, 2021.

SELLING AND DISTRIBUTION EXPENSES

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

Our selling and distribution expenses gradually decreased from RMB6.54 million for the six months ended June 30, 2021 to RMB5.93 million for the six months ended June 30, 2022, which was mainly attributable to the optimization of business structure, reduced costs and improved efficiency.

GENERAL AND ADMINISTRATIVE EXPENSES

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

Our administrative expenses gradually decreased by 7.35% from RMB30.63 million for the six months ended June 30, 2021 to RMB28.37 million for the six months ended June 30, 2022, which was mainly attributable to the Company optimized its organizational structure, reduced costs and improved efficiency.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW (Continued)

Impairment Losses on Financial Assets, Net

Impairment losses on financial assets, net represent provisions of impairment of trade receivables, net of reversal. We recorded impairment losses on financial assets, net of RMB0.29 million for the six months ended June 30, 2022, which was mainly attributable to the general provision made by us for the credit loss of trade receivables.

Research and Development Expenses

Our research and development expenses primarily comprise (i) employee benefit expenses; (ii) outsourcing development expenses; and (iii) others, mainly consisting of server rental expenses. Our research and development expenses increased by 39.42% from RMB3.53 million for the six months ended June 30, 2021 to RMB4.92 million for the six months ended June 30, 2022, which was mainly attributable to the increases in the number and average remuneration level of our research and development staff and the capitalization of cloud service platform during the period.

Other Expenses

Our other expenses decreased from RMB9.56 million for the six months ended June 30, 2021 to RMB0.82 million for the six months ended June 30, 2022, which was mainly attributable to the loss on disposal of assets.

Finance Costs

Our finance costs increased from RMB5.00 million for the six months ended June 30, 2021 to RMB13.55 million for the six months ended June 30, 2022. The increase in finance costs was mainly due to the corresponding increase of RMB8.41 million in the interest expenses of our bank borrowings resulting from the increase in bank borrowings in line with business expansion.

Income Tax Expenses

Our income tax expenses decreased from RMB9.16 million for the six months ended June 30, 2021 to RMB7.97 million for the six months ended June 30, 2022, which was mainly due to profit before tax decreased by 38.12% resulted in the corresponding decrease in income tax expenses for the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW (Continued)

Profit for the Period

As a result of the above, our profit for the period decreased by 40.33% from RMB104.22 million for the six months ended June 30, 2021 to RMB62.19 million for the six months ended June 30, 2022. Our net profit margin decreased from 6.64% for the six months ended June 30, 2021 to 3.84% for the six months ended June 30, 2022.

Non-IFRS Measure: Adjusted Net Profit

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

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

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

	Six months ended June 30,	
	2022	2021
	(RMB in millions)	
	(unaudited)	(unaudited)
Net profit for the period	62.19	104.22
Add:		
One-off income ⁽¹⁾	–	(10.00)
Share-based compensation	2.77	7.00
Foreign exchange differences	(0.47)	9.56
Income tax expense	7.97	9.16
Adjusted net profit⁽²⁾	72.46	119.94

Notes:

- (1) It represents the listing subsidy given by the industrial park to listing companies during the six months ended June 30, 2021.
- (2) Adjusted net profit is defined as net profit for the period after adding back one-off income, listing expenses, share-based compensation, foreign exchange differences and income tax expenses incurred during the respective period.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW (Continued)

Liquidity and Financial Resources

Our business operations and expansion plans require a significant amount of capital, including acquiring user traffic from online publishers, enhancing our content production capabilities, improving our big data analytics and AI capabilities, upgrading our proprietary DMP and other infrastructures as well as other working capital requirements. Historically, we financed our capital expenditure and working capital requirements mainly through cash generated from operations, bank and other borrowings, and capital contributions from the Shareholders. Our cash and bank balances increased from RMB636.31 million as at December 31, 2021 to RMB715.30 million as at June 30, 2022, mainly attributable to the replenishment of working capital with the expansion of business scale.

The table below sets out our liquidity as at December 31, 2021 and as at June 30, 2022, respectively:

	As at June 30, 2022 RMB'000 (unaudited)	As at December 31, 2021 RMB'000 (audited)
Cash and bank balance	715,295	636,311
Denominated in RMB	711,477	635,578
Denominated in HKD	3,784	616
Denominated in USD	34	117
	715,295	636,311

As at June 30, 2022, our bank loans amounted to approximately RMB543.43 million (as at December 31, 2021: approximately RMB612.47 million). Our bank loans are denominated in Renminbi. The interest rates on our bank loans ranged from 3.00% to 4.95% (for the year ended December 31, 2021: 3.00% to 4.95%) per annum and the terms of the loans ranged from three months to one year. We will repay the above borrowings in due a course on maturity.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW (Continued)

Capital Expenditures

Our capital expenditures for the six months ended June 30, 2022 primarily consists of expenditures on (i) property, plant and equipment for office equipment and leasehold improvement; and (ii) intangible assets for software and the user right of a website.

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

	As at June 30, 2022 (unaudited) (RMB in millions)	As at December 31, 2021 (audited)
Property, plant and equipment	0.30	8.32
Intangible assets	5.87	12.71
Total	6.17	21.03

We incurred capital expenditures of approximately RMB6.17 million for the six months ended June 30, 2022, primarily related to office furniture and decoration as well as purchases of servers, software and website. We intend to fund our planned capital expenditures through cash generated from operations.

Pledge of Assets

As at June 30, 2022, certain bank loans were secured by the pledge of the Group's deposit amounting to RMB101,030,616 (as at December 31, 2021: RMB100,118,000) and guaranteed by the Company and certain subsidiaries of the Company.

Foreign Exchange Risk Management

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

Contingent Liabilities

As at June 30, 2022, the Group did not have any material contingent liabilities.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW (Continued)

Employees

As at June 30, 2022, we had 421 full-time employees, including 380 in Shanghai, 29 in Beijing, 4 in Guangzhou and 8 in Xinjiang. As at June 30, 2022, we did not experience any strikes or any labor disputes with our employees which have had or are likely to have a material effect on our business.

Our employees typically enter into standard employment contracts with us. We place high value on recruiting, training and retaining our employees. We maintain high recruitment standards and provide competitive compensation packages. Remuneration packages for our employees mainly comprise base salary and bonus. We also provide both in-house and external trainings for our employees to improve their skills and knowledge. For the six months ended June 30, 2022, total staff remuneration expenses including Directors' remuneration amounted to RMB59.74 million.

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

We have granted and planned to continue to grant share-based incentive awards to our employees in the future to incentivize their contributions to our growth and development. The Company has adopted the Post-IPO Share Option Scheme and the RSU Scheme. As at June 30, 2022, the Trustee had purchased a total of 17,382,000 Shares in the market under the RSU Scheme, representing approximately 2.185% of the total number of Shares in issue as at the Latest Practicable Date (i.e., 795,658,000 Shares).

RETIREMENT AND EMPLOYEE BENEFITS SCHEMES

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

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

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

During the six months ended June 30, 2022, the Group had no material acquisition, disposal of subsidiaries, associates and joint ventures or significant investment. As of June 30, 2022, the Group did not hold any significant investment.

CORPORATE GOVERNANCE/OTHER INFORMATION

CORPORATE GOVERNANCE CODE

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

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

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

MODEL CODE FOR SECURITIES TRANSACTION

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors’ securities transactions. Specific enquiry has been made to all the Directors and each of the Directors has confirmed that he/she has complied with the required standards as set out in the Model Code during the Reporting Period.

INTERIM DIVIDEND

The Board did not declare the payment of any interim dividend for the six months ended June 30, 2022.

AUDIT COMMITTEE

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

REVIEW OF INTERIM RESULTS

The interim results for the six months ended June 30, 2022 is unaudited and has not been reviewed by the auditor of the Company, but has been reviewed by the Audit Committee.

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended June 30, 2022, none of the Company or any of its subsidiaries or its Consolidated Affiliated Entities had purchased, sold or redeemed any of the listed securities of the Company.

FUTURE PLANS FOR MATERIAL INVESTMENT AND CAPITAL ASSETS

Save as disclosed in the section headed “Use of the Net Proceeds from the Global Offering” in this report, the Group did not have any other immediate plans for material investment and capital assets as at the Latest Practicable Date.

CORPORATE GOVERNANCE/OTHER INFORMATION

SUBSEQUENT EVENTS

On September 5, 2022 (after trading hours), the Company granted the share options under the Post-IPO Share Option Scheme to thirteen employees of the Group to subscribe for an aggregate of 2,395,588 Shares, representing approximately 0.301% of the total issued Shares as of the Latest Practicable Date. On the same date, the Company granted a total of 1,868,186 restricted share units to one Director and four employees of the Group under the RSU Scheme, representing approximately 0.235% of the total issued Shares as of the Latest Practicable Date. For details, please refer to the announcement published by the Company on September 5, 2022.

Save as disclosed above, after June 30, 2022 and up to the Latest Practicable Date, there were no material events affecting the Group.

USE OF THE NET PROCEEDS FROM THE GLOBAL OFFERING

The net proceeds received from the Global Offering, after deducting the underwriting fees and commissions and expenses payable by the Company in connection with the Global Offering, amounted to approximately HKD1,296.93 million. The Company did not receive any of the net proceeds from the sale of the over-allotment shares by the over-allotment option grantors in January 2021. As of June 30, 2022, the net proceeds from the Global Offering was utilized in the manner as follows:

	Approximate percentage of the total net proceeds	Net proceeds from the Global Offering (HKD in millions)	Net proceeds utilized as of June 30, 2022 (HKD in millions)	Remaining net proceeds as of June 30, 2022 (HKD in millions)	Expected time to utilize the remaining net proceeds in full
Enhancing research and development capabilities and upgrading information technology infrastructure					
Upgrading information technology infrastructure	9.1%	118.34	41.59	76.75	By the end of the year ending December 31, 2023
Upgrading proprietary DMP	3.6%	47.10	0.00	47.10	By the end of the year ending December 31, 2023
Upgrading full service content production, exchange and distribution platform	0.6%	8.28	0.00	8.28	By the end of the year ending December 31, 2023
Visual optimization of Huabian Platform	0.2%	2.60	0.00	2.60	By the end of the year ending December 31, 2023
Expanding business					
Enlarging advertiser and media partner bases	48.4%	627.20	627.20	0.00	N/A
Enhancing content production capabilities	5.5%	71.60	71.60	0.00	N/A
Expanding domestic and international footprints	3.7%	47.93	47.93	0.00	N/A
Pursuit of strategic investments and acquisitions	18.8%	244.19	29.37	214.82	By the end of the year ending December 31, 2023
Working capital and general corporate purposes	10.0%	129.69	105.23	24.46	By the end of the year ending December 31, 2023
Total		1,296.93	922.92	374.01	

As of June 30, 2022, the Group has utilized HKD922.92 million of the net proceeds from the Global Offering, and the remaining net proceeds of HKD374.01 million was deposited with licensed banks in Hong Kong or the PRC. The Group will further utilize the net proceeds from the Global Offering in the manner as set out in the section headed "Future Plans and Use of Proceeds" of the prospectus of the Company dated December 7, 2020.

CORPORATE GOVERNANCE/OTHER INFORMATION

CHANGE IN DIRECTORS' INFORMATION

The Directors, including the chief executive officer, confirm that there has been no change in any Director's information, including the chief executive officer's information, since the publication of the 2021 annual report of the Company and up to the Latest Practicable Date that is required to be disclosed in accordance with paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules.

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

As at June 30, 2022, the interests and short positions of the Directors or chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which have been entered in the register required to be kept pursuant to section 352 of the SFO, or which shall be required to be notified to the Company and the Stock Exchange pursuant to the Model Code set out in Appendix 10 to the Listing Rules, are as follows:

(i) Interests in the Shares of the Company

Name of Director/ Chief executive	Nature of interest	Number of Shares	Approximate percentage of the total number of the Shares ⁽²⁾
Mr. Wang ⁽³⁾⁽⁴⁾	Founder of a discretionary trust/Interest in a controlled corporation/Beneficial owner	114,014,831 (L)	14.33%
Mr. Xu ⁽⁵⁾⁽⁶⁾	Founder of a discretionary trust/Interest in a controlled corporation/Beneficial owner	96,482,288 (L)	12.13%
Mr. Dai ⁽⁷⁾⁽¹⁰⁾	Founder of a discretionary trust/Interest in a controlled corporation	52,981,959 (L)	
	Interest of spouse	218,524 (L)	
		<u>53,200,483 (L)</u>	<u>6.69%</u>
Mr. Wang Jianshuo ⁽⁸⁾	Interest in a controlled corporation	73,137,002 (L)	9.19%
Ms. Peng Ting ⁽⁹⁾⁽¹⁰⁾	Beneficial Owner	218,524 (L)	
	Interest of spouse	52,981,959 (L)	
		<u>53,200,483 (L)</u>	<u>6.69%</u>
Ms. Zha Lijun ⁽¹¹⁾	Beneficial owner	148,261 (L)	0.02%
Mr. Lin Qian	Beneficial owner	50,000 (L)	0.01%

CORPORATE GOVERNANCE/OTHER INFORMATION

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

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

Notes:

1. The letter "L" denotes a long position in these shares.
2. As at June 30, 2022, the Company had 795,658,000 issued shares in total.
3. Mr. Wang is interested in 218,524 underlying shares. Such underlying shares are the relevant shares that may be allotted and issued to him upon the fully exercise of all the options granted to him under the Post-IPO Share Option Scheme.
4. Wang SPV is the Direct Holding SPV of The Longhills Trust, which is set up by Mr. Wang (as the economic settlor and the protector) and Derun Investments (as the settlor). Derun Investments is the Offshore Holding Company wholly owned by Mr. Wang. Therefore, Mr. Wang (as the founder of The Longhills Trust and the sole shareholder of Derun Investments) is deemed to be interested in the Shares directly held by Wang SPV by virtue of the SFO.
5. Mr. Xu is interested in 333,135 underlying shares. Such underlying shares are the relevant shares that may be allotted and issued to him upon the fully exercise of all the options granted to him under the Post-IPO Share Option Scheme.
6. Xu SPV is the Direct Holding SPV of The FS Trust, which is set up by Mr. Xu (as the economic settlor and the protector) and Quantum Computing (as the settlor). Quantum Computing is the Offshore Holding Company wholly owned by Mr. Xu. Therefore, Mr. Xu (as the founder of The FS Trust and the sole shareholder of Quantum Computing) is deemed to be interested in the Shares directly held by Xu SPV by virtue of the SFO.
7. Dai SPV is the Direct Holding SPV of The RGRGU Trust, which is set up by Mr. Dai (as the economic settlor and the protector) and Global Awesomeness (as the settlor). Global Awesomeness is the Offshore Holding Company wholly owned by Mr. Dai. Therefore, Mr. Dai (as the founder of The RGRGU Trust and the sole shareholder of Global Awesomeness) is deemed to be interested in the Shares directly held by Dai SPV by virtue of the SFO.
8. Kijiji is a wholly-owned subsidiary of Baixing Net. Mr. Wang Jianshuo is entitled to exercise the voting rights attached to approximately 40.84% shares of Baixing Net which are directly held by himself and three entities (i.e., Shanghai Xiangnong, Shanghai Paisen, and Shanghai Fangxi). Each of Shanghai Xiangnong, Shanghai Paisen, and Shanghai Fangxi is a limited partnership established in the PRC, the sole general partner of which is Mr. Wang Jianshuo. Therefore, Baixing Net and Mr. Wang Jianshuo are deemed to be interested in the Shares directly held by Kijiji by virtue of the SFO.
9. Ms. Peng Ting, vice president and joint company secretary of the Company, is interested in 218,524 underlying shares. Such underlying shares are the relevant shares that may be allotted and issued to her upon the fully exercise of all the options granted to her under the Post-IPO Share Option Scheme.
10. Ms. Peng Ting is the spouse of Mr. Dai. Therefore, Ms. Peng is deemed to be interested in Mr. Dai's interests by virtue of the SFO.
11. Ms. Zha is interested in 148,261 underlying shares. Such underlying shares are the relevant shares that may be allotted and issued to her upon the fully exercise of all the options granted to her under the Post-IPO Share Option Scheme.

CORPORATE GOVERNANCE/OTHER INFORMATION

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

(ii) Interests in associated corporation

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

Save as disclosed above, as of June 30, 2022, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which shall be entered in the register required to be kept pursuant to section 352 of the SFO, or which shall be required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

CORPORATE GOVERNANCE/OTHER INFORMATION

DIRECTORS' RIGHT TO PURCHASE SHARES OR DEBENTURES

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

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

As at June 30, 2022, to the knowledge of the Directors, the following persons (not being Directors or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which are required to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO and entered in the register required to be kept by the Company pursuant to section 336 of the SFO:

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

CORPORATE GOVERNANCE/OTHER INFORMATION

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

Name of Shareholder	Nature of interest	Number of Shares	Approximate percentage of the total number of the Shares ⁽²⁾
Mr. Dai ⁽⁸⁾⁽¹⁰⁾	Founder of a discretionary trust/Interest in a controlled corporation	52,981,959 (L)	
	Interest of spouse	218,524(L)	
		<u>53,200,483 (L)</u>	<u>6.69%</u>
Global Awesomeness ⁽⁸⁾	Founder of a discretionary trust	52,981,959 (L)	6.66%
Dai SPV ⁽⁸⁾	Beneficial owner	52,981,959 (L)	6.66%
Baxter Investment ⁽⁸⁾	Interest in a controlled corporation	52,981,959 (L)	6.66%
Ms. Peng Ting ⁽⁹⁾⁽¹⁰⁾	Beneficial owner	218,524 (L)	
	Interest of spouse	52,981,959 (L)	
		<u>53,200,483 (L)</u>	<u>6.69%</u>
Kijiji ⁽¹¹⁾	Beneficial owner	73,137,002 (L)	9.19%
Baixing Net ⁽¹¹⁾	Interest in a controlled corporation	73,137,002 (L)	9.19%
Mr. Wang Jianshuo ⁽¹¹⁾	Interest in a controlled corporation	73,137,002 (L)	9.19%
Wutong Holding	Beneficial owner	60,144,666 (L)	7.56%
Jingheng Jianyong ⁽¹²⁾ (as defined below)	Beneficial owner	40,468,390 (L)	5.09%
Beijing Jingheng ⁽¹²⁾ (as defined below)	Interest in a controlled corporation	40,468,390 (L)	5.09%
Mr. Song Lingjie ⁽¹²⁾	Interest in a controlled corporation	40,468,390 (L)	5.09%
Ms. Liu Yongyan ⁽¹²⁾	Interest in a controlled corporation	40,468,390 (L)	5.09%
Schroders Plc ⁽¹³⁾	Investment manager	96,647,000 (L)	12.15%

CORPORATE GOVERNANCE/OTHER INFORMATION

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

Notes:

1. The letter "L" denotes a long position in these shares.
2. As at June 30, 2022, the Company had 795,658,000 issued shares in total.
3. PraxisIFM Fiduciaries (Hong Kong) Limited (formerly known as PraxisIFM Nerine Fiduciaries (Hong Kong) Limited) is the trustee of the Family Trusts, the discretionary family trusts set up by Mr. Wang, Mr. Xu, Mr. Qin, Mr. Dai, and Mr. Ru respectively. Therefore, PraxisIFM Fiduciaries (Hong Kong) Limited is deemed to be interested in the Shares directly held by Wang SPV, Xu SPV, Qin SPV, Dai SPV, and Ru SPV by virtue of the SFO.
4. Mr. Wang is interested in 218,524 underlying shares. Such underlying shares are the relevant shares that may be allotted and issued to him upon the fully exercise of all the options granted to him under the Post-IPO Share Option Scheme.
5. Wang SPV is wholly owned by Derun International, which is in turn the holding vehicle of the Trustee of The Longhills Trust. The Longhills Trust is set up by Mr. Wang (as the economic settlor and the protector) and Derun Investments (as the settlor). Derun Investments is the Offshore Holding Company wholly owned by Mr. Wang. Therefore, each of Mr. Wang (as the founder of The Longhills Trust and the sole shareholder of Derun Investments), Derun Investments (as the founder of The Longhills Trust), Derun International (as the sole shareholder of Wang SPV) is deemed to be interested in the Shares directly held by Wang SPV by virtue of the SFO.
6. Mr. Xu is interested in 333,135 underlying shares. Such underlying shares are the relevant shares that may be allotted and issued to him upon the fully exercise of all the options granted to him under the Post-IPO Share Option Scheme.
7. Xu SPV is wholly owned by FSS Investment, which is in turn the holding vehicle of the Trustee of The FS Trust. The FS Trust is set up by Mr. Xu (as the economic settlor and the protector) and Quantum Computing (as the settlor). Quantum Computing is the Offshore Holding Company wholly owned by Mr. Xu. Therefore, each of Mr. Xu (as the founder of The FS Trust and the sole shareholder of Quantum Computing), Quantum Computing (as the founder of The FS Trust), FSS Investment (as the sole shareholder of Xu SPV) is deemed to be interested in the Shares directly held by Xu SPV by virtue of the SFO.

CORPORATE GOVERNANCE/OTHER INFORMATION

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

Notes: (Continued)

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

Save as disclosed above, as at June 30, 2022, to the knowledge of the Directors, no other persons (not being Directors or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which are required to be disclosed pursuant to Divisions 2 and 3 of Part XV of the SFO or which shall be entered in the register referred to in section 336 of the SFO.

CORPORATE GOVERNANCE/OTHER INFORMATION

POST-IPO SHARE OPTION SCHEME

The Company has adopted the Post-IPO Share Option Scheme approved by a written resolution passed by the then shareholders on November 17, 2020 and has taken effect from the Listing Date. The purpose of the Post-IPO Share Option Scheme is to provide selected participants with the opportunity to acquire proprietary interests in the Company and to encourage selected participants to work towards enhancing the value of the Company and its Shares for the benefit of the Company and Shareholders as a whole. The Post-IPO Share Option Scheme will provide the Company with a flexible means of retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to selected participants. For details of the principal terms of the Post-IPO Share Option Scheme, please refer to the Company's 2021 annual report and Appendix IV to the Prospectus.

On January 27, 2022 (after trading hours), the Company cancelled a total of 8,808,000 Share Options granted on January 15, 2021 with effect from 27 January 2022. The Company further granted share options (the "**Share Options**") under the Post-IPO Share Option Scheme to a total of sixty-eight (68) eligible participants to subscribe for an aggregate of 5,281,600 Shares, and the exercise price per share option was HK\$2.462, representing approximately 0.66% of the total issued Shares as of the Latest Practicable Date. For details, please refer to the announcement of the Company dated January 28, 2022.

The Share Options granted shall be valid for a period of ten (10) years from the date of grant. The Share Options shall be vested in accordance with the timetable below (for this purpose, the date or each such date on which the share options are vested being hereinafter referred to as a "**Vesting Date**"), subject to the grantees' achievement of performance targets as of each Vesting Date:

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

The Board considers that it is not appropriate to state the value of the options granted pursuant to the Post-IPO Share Option Scheme as any valuation of the share options would be subject to a number of assumptions that would be subjective and uncertain. The Board believes that the valuation of options based upon speculative assumptions would not be meaningful and to some extent would be misleading to Shareholders.

CORPORATE GOVERNANCE/OTHER INFORMATION

POST-IPO SHARE OPTION SCHEME (Continued)

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

Name of grantee ⁽¹⁾	Date of grant	Vesting Date ⁽²⁾	Exercise price per share (HKD)	Number of Shares subject to outstanding options as at January 1, 2022	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Number of Shares subject to outstanding options as at June 30, 2022	
Directors										
Mr. Wang	January 15, 2021	January 14, 2022	7.680	95,333	-	-	(95,333)	-	-	
		January 14, 2023	7.680	95,333	-	-	(95,333)	-	-	
		January 14, 2024	7.680	95,334	-	-	(95,334)	-	-	
	January 27, 2022	January 27, 2022	2.462	-	72,841	-	-	-	-	72,841
		January 14, 2023	2.462	-	72,841	-	-	-	-	72,841
		January 14, 2024	2.462	-	72,842	-	-	-	-	72,842
Mr. Xu	January 15, 2021	January 14, 2022	7.680	145,333	-	-	(145,333)	-	-	
		January 14, 2023	7.680	145,333	-	-	(145,333)	-	-	
		January 14, 2024	7.680	145,334	-	-	(145,334)	-	-	
	January 27, 2022	January 27, 2022	2.462	-	111,045	-	-	-	-	111,045
		January 14, 2023	2.462	-	111,045	-	-	-	-	111,045
		January 14, 2024	2.462	-	111,045	-	-	-	-	111,045
Vice president and joint company secretary										
Ms. Peng Ting	January 15, 2021	January 14, 2022	7.680	95,333	-	-	(95,333)	-	-	
		January 14, 2023	7.680	95,333	-	-	(95,333)	-	-	
		January 14, 2024	7.680	95,334	-	-	(95,334)	-	-	
	January 27, 2022	January 27, 2022	2.462	-	72,841	-	-	-	-	72,841
		January 14, 2023	2.462	-	72,841	-	-	-	-	72,841
		January 14, 2024	2.462	-	72,842	-	-	-	-	72,842
Senior management and other employees										
	January 15, 2021	January 14, 2022	7.680	2,600,000	-	-	(2,600,000)	-	-	
		January 14, 2023	7.680	2,600,000	-	-	(2,600,000)	-	-	
		January 14, 2024	7.680	2,600,000	-	-	(2,600,000)	-	-	
	January 27, 2022	January 27, 2022	2.462	-	1,503,805	-	-	(86,979)	(86,979)	1,416,826
		January 14, 2023	2.462	-	1,503,806	-	-	(86,979)	(86,979)	1,416,827
		January 14, 2024	2.462	-	1,503,806	-	-	(86,980)	(86,980)	1,416,826
Total			8,808,000	5,281,600	-	(8,808,000)	(260,938)	5,020,662		

Notes:

- (1) There are no options granted to suppliers of goods or services or other participants.
- (2) The validity period of the granted options will be January 27, 2022 to January 14, 2031 (both days inclusive).
- (3) The closing price of the Shares immediately before the date of which the share options were granted, i.e. January 26, 2022, was HKD2.310.

CORPORATE GOVERNANCE/OTHER INFORMATION

POST-IPO SHARE OPTION SCHEME (Continued)

During the Reporting Period, save as disclosed above, the Company did not grant or agree to grant any other Share Options pursuant to the Post-IPO Share Option Scheme. After the Reporting Period, on September 5, 2022 (after trading hours), the Company granted the Share Options to thirteen employees of the Group to subscribe for an aggregate of 2,395,588 Shares, representing approximately 0.301% of the total issued Shares (i.e., 795,658,000 Shares) as of the Latest Practicable Date. For details, please refer to the announcement published by the Company on September 5, 2022. As at the Latest Practicable Date, the total number of Shares issuable under the Post-IPO Share Option Scheme is 63,514,812 Shares, representing approximately 7.983% of the total number of issued Shares.

RESTRICTED SHARE UNIT SCHEME

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

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

As at June 30, 2022, the trustee appointed by the Company for the administration of the RSU Scheme has purchased a total of 17,382,000 Shares in the market, representing approximately 2.185% of the total number of Shares in issue as at the Latest Practicable Date (i.e., 795,658,000 Shares). From the Adoption Date to June 30, 2022, the Company has not granted or agreed to grant, vest, transfer, lapse or cancel any RSUs under the RSU Scheme.

After the Reporting Period, on September 5, 2022 (after trading hours), the Company granted a total of 1,868,186 RSUs to one Director and four employees of the Group under the RSU Scheme, representing approximately 0.235% of the total issued Shares as of the Latest Practicable Date. For details, please refer to the announcement published by the Company on September 5, 2022. As at the Latest Practicable Date, the trustee held a total of 17,382,000 Shares on trust for the benefit of the participants pursuant to the RSU Scheme, of which (i) 1,868,186 Shares will be used to satisfy the RSUs granted on September 5, 2022; and (ii) the remaining 15,513,814 Shares, representing approximately 1.950% of the total issued Shares as at the Latest Practicable Date, will be made available for future grant of RSUs.

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

Shanghai, China, August 25, 2022

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

For the six months ended June 30, 2022

	Notes	Six months ended June 30,	
		2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
REVENUE	4	1,618,094	1,570,714
Cost of sales		(1,520,599)	(1,421,433)
Gross profit		97,495	149,281
Other income and gains	4	26,752	29,573
Selling and distribution expenses		(5,934)	(6,536)
Administrative expenses		(28,373)	(30,625)
Impairment losses on financial assets, net		(290)	(10,131)
Research and development expenses		(4,923)	(3,531)
Other expenses		(817)	(9,563)
Finance costs	6	(13,545)	(4,997)
Share of profits and losses of:			
Associates	14	(203)	(88)
PROFIT BEFORE TAX	5	70,162	113,383
Income tax expense	9	(7,972)	(9,161)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		62,190	104,222
Profit and total comprehensive income attributable to:			
Owners of the parent		62,190	104,222
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted			
– For profit for the period	11	RMB8.0 cents	RMB13.0 cents

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2022

	Notes	As at June 30, 2022 RMB'000 (unaudited)	As at December 31, 2021 RMB'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment	12	5,457	7,593
Right-of-use assets		3,568	7,123
Intangible assets	13	31,139	26,439
Prepayments, other receivables and other assets	16	3,996	4,924
Deferred tax assets	22	17,469	17,559
Investments in associates	14	9,520	5,523
Financial assets at fair value through profit or loss		31,500	–
Total non-current assets		102,649	69,161
CURRENT ASSETS			
Trade receivables and bills	15	1,734,383	1,511,484
Prepayments, other receivables and other assets	16	198,709	241,069
Restricted cash	18	101,030	280,560
Cash and cash equivalents	18	614,265	355,751
Total current assets		2,648,387	2,388,864
CURRENT LIABILITIES			
Trade payables	19	427,827	145,634
Other payables and accruals	20	120,565	49,189
Interest-bearing bank borrowings	21	543,425	612,470
Lease liabilities		2,868	4,360
Contract liabilities	17	23,989	33,343
Tax payable		16,026	26,774
Total current liabilities		1,134,700	871,770
NET CURRENT ASSETS		1,513,687	1,517,094
TOTAL ASSETS LESS CURRENT LIABILITIES		1,616,336	1,586,255
NON-CURRENT LIABILITIES			
Lease liabilities		752	1,238
Deferred tax liabilities		1,621	1,621
Deferred income		670	715
Total non-current liabilities		3,043	3,574
NET ASSETS		1,613,293	1,582,681
EQUITY			
Equity attributable to owners of the parent			
Share capital	23	148	148
Treasury shares		(37,124)	(36,670)
Reserves	24	1,650,269	1,619,203
TOTAL EQUITY		1,613,293	1,582,681

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended June 30, 2022

	Attributable to owners of the parent							
	Share capital RMB'000	Treasury shares RMB'000	Share option reserve RMB'000	Capital reserve RMB'000	Statutory surplus reserve RMB'000	Fair value reserve of financial assets at fair value through other comprehensive income RMB'000	Retained profits RMB'000	Total RMB'000
At January 1, 2021	149	–	–	1,244,410	32,225	–	228,238	1,505,022
Profit and total comprehensive income for the period	–	–	–	–	–	–	104,222	104,222
Equity-settled share option arrangements	–	–	–	6,997	–	–	–	6,997
Transfer from retained profits	–	–	–	–	3,996	–	(3,996)	–
At June 30, 2021	149	–	–	1,251,407	36,191	–	328,494	1,616,241
At January 1, 2022	148	(36,670)	12,197	1,229,544	46,459	(400)	331,403	1,582,681
Profit and total comprehensive income for the period	–	–	–	–	–	–	62,190	62,190
Shares repurchased	–	(454)	–	–	–	–	–	(454)
Equity-settled share option arrangements	–	–	2,774	–	–	–	–	2,774
Dividends had been declared	–	–	–	–	–	–	(33,898)	(33,898)
Transfer from retained profits	–	–	–	–	1,502	–	(1,502)	–
At June 30, 2022	148	(37,124)	14,971	1,229,544	47,961	(400)	358,193	1,613,293

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended June 30, 2022

	Notes	Six months ended June 30,	
		2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		62,190	113,383
Adjustments for:			
Share of (profits)/losses of associates	14	203	88
Interest income	4	(4,672)	(3,197)
Finance costs	6	13,545	4,997
Impairment losses on financial assets, net	5	290	10,131
Depreciation of property, plant and equipment	12	1,816	1,172
Depreciation of right-of-use assets		3,169	3,557
Amortisation of intangible assets	13	3,090	1,026
Loss on disposal of items of non-current assets		627	–
Effect of foreign exchange rate changes, net		(477)	9,563
Share-based payment expenses		2,774	–
		82,555	140,720
Increase in trade receivables		(233,188)	(878,537)
Increase in prepayments, other receivables and other assets		42,600	53,377
Increase in restricted cash		–	1,946
Increase in trade payables		282,193	40,049
Increase in other payables and accruals		33,419	(22,106)
(Increase)/decrease in contract liabilities		(9,355)	22,475
Cash (used in)/generated from operations		208,224	(642,076)
Interest received	4	4,672	3,197
Interest paid	6	(123)	(249)
Income tax paid		(18,629)	(8,801)
Net cash used in operating activities		194,144	(647,929)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended June 30, 2022

	Notes	Six months ended June 30,	
		2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		(304)	(3,135)
Additions to intangible assets		(5,870)	–
Additions to financial assets at fair value through profit or loss		(20,500)	–
Purchase of an investment property		–	(10)
Investments in associates		(4,200)	–
Net cash flows used in investing activities		(30,874)	(3,145)
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank loans		361,000	385,500
Repayment of bank loans		(426,500)	(176,100)
Increase in restricted cash		179,529	–
Principal portion of lease payments		(1,718)	(1,957)
Capital injection from non-controlling shareholders		(454)	–
Interest paid		(17,091)	(4,449)
Net cash flows used in financing activities		94,766	202,994
NET INCREASE IN CASH AND CASH EQUIVALENTS		258,036	(448,080)
Cash and cash equivalents at the beginning of period		355,752	1,018,899
Effect of foreign exchange rate changes, net		477	(9,563)
CASH AND CASH EQUIVALENTS AT END OF PERIOD		614,265	561,256
ANALYSIS OF BALANCE OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents as stated in the statement of financial position	18	614,265	561,256

NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended June 30, 2022

1. CORPORATE AND GROUP INFORMATION

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

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

Information about subsidiaries

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

Name	Place of incorporation/ registration and business	Issued ordinary/ Registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct %	Indirect %	
Netjoy International Limited	British Virgin Islands	USD50,000	100	–	Investment holding
Netjoy International (Hong Kong) Limited	Hong Kong, China	HKD1	–	100	Technical and consultation services
Zheng Han Bio-tech Research Co., Limited (正漢生物科技研發有限公司)	Hong Kong, China	HKD20,000,000	100	–	Investment holding
Yunxiang Shuke (Shanghai) Information Technology Co., Ltd. (“ Yunxiang Information ”) (雲想數科(上海)信息技術有限公司) (note (a))	PRC/Mainland China	RMB50,000,000	–	100	Technical and consultation services
Letui (Shanghai) Culture Broadcast Co., Ltd. (樂推(上海)文化傳播有限公司) (note (b))	PRC/Mainland China	RMB10,000,000	–	100	Marketing services
Horgos Quantum Dynamic Culture Media Co., Ltd. (霍爾果斯量子動態文化傳媒有限公司) (note (b))	PRC/Mainland China	RMB1,000,000	–	100	Marketing services
Yunxiang Entertainment (Shanghai) Co., Ltd. (“ Yunxiang Entertainment ”) (雲想娛樂(上海)有限公司) (note (b))	PRC/Mainland China	RMB5,000,000	–	100	Technical and consultation services
Guangzhou Guomeng Network Technology Co., Ltd. (廣州果盟網絡科技有限公司) (note (b))	PRC/Mainland China	RMB1,000,000	–	100	Technical and consultation services
Qizheng (Shanghai) Culture Communication Co., Ltd. (“ Qizheng Culture ”) (啟征(上海)文化傳播有限公司) (note (b))	PRC/Mainland China	RMB1,000,000	–	99	Technical and consultation services

NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended June 30, 2022

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Name	Place of incorporation/ registration and business	Issued ordinary/ Registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct %	Indirect %	
Letui Chuanshi (Shanghai) Information Technology Co., Ltd. (樂推傳視(上海)信息技術有限公司) (note (b))	PRC/Mainland China	RMB5,000,000	–	100	Technical and consultation services
Letui Zhixiao (Shanghai) Cultural Communication Co., Ltd. (樂推智效(上海)文化傳播有限公司) (note (b))	PRC/Mainland China	RMB5,000,000	–	100	Marketing services
MIX Technology Co., Ltd. (合光(寧波)科技有限有限公司) (note (a))	PRC/Mainland China	USD10,000,000	–	100	Software-as-a-Service (“SaaS”)
Horgos Large Amount Information Technology Co., Ltd. (霍爾果斯爆量信息技術有限公司) (note (b))	PRC/Mainland China	RMB1,000,000	–	100	Marketing services
Horgos Quantum Data Services Co., Ltd. (霍爾果斯量子數據服務有限公司) (note (b))	PRC/Mainland China	RMB1,000,000	–	100	Marketing services
Indirectly controlled by the Company pursuant to the contractual agreements					
Netjoy (Shanghai) Network Technology Co., Ltd. (“Netjoy Network”) (嗨皮(上海)網絡科技有限有限公司) (note (b))	PRC/Mainland China	RMB53,528,203	–	100	Entertainment-oriented content platform operation
Tradeplus (Shanghai) Information Technology Co., Ltd. (“Tradeplus”) (連山加(上海)信息技術有限有限公司) (note (b))	PRC/Mainland China	RMB5,000,000	–	100	SaaS

Notes:

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

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

NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended June 30, 2022

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

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

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

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

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

2.1 BASIS OF PREPARATION

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

Basis of consolidation

The consolidated financial statements include the condensed consolidated financial statements of the Group for the six months ended June 30, 2022. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended June 30, 2022

2.1 BASIS OF PREPARATION (Continued)

Basis of consolidation (Continued)

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

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

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

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

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

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

NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended June 30, 2022

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the unaudited condensed consolidated financial statements are consistent with those applied in the preparation of the Group's annual financial statements for the year ended 31 December 2021, except for the adoption of the following revised IFRSs for the first time for the current period's unaudited condensed consolidated financial statements.

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

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

3. OPERATING SEGMENT INFORMATION

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

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

Geographical information

During the six months ended June 30, 2022, the Group operated within one geographical area because all of its revenue was generated in Mainland China and all of its non-current assets/capital expenditure were located/incurred in Mainland China. Accordingly, no geographical information is presented.

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

Information about one major customer

Revenue of approximately RMB191,758,822 for the six months ended June 30, 2022 (six months ended June 30, 2021: RMB142,072,000) was derived from sales to a single customer, including sales to a group of entities which are known to be under common control with that customer.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended June 30, 2022

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Revenue from contracts with customers	1,618,094	1,570,714

Revenue from contracts with customers

(i) Disaggregated revenue information

	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Types of services		
Online marketing solutions services		
– All-in-one services	1,543,862	1,466,376
– Advertisement distribution services	44,196	80,638
SaaS service	11,668	16,069
Other business	18,368	7,631
Total revenue from contracts with customers	1,618,094	1,570,714
Timing of revenue recognition		
Marketing services transferred at a point in time	1,603,742	1,570,714
Marketing services transferred over time	14,352	–
Total revenue from contracts with customers	1,618,094	1,570,714

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

	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Revenue recognised that was included in contract liabilities at the beginning of the Reporting Period:	33,343	36,811

There is no revenue recognised in the current accounting period from performance obligations satisfied in previous periods for the six months ended June 30, 2021 and June 30, 2022, respectively.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended June 30, 2022

4. REVENUE, OTHER INCOME AND GAINS (Continued)

Revenue from contracts with customers (Continued)

(ii) Performance obligations

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

Online marketing solutions services

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

SaaS service

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

Other business

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

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

The transaction prices allocated to the remaining performance obligations unsatisfied as at June 30, 2022 are RMB23,989,000 (June 30, 2021: RMB59,286,000).

All the remaining performance obligations unsatisfied as at June 30, 2022 are expected to be recognised within one year as the performance obligations are part of contracts that have an original expected duration of one year or less.

An analysis of other income and gains is as follows:

	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Other income and gains		
Bank interest income	4,672	3,197
Government grants	21,604	26,376
Others	476	–
	26,752	29,573

NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended June 30, 2022

5. PROFIT BEFORE TAX

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

	Notes	Six months ended June 30,	
		2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Cost of services provided		1,520,599	1,421,433
Depreciation of property, plant and equipment	12	1,816	1,172
Depreciation of right-of-use assets		3,169	3,557
Amortisation of intangible assets	13	3,090	1,026
Research and development costs (excluding amortisation of intangible assets, depreciation of property, plant and equipment and employee benefit expense)		1,342	439
Lease payments not included in the measurement of lease liabilities		150	546
Government grants	4	(21,604)	(26,376)
Employee benefit expense (excluding directors' and chief executive's remuneration (note 7)):			
Wages and salaries		19,319	19,182
Pension scheme contributions		2,557	2,003
Impairment losses on trade receivables	15	290	10,131
Bank interest income	4	(4,672)	(3,197)
Interest on lease liabilities	6	123	249
Interest on interest-bearing bank borrowings	6	13,422	4,748
Foreign exchange differences, net		(477)	9,563

6. FINANCE COSTS

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

	Six months ended June 30,	
	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Interest on interest-bearing bank and other borrowings	13,422	4,748
Interest on lease liabilities	123	249
	13,545	4,997

NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended June 30, 2022

7. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

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

	Six months ended June 30,	
	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Other emoluments:		
Salaries, allowances and benefits in kind	1,566	846
Equity-settled share option expense	422	–
Pension scheme contributions	120	59
	2,108	905

(a) Independent non-executive directors

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

	Six months ended June 30,	
	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Mr. Chen Changhua	100	100
Dr. Ru Liyun	75	75
Ms. Cui Wen	75	75
	250	250

NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended June 30, 2022

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

(b) Executive directors and non-executive directors

	Salaries, allowances and benefits in kind RMB'000 (unaudited)	Equity-settled share option expense RMB'000 (unaudited)	Pension scheme Contributions RMB'000 (unaudited)	Total Remuneration RMB'000 (unaudited)
Six months ended June 30, 2022				
Executive Directors:				
Mr. Wang Chen*	340	145	30	515
Mr. Xu Jiaqing	340	221	30	591
Mr. Lin Qian	364	–	30	394
Ms. Zha Lijun	272	56	30	358
	1,316	422	120	1,858
Non-executive Directors:				
Mr. Dai Liqun	–	–	–	–
Mr. Wang Jianshuo	–	–	–	–
Six months ended June 30, 2021				
Executive Directors:				
Mr. Wang Chen*	300	–	27	327
Mr. Xu Jiaqing	289	–	27	316
	589	–	54	643
Non-executive Directors:				
Mr. Qin Miaomiao	7	–	5	12
Mr. Dai Liqun	–	–	–	–
Mr. Zhang Jianguo	–	–	–	–
Mr. Wang Jianshuo	–	–	–	–
	596	–	59	655

* Mr. Wang Chen is appointed as the chief executive officer of the Company on June 16, 2020.

No bonuses and directors' fees have been paid to the Company's executive directors and non-executive directors for the six months ended June 30, 2021 and the six months ended June 30, 2022. There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the period.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended June 30, 2022

8. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the period included three directors (June 30, 2021: two), details of whose remuneration are set out in note 7 above. Details of the remuneration for the period of the remaining two (June 30, 2021: three) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	Six months ended June 30,	
	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Salaries, allowances and benefits in kind	548	744
Equity-settled share option expense	405	–
Pension scheme contributions	57	81
	1,010	825

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

	Six months ended June 30, Number of employees	
	2022	2021
Nil to HKD1,000,000	2	3

No bonuses have been paid to the Company's five highest paid employees for the six months ended June 30, 2021 and the six months ended June 30, 2022.

9. INCOME TAX

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

Cayman Islands

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

British Virgin Islands

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

Hong Kong

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the six months ended June 30, 2022 (June 30, 2021: Nil).

NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended June 30, 2022

9. INCOME TAX (Continued)

Mainland China

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

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

	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Current – Mainland China		
Charge for the period	7,896	11,556
Deferred	76	(2,395)
	7,972	9,161

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

	Six months ended June 30,			
	2022		2021	
	RMB'000	%	RMB'000	%
	(unaudited)		(unaudited)	
Profit before tax	70,162		113,383	
Tax at the statutory tax rate	17,540	25	28,346	25
Preferential tax rates enacted by local authority	(10,098)	(14)	(23,101)	(20)
Additional deduction on research and development expenses	(523)	(1)	(495)	–
Effect on deferred tax of changes in tax rates	40	–	–	–
Income not subject to tax	–	–	13	–
Tax losses and temporary differences not recognised	1,210	2	3,635	3
Tax losses utilised from previous periods	(526)	(1)	–	–
Expenses not deductible for tax	329	–	763	1
Tax charge at the effective rate	7,972	11	9,161	8

NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended June 30, 2022

10. DIVIDENDS

The final dividends for the year ended December 31, 2021 of HK\$0.05 per ordinary share, amounting to HK\$39,782,900.00 (equivalent to approximately RMB33,898,213.43) were paid on July 29, 2022 to the shareholders whose names appeared on the Company's register of members on June 27, 2022. No dividends had been declared for the six months ended June 30, 2022.

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

The calculations of the basic earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 778,280,420 (June 30, 2021: 800,000,000) in issue during the period, as adjusted to reflect the rights issue during the period.

No adjustment has been made to the basic earnings per share amounts presented for the six months ended June 30, 2021 and 2022 in respect of a dilution as the Group had no potentially ordinary dilutive ordinary shares in issue during the six months ended June 30, 2021 and 2022.

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

	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Earnings		
Profit attributable to ordinary equity holders of the parent	62,190	104,222
	Number of shares	
	2022	2021
	(unaudited)	(unaudited)
Shares		
Weighted average number of ordinary shares in issue used in the basic and diluted earnings per share calculation	778,280,420	800,000,000

NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended June 30, 2022

12. PROPERTY, PLANT AND EQUIPMENT

	Furniture and fixtures RMB'000	Office equipment RMB'000	Leasehold improvements RMB'000	Total RMB'000
(unaudited)				
June 30, 2022				
At January 1, 2022:				
Cost	346	7,451	5,500	13,297
Accumulated depreciation	(47)	(2,626)	(3,031)	(5,704)
Net carrying amount	299	4,825	2,469	7,593
At January 1, 2022, net of accumulated depreciation	299	4,825	2,469	7,593
Additions	65	239	–	304
Disposals	–	–	(625)	(625)
Depreciation provided during the period	(23)	(1,044)	(750)	(1,816)
At June 30, 2022, net of accumulated depreciation	342	4,021	1,095	5,457
At June 30, 2022:				
Cost	411	7,691	2,773	10,875
Accumulated depreciation	(70)	(3,670)	(1,678)	(5,418)
Net carrying amount	342	4,021	1,095	5,457
(audited)				
December 31, 2021				
At January 1, 2021:				
Cost	76	3,465	4,626	8,167
Accumulated depreciation	(16)	(1,097)	(2,385)	(3,498)
Net carrying amount	60	2,368	2,241	4,669
At January 1, 2021, net of accumulated depreciation	60	2,368	2,241	4,669
Additions	269	3,962	4,086	8,317
Disposals	–	(2)	(2,173)	(2,175)
Depreciation provided during the year	(30)	(1,503)	(1,685)	(3,218)
At December 31, 2021, net of accumulated depreciation	299	4,825	2,469	7,593
At December 31, 2021:				
Cost	346	7,451	5,500	13,297
Accumulated depreciation	(47)	(2,626)	(3,031)	(5,704)
Net carrying amount	299	4,825	2,469	7,593

NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended June 30, 2022

13. INTANGIBLE ASSETS

	Use right of a website RMB'000	Software RMB'000	Total RMB'000
(unaudited)			
June 30, 2022			
Cost at January 1, 2022, net of accumulated amortisation	7,156	19,283	26,439
Additions	–	7,790	7,790
Disposal	–	–	–
Amortisation provided during the period	(282)	(2,804)	(3,090)
At June 30, 2022	6,870	24,269	31,139
At June 30, 2022:			
Cost	9,380	30,234	39,614
Accumulated amortisation	(2,510)	(5,965)	(8,475)
Net carrying amount	6,870	24,269	31,139
(audited)			
December 31, 2021			
Cost at January 1, 2021, net of accumulated amortisation	5,840	11,409	17,249
Additions	2,358	10,348	12,706
Amortisation provided during the year	(1,042)	(2,474)	(3,516)
At December 31, 2021	7,156	19,283	26,439
At December 31, 2021 and at January 1, 2022:			
Cost	9,379	22,444	31,823
Accumulated amortisation	(2,223)	(3,161)	(5,384)
Net carrying amount	7,156	19,283	26,439

NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended June 30, 2022

14. INVESTMENTS IN ASSOCIATES

	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Share of net assets	9,520	7,660

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

	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Share of the associates' profit/(loss) for the period	(203)	(88)
Share of the associates' total comprehensive income	(203)	(88)
Aggregate carrying amount of the Group's investments in the associates	9,520	7,660

Particulars of the Group's associates are as follows:

Name	Particulars of issued shares held	Place of registration	Percentage of equity attributable to the Group	Principal activities
Shanghai Buwei Information Technology Co., Ltd. ("Buwei") (上海不維信息技術有限公司)	Ordinary shares	Shanghai	20%	Marketing services
Tianjin Yunlin Culture Broadcast Co., Ltd. ("Yunlin") (韻林(天津)文化傳媒有限公司)	Ordinary shares	Tianjin	30%	Radio and TV programs production and operation services
Youshi Integration (Beijing) Public Relations Consulting Co., Ltd. ("Youshi") (優視整合(北京)公關顧問有限公司)	Ordinary shares	Beijing	5%	Brand PR and brand event planning services
Shanju (Shanghai) Culture Broadcast Co., Ltd. ("Shanju Culture") (閃劇(上海)文化傳媒有限公司)	Ordinary shares	Shanghai	30%	Radio and TV programs production and operation services

NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended June 30, 2022

14. INVESTMENTS IN ASSOCIATES (Continued)

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

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

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

15. TRADE RECEIVABLES AND NOTES

	As at June 30, 2022 RMB'000 (unaudited)	As at December 31, 2021 RMB'000 (audited)
Notes receivable	18,124	–
Trade receivables	1,772,660	1,567,595
Impairment	(56,401)	(56,111)
	1,734,383	1,511,484

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

NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended June 30, 2022

15. TRADE RECEIVABLES AND NOTES (Continued)

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

	As at June 30, 2022 RMB'000 (unaudited)	As at December 31, 2021 RMB'000 (audited)
Less than 1 year	1,713,991	1,510,197
1 to 2 years	2,268	1,287
	1,716,259	1,511,484

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

	As at June 30, 2022 RMB'000 (unaudited)	As at December 31, 2021 RMB'000 (audited)
At beginning of period	56,111	43,054
Impairment losses, net	290	13,057
At end of period	56,401	56,111

NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended June 30, 2022

15. TRADE RECEIVABLES AND NOTES (Continued)

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

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

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

As at June 30, 2022 (unaudited)

	Expected credit loss rates	Gross carrying amounts RMB'000	Impairment RMB'000
Defaulted receivables	100.00%	28,917	28,917
Less than 1 year	0.88%	1,729,519	15,528
1 to 2 years	68.20%	7,263	4,995
2 to 3 years	100.00%	2,799	2,799
Over 3 years	100.00%	4,162	4,162
	3.18%	1,772,660	56,401

As at December 31, 2021 (audited)

	Expected credit loss rates	Gross carrying amounts RMB'000	Impairment RMB'000
Defaulted receivables	100.00%	29,925	29,925
Less than 1 year	1.06%	1,526,302	16,104
1 to 2 years	72.64%	4,701	3,415
2 to 3 years	100.00%	4,275	4,275
Over 3 years	100.00%	2,392	2,392
	3.58%	1,567,595	56,111

NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended June 30, 2022

16. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	As at June 30, 2022 RMB'000 (unaudited)	As at December 31, 2021 RMB'000 (audited)
Included in non-current assets:		
Prepayments	3,996	4,924
Included in current assets:		
Prepayments	79,350	129,087
Prepayments for investment in film	7,000	7,000
Other receivables	4,673	4,779
Value-added tax recoverable	83,284	65,537
Deposits	24,402	34,666
	198,709	241,069

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. As at 31 December 2021 and 30 June 2022, the loss allowance was assessed to be minimal.

Included in the Group's prepayments, other receivables and other assets are amounts due from the Group's a related party of RMB2,000,000 (2021: RMB2,000,000).

17. CONTRACT LIABILITIES

	As at June 30, 2022 RMB'000 (unaudited)	As at December 31, 2021 RMB'000 (audited)
Included in current liabilities		
Online marketing solutions services	23,989	33,343

Included in the contract liabilities are contract liabilities of RMB344,000 (2021: RMB344,000) due from associates.

Contract liabilities include short-term advances received to provide online marketing solutions services. The decrease in contract liabilities from 2021 to 2022 was mainly due to the decrease in short-term advances received from customers in relation to the provision of online marketing solutions services at the end of the this report.

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

NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended June 30, 2022

18. CASH AND BANK BALANCES

	As at June 30, 2022 RMB'000 (unaudited)	As at December 31, 2021 RMB'000 (audited)
Cash and bank balances	715,295	636,311
Denominated in RMB	711,477	635,578
Denominated in HKD	3,784	616
Denominated in USD	34	117
	715,295	636,311
Cash and bank balances	715,295	636,311
Less: Bank loan deposit	(101,030)	(100,118)
Pledged time deposit for a short term loan	–	(180,442)
Cash and cash equivalents	614,265	355,751

At the end of the reporting period, the cash and bank balances of the Group denominated in HKD and USD amounted to RMB3,818,000 (2021: RMB733,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

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

19. TRADE PAYABLES

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

	As at June 30, 2022 RMB'000 (unaudited)	As at December 31, 2021 RMB'000 (audited)
Within 90 days	415,199	142,742
91 to 365 days	11,954	2,306
Over 1 year	674	586
	427,827	145,634

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

NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended June 30, 2022

20. OTHER PAYABLES AND ACCRUALS

	<i>Notes</i>	As at June 30, 2022 RMB'000 (unaudited)	As at December 31, 2021 RMB'000 (audited)
Payroll and bonus payables		41,190	11,367
Other tax payables		24,195	16,525
Collections from customers	(a)	32,304	15,830
Other payables	(b)	22,876	5,467
		120,565	49,189

Notes:

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

21. INTEREST-BEARING BANK BORROWINGS

	As at June 30, 2022 RMB'000 (unaudited)	As at December 31, 2021 RMB'000 (audited)
Current		
Bank loans – guaranteed	543,425	612,470
	543,425	612,470
Analysed into:		
Bank loans repayable:		
Within one year	543,425	612,470

NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended June 30, 2022

22. DEFERRED TAX ASSETS

The movements in deferred tax assets during the six months ended June 30, 2022 and during the year ended December 31, 2021 are as follows:

	As at June 30, 2022 RMB'000 (unaudited)	As at December 31, 2021 RMB'000 (audited)
At the beginning of the period	17,559	14,187
Deferred tax credited to the profit or loss during the period	(90)	3,372
At the end of the period	17,469	17,559

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

As of 30 June 2022, the amount of tax losses for which deferred tax assets have not been recognised totalled approximately RMB80,019,000 (2021: RMB77,241,000). Deferred tax assets have not been recognised in respect of certain tax losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

As at 30 June 2022, the withholding tax of deferred tax recognized in respect of the proposed final dividend of HK\$39,782,900 was RMB1,621,000. As of 30 June 2022, no other deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future.

At the end of the reporting period, the company did not consider any income tax consequences arising from the payment of dividends to its shareholders

23. SHARE CAPITAL

	As at June 30, 2022 RMB'000 (unaudited)	As at December 31, 2021 RMB'000 (audited)
Shares		
Issued and fully paid:		
795,658,000 (2021: 795,658,000) ordinary shares of USD0.00005 each	148	148

NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended June 30, 2022

24. RESERVES

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

Capital reserve

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

Statutory surplus reserve

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

25. SHARE OPTION SCHEME

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

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

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

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

NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended June 30, 2022

25. SHARE OPTION SCHEME (Continued)

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

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

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

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

26. RELATED PARTY TRANSACTIONS

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

	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Services provided to related parties:		
Shanju (Shanghai) Culture Media Co., Ltd	–	187
Baixing Net Co., Ltd.	377	566
Youshi Integration (Beijing) Public Relations Consulting Co., Ltd.	2,425	–

The Group has no guaranteed bank loans granted by shareholders as at 30 June 2022 and 30 June 2021.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended June 30, 2022

26. RELATED PARTY TRANSACTIONS (Continued)

(b) Outstanding balances with related parties

	As at June 30, 2022 RMB'000 (unaudited)	As at December 31, 2021 RMB'000 (audited)
Amounts due from related parties		
Youshi Integration (Beijing) Public Relations Consulting Co., Ltd.	35,307	–
Shanju (Shanghai) Culture Media Co., Ltd.	2,150	2,000
	37,457	2,000
Amounts due to related parties		
Shanghai Kijiji Information Technology Co., Ltd.	263	263
Tianjin Shangzequn Business Information	70	70
Baixing Net Co., Ltd.	11	11
	344	344

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

Compensation of key management personnel of the Group:

	Six months ended June 30, 2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Short-term employee benefits	1,505	906
Equity-settled share option expense	510	–
Pension scheme contributions	110	109
Total compensation paid to key management personnel	2,125	1,015

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

No bonuses have been paid to the Company's five highest paid employees for the six months ended June 30, 2022 and the six months ended June 30, 2021.

27. APPROVAL OF THE FINANCIAL STATEMENTS

The unaudited interim condensed consolidated financial statements were approved and authorised for issue by the board of directors on August 25, 2022.

DEFINITIONS

“AI”	artificial intelligence
“Audit Committee”	the audit committee of the Board
“Baixing Net”	Baixing Co., Ltd. (百姓網股份有限公司), a joint stock limited liability company established in the PRC on September 30, 2005, the shares of which are listed on NEEQ (stock code: 836012), and the holding company of Kijiji
“Baxter Investment”	Baxter Investment Holding Limited, a company incorporated under the laws of BVI on October 22, 2019, the intermediary holding vehicle set up by PraxisIFM Fiduciaries (Hong Kong) Limited for the administration of The RGRGU Trust and the immediate shareholder of Dai SPV
“Board” or “Board of Directors”	the board of Directors
“BVI”	the British Virgin Islands
“China” or “PRC”	the People’s Republic of China, but for the purpose of this interim report and for geographical reference only, except where the context requires, references in this interim report to “China” and the “PRC” do not apply to Hong Kong, Macau and Taiwan
“Company”	Netjoy Holdings Limited (云想科技控股有限公司), an exempted company with limited liability incorporated under the laws of the Cayman Islands on March 29, 2019
“Consolidated Affiliated Entities”	the entities we control through the Contractual Arrangements, namely Netjoy Network and Tradeplus
“Contractual Arrangements”	the series of contractual arrangements, as the case may be, entered into by, among others, Yunxiang Information, Netjoy Network and its registered shareholders on March 30, 2020, and Tradeplus and its registered shareholders on June 16, 2021
“Corporate Governance Code”	the Corporate Governance Code set out in Appendix 14 to the Listing Rules
“Dai SPV”	Blackburn Capitals Holding Limited, a company incorporated under the laws of BVI on November 22, 2019 wholly owned by Baxter Investment, and directly holding the relevant Shares on behalf of The RGRGU Trust
“Derun International”	Derun International Limited, a company incorporated under the laws of BVI on October 22, 2019, the intermediary holding vehicle set up by PraxisIFM Fiduciaries (Hong Kong) Limited for the administration of The Longhills Trust and the immediate shareholder of Wang SPV

DEFINITIONS

“Derun Investments”	Derun Investments Limited, a company incorporated under the laws of BVI on March 13, 2019 and wholly owned by Mr. Wang, the settlor of The Longhills Trust
“Director(s)”	director(s) of the Company
“DMP”	data management platform
“Family Trust(s)”	the relevant discretionary family trust set up by each of Mr. Wang, Mr. Xu, Mr. Qin, Mr. Dai and Mr. Ru, namely The Longhills Trust, The FS Trust, The MH’s Family Trust, The RGRGU Trust and The Ru Liang’s Trust
“FSS Investment”	FSS Investment Holding Limited, a company incorporated under the laws of BVI on October 22, 2019, the intermediary holding vehicle set up by PraxisIFM Fiduciaries (Hong Kong) Limited for the administration of The FS Trust and the immediate shareholder of Xu SPV
“Global Awesomeness”	Global Awesomeness Limited, a company incorporated under the laws of BVI on March 13, 2019 and wholly owned by Mr. Dai, the settlor of The RGRGU Trust
“Global Offering”	the offering by the Company of the Shares for subscription to the public in Hong Kong and the offering of Shares outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act in December 2020
“Group”, “we”, or “us”	the Company, its subsidiaries and its Consolidated Affiliated Entities from time to time or, where the context so requires, in respect of the period before the Company became the holding company of our present subsidiaries, the business operated by such subsidiaries or their predecessors (as the case may be)
“HK\$” or “HKD” or “Hong Kong Dollars”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
“holding company(ies)”	has the meaning ascribed thereto under the Listing Rules
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Huabian Platform”, “Huabian”	Huabian Website (www.huabian.com) and its mobile terminal, our self-operated pan-entertainment oriented content platform
“IFRS”	International Financial Reporting Standards
“Kijiji”	Shanghai Kijiji Information Technology Co., Ltd. (上海客齊集信息技術股份有限公司), a joint stock limited liability company established in the PRC on June 16, 2005 and a Shareholder of the Company

“Latest Practicable Date”	September 16, 2022, being the latest practicable date prior to the printing of this report for the purpose of ascertaining certain information contained in this report
“Listing”	the listing of the Shares on the Main Board
“Listing Date”	December 17, 2020, i.e. the date on which the Shares are listed on the Stock Exchange and from which dealings in the Shares are permitted to commence on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the Growth Enterprise Market of the Stock Exchange
“Mr. Dai”	Mr. Dai Liqun (戴立群), a non-executive Director
“Mr. Qin”	Mr. Qin Miaomiao (覃渺渺), the ultimate controller of The MH’s Family Trust
“Mr. Ru”	Mr. Ru Liang (茹良), the ultimate controller of The Ru Liang’s Trust
“Mr. Wang”	Mr. Wang Chen (王晨), an executive Director, the chief executive officer of the Company
“Mr. Xu”	Mr. Xu Jiaqing (徐佳慶), an executive Director, the chairman of the Board
“NEEQ”	The National Equities Exchange and Quotations (全國中小企業股份轉讓系統) of the PRC
“Netjoy Network”	Netjoy (Shanghai) Network Technology Co., Ltd. (嗨皮(上海)網絡科技有限公司) (formerly known as Netjoy (Shanghai) Network Technology Holdings Co., Ltd. (嗨皮(上海)網絡科技股份有限公司)), a limited liability company established in the PRC on November 15, 2012 and a Consolidated Affiliated Entity indirectly controlled by the Company through the Contractual Arrangements
“Post-IPO Share Option Scheme”	the post-IPO share option scheme approved by a written resolution passed by the then Shareholders on November 17, 2020 and has taken effect from the Listing Date
“Prospectus”	the prospectus of the Company dated December 7, 2020
“Qin SPV”	CareFree Technology Limited, a company incorporated under the laws of BVI on November 22, 2019 wholly owned by SpringRain Planning Technology Limited, and directly holding the relevant Shares on behalf of The MH’s Family Trust

DEFINITIONS

“Quantum Computing”	Quantum Computing Power Limited, a company incorporated under the laws of BVI on March 13, 2019 and wholly owned by Mr. Xu, the settlor of The FS Trust
“R&D”	research and development
“Reporting Period”	the six months ended June 30, 2022
“RMB” or “Renminbi”	the lawful currency of the PRC
“RSU Scheme”	the restricted share unit scheme adopted by the Company on October 18, 2021
“Ru SPV”	Jingke Global Limited, a company incorporated under the laws of BVI on November 22, 2019 wholly owned by Jingke International Limited, and directly holding the relevant Shares on behalf of The Ru Liang’s Trust
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO” or “Securities and Futures Ordinance”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented, or otherwise modified from time to time
“Shanghai Fangxi”	Shanghai Fangxi Investment Management Partnership (Limited Partnership) (上海訪溪投資管理合夥企業(有限合夥)), a limited partnership established in the PRC on May 19, 2015, the sole general partner of which is Mr. Wang Jianshuo
“Shanghai Paisen”	Shanghai Paisen Investment Management Partnership (Limited Partnership) (上海派森投資管理合夥企業(有限合夥)), a limited partnership established in the PRC on May 19, 2015, the sole general partner of which is Mr. Wang Jianshuo
“Shanghai Xiangnong”	Shanghai Xiangnong Investment Management Partnership (Limited Partnership) (上海香農投資管理合夥企業(有限合夥)), a limited partnership established in the PRC on May 19, 2015, the sole general partner of which is Mr. Wang Jianshuo
“Share(s)”	ordinary share(s) in the share capital of the Company with nominal value of US\$0.00005 each
“Share Option(s)”	the right to subscribe for a specified number of shares pursuant to the Post-IPO Share Option Scheme
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules

“substantial shareholder”	has the meaning ascribed thereto under the Listing Rules
“The FS Trust”	a discretionary family trust set up by Mr. Xu (as the economic settlor and the protector), Quantum Computing (as the settlor) and PraxisIFM Fiduciaries (Hong Kong) Limited (as the trustee) for the benefit of Quantum Computing (as the initial beneficiary) and other beneficiaries as nominated by Mr. Xu from time to time
“The Longhills Trust”	a discretionary family trust set up by Mr. Wang (as the economic settlor and the protector), Derun Investments (as the settlor) and PraxisIFM Fiduciaries (Hong Kong) Limited (as the trustee) for the benefit of Derun Investments (as the initial beneficiary) and other beneficiaries as nominated by Mr. Wang from time to time
“The MH’s Family Trust”	a discretionary family trust set up by Mr. Qin (as the economic settlor and the protector), CareFree Planning Technology Limited (as the settlor) and PraxisIFM Fiduciaries (Hong Kong) Limited (as the trustee) for the benefit of CareFree Planning Technology Limited (as the initial beneficiary) and other beneficiaries as nominated by Mr. Qin from time to time
“The RGRGU Trust”	a discretionary family trust set up by Mr. Dai (as the economic settlor and the protector), Global Awesomeness (as the settlor) and PraxisIFM Fiduciaries (Hong Kong) Limited (as the trustee) for the benefit of Global Awesomeness (as the initial beneficiary) and other beneficiaries as nominated by Mr. Dai from time to time
“The Ru Liang’s Trust”	a discretionary family trust set up by Mr. Ru (as the economic settlor and the protector), Luminous Stars Limited (as the settlor) and PraxisIFM Fiduciaries (Hong Kong) Limited (as the trustee) for the benefit of Luminous Stars Limited (as the initial beneficiary) and other beneficiaries as nominated by Mr. Ru from time to time
“Tradeplus”	Tradeplus (Shanghai) Information Technology Co., Ltd. (連山加(上海)信息技術有限公司, formerly known as Yuntu (Shanghai) Video Technology Co., Ltd. (雲圖(上海)視頻技術有限公司), a limited liability company established in the PRC on May 6, 2021, and a Consolidated Affiliated Entity controlled by the Company through Contractual Arrangements
“U.S.” or “United States”	the United States of America, its territories and possessions, any State of the United States, and the District of Columbia
“US\$”, “USD” or “U.S. dollars”	United States dollars, the lawful currency of the United States
“Wang SPV”	Derun System Limited, a company incorporated under the laws of BVI on November 22, 2019 wholly owned by Derun International, and directly holding the relevant Shares on behalf of The Longhills Trust

DEFINITIONS

“Wutong Holding”	Wutong Holding Group Co., Ltd. (吳通控股集團股份有限公司), a limited liability company established in the PRC on June 22, 1999, the shares of which are listed on the Shenzhen Stock Exchange (stock code: 300292), and a Shareholder of the Company
“Xu SPV”	Magne Core Limited, a company incorporated under the laws of BVI on November 22, 2019 wholly owned by FSS Investment, and directly holding the relevant Shares on behalf of The FS Trust
“Yunxiang Information”	Yunxiang Shuke (Shanghai) Information Technology Co., Ltd. (雲想數科(上海)信息技術有限公司), a limited liability company established in the PRC on August 29, 2019 and an indirect wholly-owned subsidiary of the Company
“%”	per cent